AUDITED RESULTS

AND FINAL DIVIDEND DECLARATION

for the year ended 31 December 2007

HULAMIN

HIGHLIGHTS

- Revenue growth of 20% to R6,6 billion
- Operating profit before structuring costs of R380 million
- Underlying operating profit improvement of 43%
- Listing and BEE structuring costs of R168 million
- Headline earnings of R40 million (18 cps)
- Annual dividend of R105 million (48 cps)

Income Statement

	Note	2007 R'000	2006 R'000
Revenue		6 568 371	5 476 140
Cost of sales		(5 837 665)	(4 867 571)
Gross profit		730 706	608 569
Other operating income		7 630	341
Selling and marketing expenses		(271 571)	(260 891)
Administrative expenses		(108 848)	(98 374)
Underlying operating profit		357 917	249 645
Metal price lag		22 119	182 782
Operating profit before corporate structuring costs		380 036	432 427
Corporate structuring costs	6	(168 389)	(10 000)
Operating profit		211 647	422 427
Share of associate company's profit/(loss)		216	(310)
Finance costs		(85 262)	(222 119)
Profit before tax		126 601	199 998
Tax	3	(89 131)	11 379
Net profit		37 470	211 377
Attributable to:			
Shareholders		40 761	204 072
Minority interest		(3 291)	7 305
		37 470	211 377
Headline earnings			
Profit attributable to shareholders		40 761	204 072
(Profit)/loss after tax on disposal of plant and equipment		(886)	70
Headline earnings attributable to shareholders		39 875	204 142
Earnings per share (cents)			
Basic		19	100
Diluted		19	99
Headline earnings per share (cents)			
Basic		18	100
Diluted		18	99
Dividend per share (cents)		48	–
Interim paid		18	–
Final declared		30	–
Currency conversion			
Rand/US dollar average		7.05	6.77
Rand/US dollar closing		6.84	7.00

Cash Flow Statement

	2007 R'000	2006 R'000
Cash flows from operating activities		
Operating profit	211 647	422 427
Interest paid	(100 373)	(224 117)
(Profit)/loss on disposal of plant and equipment	(886)	70
Non-cash items:		
Depreciation	179 908	172 501
Other non-cash items	205 347	1 521
Tax payments	(13 359)	(1 448)
Change in working capital	(142 388)	(260 389)
	339 896	110 565
Cash flows from investing activities		
Expenditure on property, plant and equipment:	(392 529)	(231 323)
Expenditure on intangible assets	(5 067)	(3 881)
Proceeds on disposal of property, plant and equipment	886	46
Increase in investments	(6 336)	(2 074)
	(403 046)	(237 232)
Cash flows from financing activities		
Borrowings repaid	(362 529)	(422 371)
Capital contribution	436 605	580 000
Settlement of share options net of reversals	(12 316)	–
Dividends paid	(39 498)	
	22 262	157 629
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(40 888)	30 962
Balance at beginning of period	41 559	10 597
Cash, cash equivalents and bank overdrafts at end of period	671	41 559

Balance Sheet

	Note	2007 R'000	2006 R'000
ASSETS			
Non-current assets			
Property, plant and equipment		4 166 987	3 939 255
Intangible assets		26 162	23 212
Investments in associates		3 784	1 765
Deferred tax asset		16 373	–
		4 213 306	3 964 232
Current assets			
Inventories		964 145	988 978
Trade and other receivables		1 013 603	1 050 353
Cash and cash equivalents		92 146	63 526
Derivative financial assets		47 005	67 980
		2 116 899	2 170 837
Total assets		6 330 205	6 135 069
EQUITY			
Share capital and share premium		989 492	592 887
BEE reserve		174 686	–
Employee share-based payment reserve		21 085	–
Hedging reserve		988	7 749
Retained income		2 307 900	2 311 682
Equity holders' interest		3 494 151	2 912 318
Minority interest		35 142	38 433
Total equity		3 529 293	2 950 751
LIABILITIES			
Non-current liabilities			
Borrowings	7	663 611	2 829
Deferred income tax liabilities		894 203	899 815
Retirement benefit obligations		107 505	98 632
		1 665 319	1 001 276
Current liabilities			
Trade and other payables		734 665	932 278
Borrowings	7	257 042	814 525
Hulamin Joint Venture	7	–	396 320
Derivative financial liabilities		47 626	34 549
Income tax liability		96 260	5 370
		1 135 593	2 183 042
Total liabilities		2 800 912	3 184 318
TOTAL EQUITY AND LIABILITIES		6 330 205	6 135 069
Net debt to equity		23.7%	39.5%

