HULAMIN

INTERIM RESULTS for the half-year ended 30 June 2008

- Headline earnings increased to R181 million (2007: R70 million loss)
- Headline earnings per share, excluding corporate structuring costs, up 110% to 84 cents per share (2007: 40 cents per share)
- Operating profit (before corporate structuring costs) up 58% to R270 million
- Improved mix and margins in Rolled Products
- Increased operating profit from Hulamin Extrusions
- Interim dividend of 28 cents per share (2007: 18 cents per share)

Income Statement

	Note	Unaudited Half-year 30 June 2008 R'000	Unaudited Half-year 30 June 2007 R'000	Audited Year ended 31 December 2007 R'000
Revenue		3 571 627	3 296 674	6 568 371
Cost of sales		(3 112 208)	(2 951 616)	(5 837 665)
Gross profit		459 419	345 058	730 706
Other operating income		14 055	9 366	7 630
Selling and marketing expenses		(162 358)	(135 998)	(271 571)
Administrative expenses		(70 920)	(56 513)	(108 848)
Underlying operating profit		240 196	161 913	357 917
Metal price lag		30 202	8 970	22 119
Operating profit before corporate structuring costs		270 398	170 883	380 036
Corporate structuring costs	5	–	(159 927)	(168 389)
Operating profit		270 398	10 956	211 647
Share of joint venture's and associate company's profit/(loss)		117	(424)	216
Finance costs		(43 674)	(46 634)	(85 262)
Profit/(loss) before tax		226 841	(36 102)	126 601
Tax	3	(41 191)	(34 227)	(89 131)
Net profit/(loss)		185 650	(70 329)	37 470
Attributable to:				
Shareholders		181 442	(70 271)	40 761
Minority interest		4 208	(58)	(3 291)
		185 650	(70 329)	37 470
Headline earnings/(loss)				
Profit/(loss) attributable to shareholders		181 442	(70 271)	40 761
Less taxed profit on sale of fixed assets		–	–	(886)
Headline earnings/(loss) attributable to shareholders		181 442	(70 271)	39 875
Earnings/(loss) per share (cents)	6			
Basic		84	(33)	19
Diluted		83	(33)	19
Headline earnings/(loss) per share (cents)				
Basic		84	(33)	18
Diluted		83	(33)	18
Dividend per share (cents)		28	18	48
Currency conversion				
Rand/US dollar average		7,65	7,16	7,05
Rand/US dollar closing		7,83	7,05	6,84

Cash Flow Statement

	Unaudited Half-year 30 June 2008 R'000	Unaudited Half-year 30 June 2007 R'000	Audited Year ended 31 December 2007 R'000
Cash flows from operating activities			
Operating profit	270 398	10 956	211 647
Interest paid	(69 501)	(46 634)	(100 373)
Profit on disposal of property, plant and equipment	–	–	(886)
Non-cash items:			
Depreciation and amortisation	94 792	90 605	182 025
Other non-cash items	21 505	140 669	203 230
Tax payments	(96 019)	–	(13 359)
Change in working capital	(549 430)	(134 998)	(142 388)
	(328 255)	60 598	339 896
Cash flows from investing activities			
Expenditure on property, plant and equipment	(280 669)	(176 528)	(392 529)
Expenditure on intangible assets	(2 327)	(1 452)	(5 067)
Proceeds on disposal of property, plant and equipment	–	–	886
Investments	(836)	(1 280)	(6 336)
	(283 832)	(179 260)	(403 046)
Cash flows from financing activities			
Borrowings raised/(repaid)	689 107	67 441	(362 529)
Capital contribution	503	40 000	436 605
Settlement of share options net of reversals	–	–	(12 316)
Dividends paid	(65 790)	–	(39 498)
	623 820	107 441	22 262
Net increase/(decrease) in cash, cash equivalents and bank overdrafts	11 733	(11 221)	(40 888)
Balance at beginning of period	671	41 559	41 559
Cash, cash equivalents and bank overdrafts at end of period	12 404	30 338	671

