HULAMIN

Think future. Think aluminium.

INTEGRATED ANNUAL REPORT

for the year ended 31 December 2015

1940 ~ 2015 75

2015 represents Hulamin's 75th anniversary of unlocking sustainable value to all our stakeholders

STAKEHOLDER FOCUS

GOVERNMENT

PROVIDERS OF CAPITAL

CUSTOMERS

SUPPLIERS

EMPLOYEES

COMMUNITIES

NAVIGATION

This icon refers you to our website for more information

This icon refers you to another page for more information

Our **integrated annual report** for 2015 is also available online at www.hulamin.co.za

The full **sustainability report** for 2015 is available online at www.hulamin.co.za

GOVERNANCE
AND LEADERSHIP

FINANCIAL STATEMENTS

SHAREHOLDERS' INFORMATION

Think future. **Think** aluminium.

ABOUT THIS REPORT

2015 represents Hulamin's 75th anniversary of unlocking sustainable value through aluminium beneficiation.

This integrated report provides a comprehensive review of how Hulamin creates sustainable value. It provides insight into the group's business model, changes in the external environment and the risks and opportunities that arise therefrom. The report details the strategic response of the group to these material issues and the group's governance structures which support the delivery of its strategic objectives. The report provides stakeholders with a greater understanding of the reliance of the group's business model on financial, manufactured, intellectual, human, social and natural capitals. It also sets out the financial and non-financial performance of the group and the impact of the group's operations on these capitals and provides insight into the prospects and future outlook for the group.

The scope of this report includes Hulamin Limited and its subsidiaries, listed on page 10. The report covers the financial reporting period 1 January 2015 to 31 December 2015.

In compiling this integrated report, the following frameworks have been considered:

- International Integrated Reporting Framework, December 2013
- King Report on Corporate Governance (King III)
- JSE Limited Listings Requirements
- Companies Act, No 71 of 2008, as amended, and the Companies Regulations
- International Financial Reporting Standards

ASSURANCE

The Audit Committee provides an oversight role to this integrated report. The committee has reviewed the completeness and accuracy of this report and is satisfied that the report is an accurate reflection of the group's integrated performance.

Certain elements of this report have been independently assured. This assurance forms part of a combined assurance approach adopted by the group.

MATERIALITY AND COMPARABILITY

Materiality has been applied to qualitative and quantitative disclosures and content of this report. An item is considered material if it could influence the decisions of the group and its stakeholders.

There have been no significant changes to the content and scope of this report from prior years. In attempts to enhance the comparability of information, certain comparative figures may have been restated and these have been noted as such.

FORWARD LOOKING INFORMATION

The report contains some forward looking information regarding the financial and non-financial performance and position of the group. Hulamin believes this forward looking information to be realistic at the time of the issue of the report. These statements include uncertainties, assumptions and risks about future events and circumstances, which may result in actual results differing from those anticipated. Forward looking information has not been independently reviewed by the external auditors.

BOARD APPROVAL

The board acknowledges its responsibility for ensuring the integrity of the integrated annual report and to the best of its knowledge and belief the integrated annual report for 2015 addresses all material issues and presents fairly the integrated performance of the organisation and its impacts. The report has been prepared in line with best practice and the board confirms that it has approved the release of the 2015 integrated annual report.

FEEDBACK FROM OUR STAKEHOLDERS

Hulamin is committed to building stronger stakeholder relationships, which are enhanced through various communications. Stakeholders are encouraged to provide feedback on this integrated report and the type of information you would like to see in future reports to Noma.Kanyile@hulamin.co.za, which will enable the group to gauge the accuracy and standard of its integrated reporting.