Statement of Changes in Equity

	2007 R'000	2006 R'000
Balance at beginning of period	2 912 318	2 518 877
Net profit for year	40 761	204 072
Share premium	474 292	578 900
Share capital issued	14 096	1 100
Consolidated "A" and "B" class shares	(91 783)	–
Share-based payment reserve:		
– BEE investor's share capital contribution	40 000	–
– charge on introduction of BEE investors	134 686	–
– value of employee services	21 087	4 830
– share-based payment settled net of reversals	(12 319)	(4 830)
Tax on share options	7 272	
Cash flow hedges transferred to income statement	(7 749)	(14 020)
Cash flow hedges created	988	7 749
Dividends paid	(39 498)	–
Partners capital account transferred to current liability	–	(396 320)
Deferred tax on common control transaction	–	11 960
Shareholders' interest	3 494 151	2 912 318
Minority interest in subsidiary	35 142	38 433
Balance at beginning of period	38 433	31 128
Share of (loss)/profit	(3 291)	7 305
Equity	3 529 293	2 950 751

Commentary

Hulamin achieved a 5% increase in sales volumes largely arising from increased sales in Rolled Products. This growth, together with the effects of better margins, higher aluminium prices and a 4% weakening in the average exchange rate for the year resulted in revenue growing by 20% from R5,5 billion to R6,6 billion.

Following the unbundling of Hulamin from Tongaat Hulett and the listing of the company on the main board of the JSE Limited in June 2007, Hulamin concluded a number of transactions which led to 15% of the company's equity being held by broad-based Black Economic Empowerment (BEE) participants, including employees. The costs associated with the restructuring and listing of the company, together with charges relating to the BEE transactions, amounted to R168 million and are reflected in the income statement as corporate structuring costs.

A significant factor in Hulamin's 2006 results and which has not recurred in the 2007 results, was the unusually large metal price lag benefit of R183 million. This arose as a consequence of the sharp increase in aluminium prices in 2006. The subsequent hedging of this item, which has been introduced in order to reduce the volatility in earnings, has protected the company against reductions in the aluminium price and resulted in a benefit of R22 million in 2007. Had this hedge not been implemented, a metal price lag loss would have occurred in 2007 and thus the objective of reducing earnings volatility has been met.

The comparison of earnings in 2007 with those in 2006 is influenced by the high metal price lag benefit in 2006 and the structuring costs in 2007, and this has resulted in the operating profit for the year reducing from R422 million to R212 million. The underlying operating profit after adjusting for these two items reflects an increase of 43% over 2006, resulting in a compound annual growth of 37% over the last three years.

In December 2006 a convertible loan of R580 million was converted into equity with the result that the average level of borrowings in 2007 was lower than in 2006. As a consequence the financing costs for the year at R85 million reflect a significant reduction from R222 million in 2006.

As the majority of the structuring costs are not deductible from taxable income, the effective rate of taxation for 2007 was 71%, which is a significant change from the positive income tax benefit attributable to the company in 2006. This situation arose as a consequence of a corporate structure that had been implemented in 1996 to enable Hulamin to undertake its major expansion and was terminated in 2006.

Earnings per share for the year, after taking into account all the above items, amounted to 19 cents. After adding back the non-recurring structuring costs, earnings per share would amount to 95 cents.

The company achieved a positive cash flow of R209 million before dividends and expansion project payments. This was partly due to the fact that the majority of the normal tax liability of R111 million for the year will be paid in 2008. The company incurred capital expenditure payments of R273 million on the Rolled Products expansion project which, together with dividend payments of R39 million, resulted in a net cash outflow before financing activities for the year of R103 million.

The balance sheet remains sound with net borrowings amounting to R829 million, which is 24% of equity. Cumulative expenditure on the Rolled Products expansion project including capitalised interest, amounts to R331 million and the remaining expenditure will be funded out of established borrowing facilities and operating cash flows.

Rolled Products

Rolled Products increased its sales volumes from 183 000 tons to 193 000 tons.

Growth in local demand for rolled products, having increased by approximately 50% over the previous three years, slowed significantly and finished slightly below 2006 levels. This slowdown was largely a consequence of tightening economic conditions and the negative impact of Rand strength through increasing imports of finished products. In spite of this slowdown, a number of market development activities are progressing well, particularly in automotive and transport applications, and these are expected to result in local market demand again increasing in 2008.

Export volumes increased by 8% (10 000) tons and continue to reflect an increase in the proportion of high value niche products which Hulamin is targeting. The improved sales mix contributed to an increase of 17% in Hulamin's export margins expressed in US dollars.

Manufacturing costs increased by 12% and were particularly affected by increases in the price of gas (28% increase) and packaging materials (35% increase). It is expected that there will be continuing reductions in unit costs as the business continues to grow its output.

