

Unaudited Interim Results

for the half-year ended 30 June 2012

- Earnings per share in line with corresponding period in 2011
- Headline Earnings per share exclude sale of property and decline by 18%
- Improved operating performance has returned after interruption by hot mill failure
- Camps Drift Hot Mill running normally after component failure in May and June 2012



HULAMIN



Condensed Group Income Statement

	Unaudited Half-year 30 June 2012 R'000	Unaudited Half-year 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
Revenue	3 150 023	3 354 006	6 957 080
Cost of sales	(2 825 571)	(3 114 182)	(6 398 110)
Gross profit	324 452	239 824	558 970
Other gains and losses	23 408	90 768	33 610
Selling and marketing expenses	(179 442)	(162 091)	(355 282)
Administrative and other expenses	(41 363)	(36 785)	(67 353)
Operating profit	127 055	131 716	169 945
Net finance costs	(32 022)	(29 318)	(61 910)
Share of profits of joint ventures	183	191	1 187
Profit before tax	95 216	102 589	109 222
Taxation	(22 358)	(29 978)	(29 546)
Net profit for the period	72 858	72 611	79 676
Headline earnings			
Net profit for the period	72 858	72 611	79 676
(Profit)/loss on disposal of property, plant and equipment	(17 779)	-	2 985
Net impairments	-	(709)	(671)
Tax effects of adjustments	2 203	(1 023)	(1 869)
Headline earnings attributable to shareholders	57 282	70 879	80 121
Earnings per share (cents)			
Basic	23	23	25
Diluted	23	23	25
Headline earnings per share (cents)			
Basic	18	22	25
Diluted	18	22	25
Dividend per share (cents)	-	-	-
Currency conversion			
Rand/US dollar average	7,94	6,91	7,26
Rand/US dollar closing	8,19	6,82	8,11

Condensed Group Cash Flow Statement

	Unaudited Half-year 30 June 2012 R'000	Unaudited Half-year 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
Cash flows from operating activities			
Operating profit	127 055	131 716	169 945
Net interest paid	(33 534)	(34 141)	(65 933)
(Profit)/loss on disposal of property, plant and equipment	(17 779)	-	2 985
Non-cash items:			
Depreciation and amortisation	105 077	106 075	209 698
Other non-cash items	(110 658)	94 676	178 992
Income tax payment	(10 422)	(11 267)	(19 774)
Changes in working capital	(26 375)	(184 173)	(188 839)
	33 364	102 886	287 074
Cash flows from investing activities			
Additions to property, plant and equipment	(42 506)	(96 206)	(134 449)
Additions to intangible assets	(5 317)	(2 955)	(17 495)
Proceeds on disposal of property, plant and equipment	22 672	-	-
Decrease in investment in joint ventures	359	6 505	16 854
	(24 792)	(92 656)	(135 090)
Cash flows from financing activities			
Borrowings repaid	(20 358)	(27 965)	(154 227)
Shares issued	5	2 139	1 831
Settlement of share options, net of reversals	-	-	(4 127)
	(20 353)	(25 826)	(156 523)
Net decrease in cash and cash equivalents	(11 781)	(15 596)	(4 539)
Balance at beginning of period	19 900	24 439	24 439
Cash and cash equivalents at end of period	8 119	8 843	19 900