Balance Sheet

	Note	Unaudited Half-year 30 June 2008 R'000	Unaudited Half-year 30 June 2007 R'000	Audited Year ended 31 December 2007 R'000
ASSETS				
Non-current assets				
Property, plant and equipment		4 380 558	4 026 206	4 166 987
Intangible assets		26 623	23 636	26 162
Investments in associates and joint ventures		4 620	2 621	3 784
Deferred tax asset		15 976	–	16 373
		4 427 777	4 052 463	4 213 306
Current assets				
Inventories		1 374 570	930 899	964 145
Trade and other receivables		1 364 940	1 142 009	1 013 603
Cash and cash equivalents		92 058	78 176	92 146
Derivative financial assets		65 258	33 660	47 005
		2 896 826	2 184 744	2 116 899
Total assets		7 324 603	6 237 207	6 330 205
EQUITY				
Share capital and share premium		989 995	989 207	989 492
BEE reserve		174 686	174 686	174 686
Employee share-based payment reserve		34 378	–	21 085
Hedging reserve		35 124	(8 313)	988
Retained income		2 423 552	2 241 411	2 307 900
Equity holders' interest		3 657 735	3 396 991	3 494 151
Minority interest		39 350	38 375	35 142
Total equity		3 697 085	3 435 366	3 529 293
LIABILITIES				
Non-current liabilities				
Borrowings	7	898 285	668 828	663 611
Deferred income tax liabilities		883 026	886 654	894 203
Retirement benefit obligations		115 716	104 615	107 505
		1 897 027	1 660 097	1 665 319
Current liabilities				
Trade and other payables		914 114	838 524	734 665
Borrowings	7	699 654	241 838	257 042
Derivative financial liabilities		50 035	8 624	47 626
Income tax liability		66 688	52 758	96 260
		1 730 491	1 141 744	1 135 593
Total liabilities		3 627 518	2 801 841	2 800 912
TOTAL EQUITY AND LIABILITIES		7 324 603	6 237 207	6 330 205
Net debt to equity (%)		40,7	24,2	23,5

Statement of Changes in Equity

	Unaudited Half-year 30 June 2008 R'000	Unaudited Half-year 30 June 2007 R'000	Audited Year ended 31 December 2007 R'000
Balance at beginning of period	3 494 151	2 912 318	2 912 318
Net profit/(loss)	181 442	(70 271)	40 761
Share premium	498	385 862	474 292
Share capital issued	5	10 458	14 096
Consolidated "A" and "B" class shares	–	–	(91 783)
Share-based payment reserve:			
– BEE investors' share capital contribution	–	40 000	40 000
– IFRS 2 charge on introduction of BEE investors	–	134 686	134 686
– value of employee services	13 293	11 575	21 087
– share-based payment settled net of reversals	–	(11 575)	(12 319)
Cash flow hedges transferred to income statement	(988)	(7 749)	(7 749)
Cash flow hedges	35 124	(8 313)	988
Tax on share options	–	–	7 272
Dividends paid	(65 790)	–	(39 498)
Deferred tax on prior year common control transaction reversed	–	–	(11 960)
Normal tax on prior year common control transaction	–	–	11 960
Shareholders' interest	3 657 735	3 396 991	3 494 151
Minority interest in subsidiary	39 350	38 375	35 142
Balance at beginning of period	35 142	38 433	38 433
Share of profit/(loss)	4 208	(58)	(3 291)
Equity	3 697 085	3 435 366	3 529 293

Commentary

Hulamin increased its sales revenue in the first half of 2008 by 8% to R3,6 billion, from R3,3 billion in the corresponding period in 2007.

Operating profit for the reporting period increased by 58% to R270 million from R171 million in the corresponding period (excluding the corporate structuring costs of R160 million incurred in 2007 associated with the introduction of BEE equity investors and the unbundling and listing of the company).

Attributable earnings include a benefit of R30,5 million (14 cents per share) which arose as a consequence of the reduction in the deferred tax liability following the reduction of 1% in the corporate tax rate.

Headline earnings per share (excluding the 2007 corporate structuring costs) improved by 44 cents to 84 cents per share, an increase of 110% over the same period in 2007.