The R950 million Rolled Products expansion project is progressing according to schedule and within budget. More than 70% of the project costs have been committed. The project will provide opportunities to further improve the product mix and to grow the volumes to levels exceeding 250 000 tons per annum.

Extrusions and Commercial Products

After a difficult first half, Hulamin Extrusions showed an encouraging recovery in the second half. The business continues to expand its product range, invest in new product development, and extend its distribution infrastructure which will yield sustained benefits.

The smaller business units, which were previously collectively reported as Commercial Products, have been restructured and aligned more closely with the Rolled Products and Extrusions operations. Their results are therefore included as part of those two entities and the comparable 2006 segmental analysis has been restated accordingly.

Future prospects

Hulamin's outlook continues to be influenced by international economic conditions and exchange rate movements, as a result of the high proportion (70%) of export sales. The company's exposure to electricity supply constraints, at the currently required demand reduction of 10%, is not expected to have a material effect on production or sales. Increased volumes and improved conversion margins are expected to result in sustained growth in earnings in 2008 and beyond. This prospect is strengthened by the benefits flowing from the current major expansion project which will come on stream during 2009.

Audited results

The group financial statements for the year ended 31 December 2007 have been audited by PricewaterhouseCoopers Inc. Their unmodified audit opinion is available for inspection at the registered office of the company.

Trading Statement for the 6 Months to June 2008

Hulamin's results for 2007 were heavily impacted by the non-recurring charges of R168m arising from the introduction of BEE equity investors and the unbundling and listing of the company (corporate structuring costs). The group thus reported the following earnings:

Period	Earnings	Headline earnings
6 Months to June 2007	Loss of R70 million (33 cps)	Loss of R70 million (33 cps)
Year to December 2007	Earnings of R41 million (19 cps)	Headline earnings of R40 million (18 cps)

The group's results for the 6 months to June 2008 are expected to show an improvement of at least 20% from those reported for the 6 months to June 2007, due to the non-recurrence of the above mentioned corporate structuring costs, and thus in terms of section 3.4 (b) of the JSE Listing Requirements the group is required to issue a trading statement. However, as it is quite early in the reporting period and Hulamin cannot, with reasonable certainty, quantify the extent of its results for the 6 months to June 2008 within the 20% range required by the JSE Listing Requirements, it is expected that a trading statement for the 6 months to June 2008 will be issued later in the reporting period, which should be in June or July of 2008.

Dividend declaration

Notice is hereby given that the board has declared a final dividend (no. 2) of 30 cents per share for the year ended 31 December 2007 to shareholders recorded in the register at the close of business on Friday, 7 March 2008.

The salient dates of the declaration and payment of this final dividend are as follows:

Last date to trade ordinary shares "cum" dividend	Friday, 29 February 2008
Ordinary shares commence trading "ex" dividend	Monday, 3 March 2008
Record date	Friday, 7 March 2008
Payment of dividend	Monday, 10 March 2008

Share certificates may not be dematerialised or rematerialised between Monday, 3 March 2008 and Friday, 7 March 2008, both days inclusive.

On Monday, 10 March 2008, dividends due to holders of share certificates will either be transferred electronically to shareholders' bank accounts or, in the absence of suitable mandates, dividend cheques will be posted to such shareholders. Shareholders who have not yet mandated electronic payments are encouraged to do so for all future dividends.

Dividends in respect of dematerialised shareholders will be credited to the shareholders' relevant CSDP or broker account.

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom paying agent will be paid in British currency at the ruling exchange rate at the close of business on Wednesday, 5 March 2008.

For and on behalf of the board.

Willem Fitchat
Company Secretary

Moses Mabhida Road
Pietermaritzburg, KwaZulu-Natal

11 February 2008

Notes

1. **Basis of preparation**
   The audited group financial statements for the year ended 31 December 2007 have been prepared in accordance with the group's accounting policies which fully comply with International Financial Reporting Standards including IAS 34: Interim Financial Reporting. The accounting policies applied are consistent with those used in the previous year except for the adoption of AC 503: Accounting for Black Empowerment Transactions (an interpretation of IFRIC 8), the impact of which is set out in note 6, and IFRS 7: Financial Instrument Disclosure.