Condensed Group Balance Sheet

	Unaudited Half-year 30 June 2012 R'000	Unaudited Half-year 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	4 836 034	4 986 125	4 915 087
Intangible assets	51 106	34 775	47 499
Investments in joint ventures	40 405	45 573	40 581
Retirement benefit asset	119 199	56 018	37 615
Deferred tax asset	21 902	21 609	21 225
	5 068 646	5 144 100	5 062 007
Current assets			
Inventories	1 463 790	1 275 664	1 306 702
Trade and other receivables	784 043	1 043 244	1 069 739
Derivative financial assets	45 681	58 451	60 747
Income tax asset	-	925	-
Cash and cash equivalents	8 119	8 843	19 900
Disposal group held for sale	30 192	-	-
	2 331 825	2 387 127	2 457 088
Total assets	7 400 471	7 531 227	7 519 095
EQUITY			
Share capital and share premium	1 727 648	1 730 969	1 727 643
BEE reserve	174 686	174 686	174 686
Employee share-based payment reserve	105 262	108 338	105 750
Hedging reserve	5 297	5 325	8 322
Retained earnings	2 726 563	2 647 630	2 653 224
	4 739 456	4 666 948	4 669 625
LIABILITIES			
Non-current liabilities			
Non-current borrowings	628 595	628 082	628 284
Deferred income tax liabilities	950 150	949 655	940 205
Retirement benefit obligations	181 410	158 724	169 740
	1 760 155	1 736 461	1 738 229
Current liabilities			
Trade and other payables	676 649	760 366	816 251
Current borrowings	179 656	326 789	200 325
Derivative financial liabilities	43 239	40 663	94 360
Income tax liability	1 316	-	305
	900 860	1 127 818	1 111 241
Total liabilities	2 661 015	2 864 279	2 849 470
Total equity and liabilities	7 400 471	7 531 227	7 519 095
Net debt to equity	(%) 16,9	20,3	17,3

Condensed Group Statement of Comprehensive Income

	Unaudited Half-year 30 June 2012 R'000	Unaudited Half-year 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
Net profit for the period	72 858	72 611	79 676
Cash flow hedges, net of tax	(3 025)	(33 515)	(30 518)
Total comprehensive income for the period	69 833	39 096	49 158

Condensed Group Statement of Changes in Equity

	Unaudited Half-year 30 June 2012 R'000	Unaudited Half-year 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
Balance at beginning of period	4 669 625	4 609 534	4 609 534
Share of total comprehensive income for the period	69 833	39 096	49 158
Shares issued	5	2 139	1 831
Consolidated "A" and "B" class shares	-	-	(3 018)
Value of employee services	(488)	17 119	17 125
Settlement of employee share incentives	-	-	(4 127)
Tax on employee share incentives	481	(940)	(878)
Total equity	4 739 456	4 666 948	4 669 625

Commentary

Rolled Products

Performance in the Rolled Products operation continued to improve in the first four months of the period, as the operation ramps up production to its target of 250 000 tons per annum. These improvements resulted in production of 219 000 tons annualised in this four-month period, which is the highest sustained level of production yet achieved.

The failure of a motor in the Camps Drift hot finishing mill at the end of April resulted in the mill being down for 46 days and the loss of 25 000 tons of production and sales. Sales of rolled products therefore declined by 9% to an annualised 189 000 tons in the first half of 2012 compared to the 208 000 tons annualised sold in the corresponding period in 2011, and revenues declined by 7%. Agreement on the insurance claim arising from this incident has not been finalised and it is therefore not reflected in this set of results.

Demand for rolled products in the domestic market remains subdued, and imports of competing products continue to negatively impact prices, with general engineering products most affected. Demand for Hulamin products in the USA and Asian markets remained stable during the six months under review, while the European market weakened towards the end of the first quarter but has held steady since then.

Extrusions

Sales volumes of extruded products have been maintained at the same level as in the corresponding period in 2011, however, competition from imported product has resulted in margins coming under pressure. The consolidation of Hulamin Extrusions' operations and the closure of the plant in Cape Town have been completed successfully and R16 million in respect of the sale of the property has been included in operating profit for the current period.

Hulamin

Hulamin's operating profit of R127 million in the current period includes the recognition of a R95 million (R69 million after tax) allocation resulting from the conversion of the Hulamin Pension Fund to a Defined Contribution plan.

After tax earnings for the six months ended June 2012 amounted to R73 million, which is similar to earnings in the corresponding period of 2011. Headline earnings exclude the after tax profit on the sale of the above mentioned property.

Normalised headline earnings, a non-IFRS measure of underlying earnings from operations, was a loss of R8 million for the six months under review, which is lower than the R45 million profit in the corresponding period in 2011. Normalised headline earnings for the current period exclude the profit on sale of the property in Cape Town, the pension fund allocation of R69 million and any proceeds from the pending insurance claim.

The company's manufacturing excellence programme continues to deliver cost and efficiency improvements. The programme lost momentum during the period of disruption caused by the hot mill breakdown, and this momentum is being regained as operations normalise.

Hulamin remains engaged with BHP Billiton on the future supply of rolling slab beyond December 2012, when the current supply contract comes up for renewal.