Mafika Mkwanazi
Chairman

Richard Jacob
Chief Executive Officer

1940 – 2015 75

CONTENT AND ASSURANCE PROVIDERS

Annual financial statements – PricewaterhouseCoopers Inc

Review of internal controls – Ernst & Young Advisory Services (Pty) Ltd

BEE contributor level – AQRate Verification Services

Sustainability report (selected information) – KPMG Services (Pty) Ltd

PAGE 6
KEY PERFORMANCE INDICATORS

7
SALIENT FEATURES

an overview

KEY PERFORMANCE INDICATORS

FINANCIAL PERFORMANCE INDICATORS

R176 million

NORMALISED EARNINGS
DOWN 50%

37 cents

BASIC HEPS
DECREASED BY 67%

R124 million

POSITIVE CASH FLOW
BEFORE OPERATING ACTIVITIES

NO

FINAL CASH DIVIDEND
DECLARED

50 kt

ROLLED PRODUCTS
INVENTORY REDUCED
TO UNDER 50 kt

IMPROVED SALES

LOCAL BEVERAGE
AND AUTOMOTIVE MARKETS

NON-FINANCIAL PERFORMANCE INDICATORS

CNG

ENGINEERING WORKS ON
CONVERSION TO COMPRESSED
NATURAL GAS COMPLETED

4-YEAR

MELTING INGOT SUPPLY
AGREEMENT SIGNED

B-BBEE

INCLUDING ESOP
TRANSACTION CONCLUDED

PRODUCTION

VOLUMES AND EFFICIENCIES
IMPROVED IN SECOND HALF
DESPITE GAS DISRUPTIONS

SALIENT FEATURES

		2015	2014
FINANCIAL PERFORMANCE			
Revenue	(R million)	**8 395**	8 039
EBITDA[1]	(R million)	**444**	660
Operating profit (excluding impairment)	(R million)	**295**	542
Attributable earnings	(R million)	**119**	358
Headline earnings per share	(cents)	**37**	112
Normalised earnings[7]	(R million)	**177**	355
Return on equity[2]	(%)	**3,1**	9,9
Net borrowings to shareholder equity[3]	(%)	**25,3**	11,4
Net asset value per share	(cents)	**1 206**	1 200
Current ratio[4]			
Cash flow before financing activities	(R million)	**(420)**	183
Capital expenditure	(R million)	**605**	335
Sales volumes:			
Hulamin group sales volumes	('000 tons)	**198**	214
Rolled Products sales volumes	('000 tons)	**179**	196
ECONOMIC INDICATORS			
Average Rand/US Dollar exchange rate		**12,76**	10,85
SHARE STATISTICS			
Total shares in issue	(million)	**319,6**	319,6
Share price (closing)	(cents)	**538**	810
Market capitalisation	(R billion)	**1,7**	2,6
Employees			
Total number of employees		**1 972**	1 920
Employee cost to turnover	(%)	**11,1**	9,7
Skills development spending	(R million)	**23,7**	21,8
Safety			
Lost time injury frequency rate		**0,32**	0,08
Total recordable frequency case rate		**0,99**	0,58
SOCIAL AND TRANSFORMATION			
B-BBEE expenditure	(R billion)	**6,2**	6,2
CSI spend	(R million)	**2,8**	2,5
Environment			
Carbon emissions intensity[5]	(MT CO_2e/MT production)	**1,98**	1,98
Energy consumption intensity[6]	(GJ/MT production)	**12,53**	12,28
Water consumption intensity	(Kℓ/MT production)	**3,02**	3,02

Notes

1 *Earnings before interest, taxation, depreciation, amortisation and impairment of property, plant and equipment and intangible assets*

2 *Headline earnings expressed as a percentage of average equity*

3 *Current and non-current borrowings less cash, divided by equity*

4 *Current assets divided by current liabilities (excluding borrowings)*

5 *Using the Eskom emission factor*

6 *Consumption of LPG and electricity*

7 *Refer to page 125.*

FIVE-YEAR REVIEW

	2015 R'000	2014 R'000	2013 R'000	Restated 2012 R'000	2011 R'000
INCOME STATEMENT					
Revenue	**8 394 986**	8 038 918	7 560 007	6 541 997	6 905 444
EBIDTA[1]	**444 141**	659 988	527 209	407 573	383 333
Operating profit/(loss)	**295 480**	585 133	(1 805 371)	101 087	169 945
Net finance costs	**(66 492)**	(45 707)	(63 357)	(62 909)	(61 910)
Share of profits of associates and joint ventures	**–**	–	–	181	1 187
Profit/(loss) before tax	**228 988**	539 426	(1 868 728)	38 359	109 222
Taxation	**(65 274)**	(154 498)	523 769	(9 106)	(29 546)
Net profit/(loss) attributable to equity holders of the company	**163 714**	384 928	(1 344 959)	29 253	79 676
Headline earnings attributable to shareholders	**119 261**	358 355	183 005	78 921	80 121
BALANCE SHEET					
Property, plant, equipment, intangibles and investments	**3 233 717**	2 756 925	2 553 218	4 737 134	5 003 167
Retirement benefit asset	**142 292**	138 854	161 468	177 179	37 615
Deferred tax asset	**20 260**	25 450	27 815	33 632	21 225
Current assets	**3 260 271**	3 348 149	2 987 371	2 537 421	2 457 088
Total assets	**6 656 540**	6 269 378	5 729 872	7 485 366	7 519 095
Equity holders' interest	**3 854 517**	3 833 817	3 402 810	4 747 597	4 669 625
Borrowings: non-current and current	**1 045 401**	686 144	804 482	772 079	828 609
Deferred tax liability	**486 765**	477 702	405 311	962 518	940 205
Retirement benefit obligations	**227 997**	236 369	225 826	233 242	169 740
Current liabilities (excluding current borrowings)	**1 041 860**	1 035 346	891 443	769 930	910 916
Total equity and liabilities	**6 656 540**	6 269 378	5 729 872	7 485 366	7 519 095
CASH FLOW					
Net cash inflow from operating activities	**123 775**	518 046	282 958	98 392	287 074
Net cash outflow from investing activities	**(543 329)**	(335 358)	(147 666)	(26 045)	(135 090)
Net cash inflow/(outflow) from financing activities	**233 401**	(124 724)	27 912	(62 651)	(156 523)
Net cash (decrease)/increase for the year	**(186 153)**	57 964	163 204	9 696	(4 539)