The Rand price of aluminium increased from R16 814 per ton in the fourth quarter of 2007 to R23 060 per ton in the second quarter of 2008. This had a significant impact on working capital, which increased by R549 million. Inventory levels were also impacted by the effect of a planned maintenance shutdown in June. These factors fully absorbed the cash flow from operating activities resulting in a negative cash flow of R376 million before dividends and expenditure on the expansion project which amounted to R66 million and R236 million respectively. Borrowings amounted to R1,6 billion at 30 June 2008.

Rolled Products

Rolled Products sales volumes were unchanged from the first half of 2007. Production was adversely affected by several disruptions in the first four months of the reporting period, including electricity load shedding, an equipment failure in the cold rolling operation and disruptions to the supply of nitrogen. Continued growth in the volumes of high value products, which generally have slower throughput rates, also limited the growth in total sales volumes. Annualised production improved from 179 000 tons in the first quarter to 206 000 tons in the second quarter of the reporting period.

Local sales volumes resumed their growth trend with an increase of 17%, arising mainly in the automotive and general distribution sectors. International sales were constrained by available capacity as demand remains strong across the full product range.

Costs increased by 16% and were again influenced by an increase of 58% in energy costs while alloying costs increased sharply as a consequence of an increase in the magnesium price from $2 000 per ton to $4 500 per ton, as well as increases in other metals. Excluding these two items, costs increased by 6%.

The R950 million expansion project continues to progress well and is expected to be completed on schedule and within budget. More than 80% of the project costs have been committed. It is particularly pleasing that there has not been a single lost time injury during the 1,3 million man hours worked thus far, while there have been more than 700 contractors on site.

Extrusions

Hulamin Extrusions increased its sales volumes by 20% which gave rise to a significant improvement in operating earnings. The business continues to implement several initiatives to strengthen its market position.

Hulamin has reached agreement with Hydro AS to acquire its 30% shareholding in Hulamin Extrusions, which will then become a wholly-owned operation. The transaction is subject to approval by the Competition Commission.

Outlook

Underlying operating profit is showing strong growth over 2007. The company expects to increase its sales volumes and further improve its sales mix in the second half of the year which will support continued improvement in profitability and capital efficiency. Equipment commissioning in the expansion project has commenced and is expected to continue until mid 2009. The benefits of the project are expected to flow through from 2009 to 2012.

Trading statement for 2008 financial year

Hulamin's results for 2007 were heavily impacted by the non-recurring charges of R168 million arising from the introduction of BEE equity investors and the unbundling and listing of the company (corporate structuring costs). The group thus reported earnings of R41 million (19 cps) and headline earnings of R40 million (18 cps). The group's results for the year to December are expected to show an improvement of at least 20% from those reported for the year to December 2007, due to the non-recurrence of the abovementioned corporate structuring costs and thus in terms of section 3.4(b) of the JSE Limited Listing Requirements the group is required to issue a trading statement. However, in view of volatility in exchange rates and as it is quite early in the reporting period, Hulamin cannot with reasonable certainty, quantify the extent of its results for the year to December 2008 within the 20% range required by the JSE Limited Listing Requirements. It is expected that a trading statement for the year to December 2008 will be issued later in the reporting period, which should be in November or December of 2008.

DIVIDEND DECLARATION

Notice is hereby given that the board has declared an interim dividend (number 3) of 28 cents per share for the half-year ended 30 June 2008 to shareholders recorded in the register at the close of business on Friday, 22 August 2008.

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

Last date to trade ordinary shares "cum" dividend	Friday, 15 August 2008
Ordinary shares commence trading "ex" dividend	Monday, 18 August 2008
Record date	Friday, 22 August 2008
Payment of dividend	Monday, 25 August 2008

Share certificates may not be dematerialised or rematerialised between Monday, 18 August 2008 and Friday, 22 August 2008, both days inclusive.

On Monday, 25 August 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, 20 August 2008.

For and on behalf of the board.

Willem Fitchat
Company secretary

Moses Mabhida Road, Pietermaritzburg, KwaZulu-Natal

21 July 2008

Notes

1. Basis of preparation

The consolidated unaudited interim financial statements of the group for the half-year ended 30 June 2008 have been prepared in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting. The accounting policies comply with International Financial Reporting Standards (IFRS) and are consistent with those used in the preparation of the group's 2007 annual financial statements.