2. **Segmental Analysis**

	Revenue R'000	Operating profit before corporate structuring costs R'000	Operating profit R'000	Total assets R'000	Total liabilities R'000
2007					
Hulamin Rolled Products	5 837 946	358 257	207 042	5 965 256	2 544 430
Hulamin Extrusions	798 404	21 779	4 605	364 949	256 482
Inter-segmental	(67 979)				
Group total	6 568 371	380 036	211 647	6 330 205	2 800 912
2006					
Hulamin Rolled Products	4 853 780	388 366	378 366	5 768 533	2 953 212
Hulamin Extrusions	707 256	44 061	44 061	366 536	231 106
Inter-segmental	(84 896)				
Group total	5 476 140	432 427	422 427	6 135 069	3 184 318

Inter-segmental revenue amounted to R46 489 000 (2006: R65 582 000) in Hulamin Rolled Products and R21 490 000 (2006: R19 314 000) in Hulamin Extrusions.

3. **Tax**

	2007 R'000	2006 R'000
The tax (charge)/relief included within these financial statements is:		
Normal	(111 103)	(6 821)
Deferred	27 078	18 200
STC	(5 106)	–
	(89 131)	11 379
Normal rate of taxation	29.0%	29.0%
Adjusted for:		
Listing costs	4.3%	–
Share-based payment costs related to the introduction of broad-based BEE investors	31.3%	–
STC	4.1%	–
Other non-allowable items	1.8%	1.7%
Joint venture income not taxed	–	(36.4%)
	70.5%	(5.7%)

The 2006 financial statements do not reflect any charge or liability for taxation on the results of The Hulamin Joint Venture, as this income tax was borne by the partners in the joint venture.

4. **Earnings per share**
   Basic earnings per share is calculated using the weighted average number of ordinary shares in issue during the year. For purposes of diluted earnings per share, the weighted average number of shares in issue is adjusted for the dilutive effect of employee share options.
   The weighted average number of shares in issue at 31 December 2006 has been retrospectively adjusted to account for the subdivision of the R1 shares into 10 shares of 10 cents each and the capitalisation award of 104 577 344 shares prior to the listing of the company on the main board of the JSE Limited in June 2007.

Reconciliation of denominators used for basic and diluted earnings per share

	December 2007 Number of shares	December 2006 Number of shares
Basic EPS – weighted average number of shares	215 589 370	204 637 618
Share options	2 763 896	1 746 176
Diluted EPS – weighted average number of shares	218 353 266	206 383 794

	R'000	R'000
5. Commitments and contingent liabilities		
Capital expenditure commitments		
Contracted	486 568	95 152
Approved but not contracted	395 843	984 668
	882 411	1 079 820
Operating lease commitments	22 610	16 464
Guarantees and contingent liabilities	22 225	21 980
6. Corporate structuring costs		
The group has completed a number of transactions to facilitate the unbundling and listing of Hulamin Limited, and the introduction of broad-based BEE investors. The costs relating to these transactions are as follows:		
The legal, tax, accounting and other costs related to the unbundling, listing, BEE and funding transactions, and renaming of the group	19 026	10 000
Costs in respect of partial early vesting of share incentives	8 932	–
Share-based payment costs related to the MSOP and ESOP schemes #	5 745	–
Share-based payment costs related to the introduction of broad-based BEE investors	134 686	–
	168 389	10 000

The total share-based payment cost relating to the MSOP and ESOP schemes is R86 186 531 and this will be expensed over the 5-year vesting period of the schemes.

7. **Funding**
   The amount owed to The Hulamin Joint Venture partners of R396 320 006 was repaid on 30 March 2007. The partners simultaneously subscribed for 100 R1 par value shares in Hulamin Limited with a share premium of R396 319 906.
   As part of the process of unbundling and listing of Hulamin Limited, the loan from The Tongaat-Hulett Group was repaid on 30 June 2007 and replaced with secured long and short-term facilities from a number of financial institutions.

Corporate information

Registration number: 1940/013924/06
Share code: HLM
ISIN number: ZAE 000096210

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Securities exchange listings
South Africa (Primary), JSE Limited

Transfer Secretaries
Computershare Investor Services 2004 (Proprietary) Limited
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Sponsor
Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196
PO Box 786273, Sandton, 2146

Directorate
Following the unbundling of the company from the Tongaat Hulett group, the Hulamin board comprises of the following directors:

Non-executive directors:
P M Baum, I Botha (resigned with effect from 30 September 2007), L C Cele, V N Khumalo, T P Leeuw, J B Magwaza, M E Mkwanazi (Chairman), P H Staude, J G Williams (appointed with effect from 30 September 2007)

Alternate:
S P Ngwenya

Executive directors:
A Fourie (Chief Executive Officer), C D Hughes, M Z Mkhize

The following Hulamin board members resigned with effect from the unbundling record date (29 June 2007)

Non-executive directors:
L W J Matlhape, M H Munro, C M L Savage, S J Saunders (alt), M P Zambane

Executive directors (alternates):
F B Bradford, R G Jacob, C J Little, T K Mshengu, D F Timmerman