		2015 R'000	2014 R'000	2013 R'000	Restated 2012 R'000	2011 R'000
RATIOS AND STATISTICS						
Earnings						
Earnings per share	(cents)	**51**	120	(422)	9	25
Headline earnings per share	(cents)	**37**	112	57	25	25
Dividend per share*	(cents)	**8**	25			
Dividend cover*	(times)	**4,6**	4,5			
Profitability						
Operating margin[2]	(%)	**3,5**	6,7	4,2	2,8	2,5
Return on capital employed[3]	(%)	**5,5**	10,8	5,5	2,8	2,6
Return on equity attributable to shareholders[4]	(%)	**3,1**	9,9	4,5	1,7	1,7
Financial						
Net debt to equity[5]	(%)	**25,3**	11,4	18,0	15,6	17,3
Current ratio[6]		**3,1**	3,2	3,4	3,3	2,7
Liquidity ratio[7]		**1,4**	1,3	1,3	1,3	1,3

DEFINITIONS

1 *Earnings before interest, taxation, depreciation, amortisation and impairment of property, plant and equipment and intangible assets.*

2 *Operating profit (excluding impairment of property, plant and equipment and intangible assets) expressed as a percentage of revenue.*

3 *Operating profit (excluding impairment of property, plant and equipment and intangible assets) expressed as a percentage of average capital employed.*

4 *Headline earnings expressed as a percentage of average equity.*

5 *Current and non-current borrowings less cash divided by total equity.*

6 *Current assets divided by current liabilities.*

7 *Current assets (excluding inventories) divided by current liabilities.*

* *No dividends were declared in financial years 2011 to 2013. Dividend cover is calculated based on headline earnings.*

Note: 2012 was restated to reflect the effects of the change in accounting policy regarding employee benefits. Prior years were not adjusted as it was impracticable to do so.

THE GROUP

Hulamin is a leading, mid-stream aluminium semifabricator and fabricator of aluminium products located in Pietermaritzburg, KwaZulu-Natal and Midrand, Gauteng, supported by sales offices in South Africa, Europe and the USA. As the only major aluminium rolling operation in sub-Saharan Africa, Hulamin is one of the largest mineral beneficiating exporters in South Africa, with over 55% of its sales exported to leading manufacturers around the world, focusing on specific product and end-use markets.

Hulamin is committed to the growth of the regional Southern African aluminium industry and making a meaningful contribution to sustainable development in Southern Africa. Hulamin employs over 1 950 people and contributes materially to the sustainability of the local Pietermaritzburg community.

HISTORY

The origin of Hulamin dates back to 1935 when the Aluminium Company of Canada Limited (Alcan) opened a sales office in South Africa, which was followed in 1940 by the registration of the Aluminium Company of South Africa (ALCOSA). During and after World War II, demand for semi-fabricated aluminium developed to the point where an aluminium rolling mill was opened in 1949 at the current Pietermaritzburg site.

GROWTH

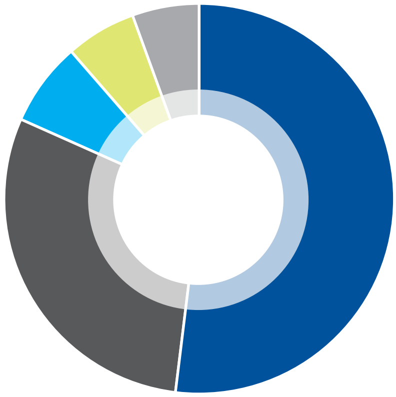
The company has grown and expanded its operations to cover a full range of rolled and extruded aluminium products.

Hulamin operates modern aluminium rolling equipment as a result of its two recent major expansion projects. The first was completed in 2000 at a cost of R2,4 billion and increased annual capacity to 200 000 tons.

The second expansion project, at a cost of R950 million and completed in 2010, increased nameplate capacity further and the capability for the production of higher-value products, thin gauge foil and heat-treated plate.