The general weakening in global demand has resulted in the outlook for margins being uncertain. Hulamin's order book remains healthy for the remainder of the year. Hulamin expects to extract further operational improvements and production efficiencies by increasing volumes, improving yields and managing costs.

The board of directors has decided not to declare an interim dividend.

The above results have not been reviewed and reported on by the company auditors.

ME Mkwanazi

Chairman
26 July 2012

RG Jacob

Chief Executive Officer

Corporate Information

HULAMIN LIMITED

("Hulamin" or "the group")
Registration number: 1940/013924/06
Share code: HLM
ISIN: ZAE000096210

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Securities exchange listing

South Africa (Primary), JSE Limited

Transfer secretaries

Computershare Investor Services (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

Non-executive directors:

ME Mkwanazi (Chairman), LC Cele, VN Khumalo, TP Leeuw, JB Magwaza, NNA Matyuzza, SP Ngwenya, G Pretorius, PH Staudé, GHM Watson

Executive directors:

RG Jacob (Chief Executive Officer), CD Hughes, MZ Mkhize

Company Secretary

W Fitchat

Notes

1. Basis of preparation

The condensed consolidated interim financial information of the group for the half-year ended 30 June 2012 has been prepared in accordance with IAS 34 - Interim Financial Reporting and the Companies Act 71 of 2008, under the supervision of the Chief Financial Officer, Mr C D Hughes CA(SA), and should be read in conjunction with the group's 2011 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards. The accounting policies and methods of computation adopted are consistent with those used in the preparation of the group's 2011 annual financial statements. Hulamin has not adopted any new or revised accounting standards in the current period which have impacted the reported results.

	Unaudited Half-year 30 June 2012 R'000	Unaudited Half-year 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
REVENUE			
Hulamin Rolled Products	2 802 310	3 007 058	6 217 736
Hulamin Extrusions	347 713	346 948	739 344
Group total	3 150 023	3 354 006	6 957 080
OPERATING PROFIT			
Hulamin Rolled Products	110 981	124 807	161 334
Hulamin Extrusions	16 074	6 909	8 611
Group total	127 055	131 716	169 945
TOTAL ASSETS			
Hulamin Rolled Products	7 128 593	7 203 220	7 255 454
Hulamin Extrusions	271 878	328 007	263 641
Group total	7 400 471	7 531 227	7 519 095

3. Other gains and losses

The group is exposed to fluctuations in aluminium prices, interest rates and exchange rates, and hedges these risks with derivative financial instruments. Other gains and losses reflect the fair value adjustments arising from these derivative financial instruments and non-derivative financial instruments classified as fair value through profit and loss in terms of IAS 39.

4. Taxation

	Unaudited Half-year 30 June 2012 R'000	Unaudited Half-year 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
The tax charge included within these condensed interim financial statements is:			
Normal	9 813	8 998	18 735
Deferred	10 925	20 980	10 811
Capital gains tax	1 620	-	-
	22 358	29 978	29 546
Normal rate of taxation	(%) 28,0	28,0	28,0
Adjusted for:			
(Exempt income)/non-allowable items	(%) (6,2)	1,2	(0,9)
Capital gains tax	(%) 1,7	-	-
	(%) 23,5	29,2	27,1

5. Earnings per share

	Unaudited Half-year 30 June 2012	Unaudited Half-year 30 June 2011	Audited Year ended 31 December 2011
The weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:			
Weighted average number of shares used for basic EPS	317 129 553	316 842 024	316 933 746
Share options	3 824 756	3 866 149	3 679 234
Weighted average number of shares used for diluted EPS	320 954 309	320 708 173	320 612 980

6. Disposal group held for sale

The assets of Hulamin Roofing Solutions, a division disclosed as part of the Hulamin Rolled Products segment, have been presented as held for sale following a decision to divest from the business.

7. Commitments and contingent liabilities

	Unaudited Half-year 30 June 2012 R'000	Unaudited Half-year 30 June 2011 R'000	Audited Year ended 31 December 2011 R'000
Capital expenditure contracted for but not yet incurred	39 180	61 825	26 116
Operating lease commitments	6 098	7 307	8 548
Guarantees and contingent liabilities	5 532	23 086	23 209