2. Segmental analysis

	Unaudited Half-year 30 June 2008 R'000	Unaudited Half-year 30 June 2007 R'000	Audited Year ended 31 December 2007 R'000
REVENUE			
Hulamin Rolled Products	3 124 421	2 922 391	5 791 457
Hulamin Extrusions	447 206	374 283	776 914
Group total	3 571 627	3 296 674	6 568 371

Inter-segmental revenue in Hulamin Rolled Products amounted to R32 240 000 (Half-year 30 June 2007: R17 834 000; Full year 31 December 2007: R46 489 000).

Inter-segmental revenue in Hulamin Extrusions amounted to R15 109 000 (Half-year 30 June 2007: R9 759 000; Full year 31 December 2007: R21 490 000).

	Unaudited Half-year 30 June 2008 R'000	Unaudited Half-year 30 June 2007 R'000	Audited Year ended 31 December 2007 R'000
OPERATING PROFIT			
Hulamin Rolled Products	240 733	5 119	207 042
Hulamin Extrusions	29 665	5 837	4 605
Group total	270 398	10 956	211 647

3. Tax

The tax (charge)/relief included within these interim financial statements is:

		Unaudited Half-year 30 June 2008 R'000	Unaudited Half-year 30 June 2007 R'000	Audited Year ended 31 December 2007 R'000
Normal		(60 032)	(47 388)	(111 103)
Deferred		(5 252)	13 161	27 078
Deferred – rate change adjustment		30 507	–	–
STC		(6 414)	–	(5 106)
		(41 191)	(34 227)	(89 131)
Normal rate of taxation	(%)	28,0	29,0	29,0
Adjusted for:				
BEE and IFRS 2 costs	(%)	–	(108,1)	31,3
Other non-allowable items	(%)	0,8	(15,2)	6,1
Deferred – rate change adjustment	(%)	(13,5)	–	–
STC	(%)	2,8	–	4,1
	(%)	18,1	(94,3)	70,5

4. Commitments and contingent liabilities

	Unaudited Half-year 30 June 2008 R'000	Unaudited Half-year 30 June 2007 R'000	Audited Year ended 31 December 2007 R'000
Capital expenditure commitments			
Contracted	452 615	452 527	486 568
Approved but not contracted	350 925	518 180	395 843
	803 540	970 707	882 411
Operating lease commitments	40 516	19 695	22 610
Guarantees and contingent liabilities	22 348	22 103	22 348

5. Corporate structuring costs

The group completed a number of transactions in 2007 to facilitate the unbundling and listing of Hulamin Limited and the introduction of broad-based BEE investors. The once-off costs relating to these transactions were as follows:

	Unaudited Half-year 30 June 2008 R'000	Unaudited Half-year 30 June 2007 R'000	Audited Year ended 31 December 2007 R'000
The legal, tax, accounting and other costs related to the unbundling, listing and renaming of the group	–	16 309	19 026
Costs in respect of partial early vesting of share incentives	–	8 932	8 932
Share-based payment costs related to the introduction of broad-based BEE investors	–	134 686	134 686
Share-based payment costs related to the MSOP and ESOP schemes	–	–	5 745
	–	159 927	168 389

6. Earnings/(loss) 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.

Reconciliation of denominators used for basic and diluted earnings per share:

	Number of shares June 2008	Number of shares June 2007	Number of shares December 2007
Weighted average number of shares used for basic EPS	215 634 092	215 578 344	215 589 370
Options	2 238 976	–	2 763 896
Weighted average number of shares used for diluted EPS	217 873 068	215 578 344	218 353 266

7. Funding

The company is funded by secured long and short-term facilities from a number of financial institutions.

Corporate Information

Registration number: 1940/013924/06

JSE share code: HLM

ISIN number: ZAE000096210

Company secretary: W Fitchat

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E-mail: Hulamin@hulamin.co.za

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

Securities exchange listings
South Africa (Primary), JSE Limited

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
The Hulamin board comprises of the following directors:

Non-executive directors
P M Baum, L C Cele, V N Khumalo
T P Leeuw, J B Magwaza, M E Mkwanazi (Chairman) P H Staude, J G Williams

Alternate: S P Ngwenya

Executive directors
A Fourie (Chief executive officer)
C D Hughes, M Z Mkhize