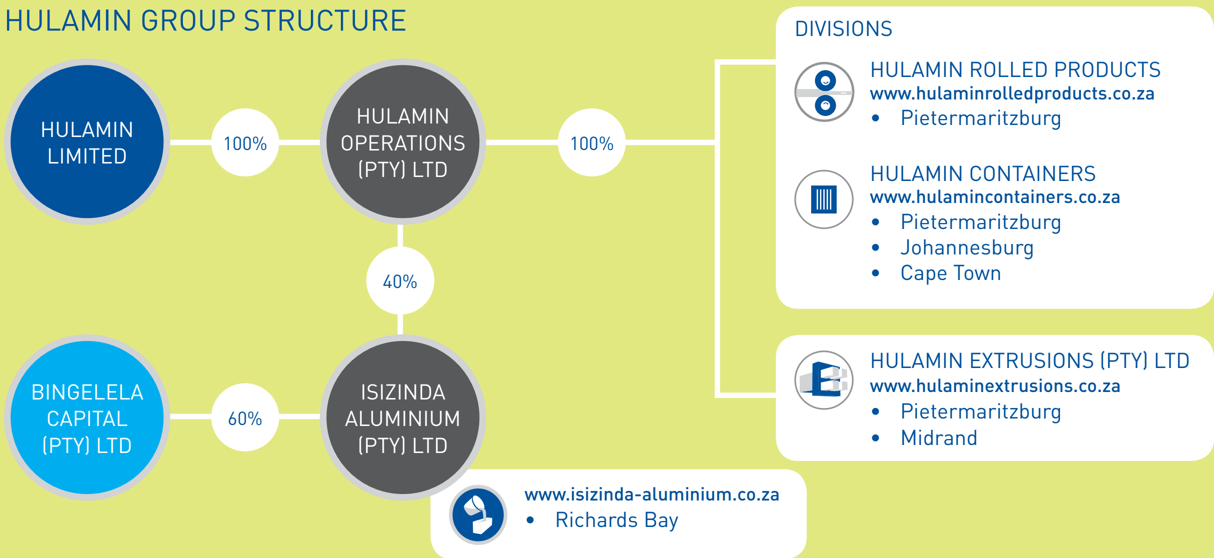
In 2007, Hulamin unbundled from Tongaat Hulett Limited and listed on the main board of the JSE in the Aluminium sub-sector of the Industrial Metals and Mining sector.

SHAREHOLDERS AT 31 DECEMBER 2015



52,20%	Other shareholders
29,60%	Industrial Development Corporation
6,84%	Coronation Fund Managers
6,02%	Government Employees Pension Fund
5,34%	Investec

HULAMIN GROUP STRUCTURE



sustainable value

Key role player in **unlocking and enhancing** the properties of aluminium for **downstream fabrication**

PRIMARY OPERATING SEGMENTS

THE GROUP IS ORGANISED INTO TWO MAJOR OPERATING DIVISIONS, NAMELY HULAMIN ROLLED PRODUCTS AND HULAMIN EXTRUSIONS WHICH OFFER DIFFERENT CORE PRODUCTS AND ARE THE BASIS ON WHICH THE GROUP REPORTS ITS PRIMARY SEGMENT INFORMATION.

HULAMIN ROLLED PRODUCTS
Semi-fabrication of rolled aluminium products

PRINCIPAL ACTIVITIES

Hulamin Rolled Products is a modern, globally-competitive producer of a range of technologically sophisticated sheet, coil and plate products. Focusing on high-quality, tight tolerance and complex products, the Rolled Products business provides customers with a unique mix of technical expertise, high technology manufacturing capability and responsive customer service.

The Rolled Products operation, which is based in Pietermaritzburg, KwaZulu-Natal, includes remelting and recycling facilities, direct chill ingot casting, continuous casters, hot, cold and foil rolling mills and a range of further finishing processing lines.

KEY MARKETS

Rolled Products is the only rolling mill in South Africa and supplies customers on all continents, with the majority of its products being exported to customers in North America, Western Europe and the Far and Middle East for use in the packaging, automotive and transportation, engineering, and building and construction markets. Hulamin Containers, a downstream business in the rolled products segment, is South Africa's leading producer of rigid aluminium foil containers for the catering industry and for household use.

KEY STRATEGIC FOCUS AREAS

- Operational performance
- Rolling slab and melting ingot supply
- Local market growth and opportunities
- Cost competitiveness
- Secondary melting processing

HULAMIN EXTRUSIONS
Semi-fabrication of extruded aluminium products

PRINCIPAL ACTIVITIES

Hulamin Extrusions is a leading local supplier of aluminium extrusions. The business operates from two plants, one in Midrand, Gauteng and one in Pietermaritzburg, KwaZulu-Natal, with a sales office in Johannesburg.

KEY MARKETS

Hulamin Extrusions supplies the local engineering and architectural markets with a wide range of extruded aluminium profiles in both standard and custom shapes. Hulamin Extrusions also holds a 49% share in Almin Metal Industries Limited, a Zimbabwean extrusion-intensive business.

KEY STRATEGIC FOCUS AREAS

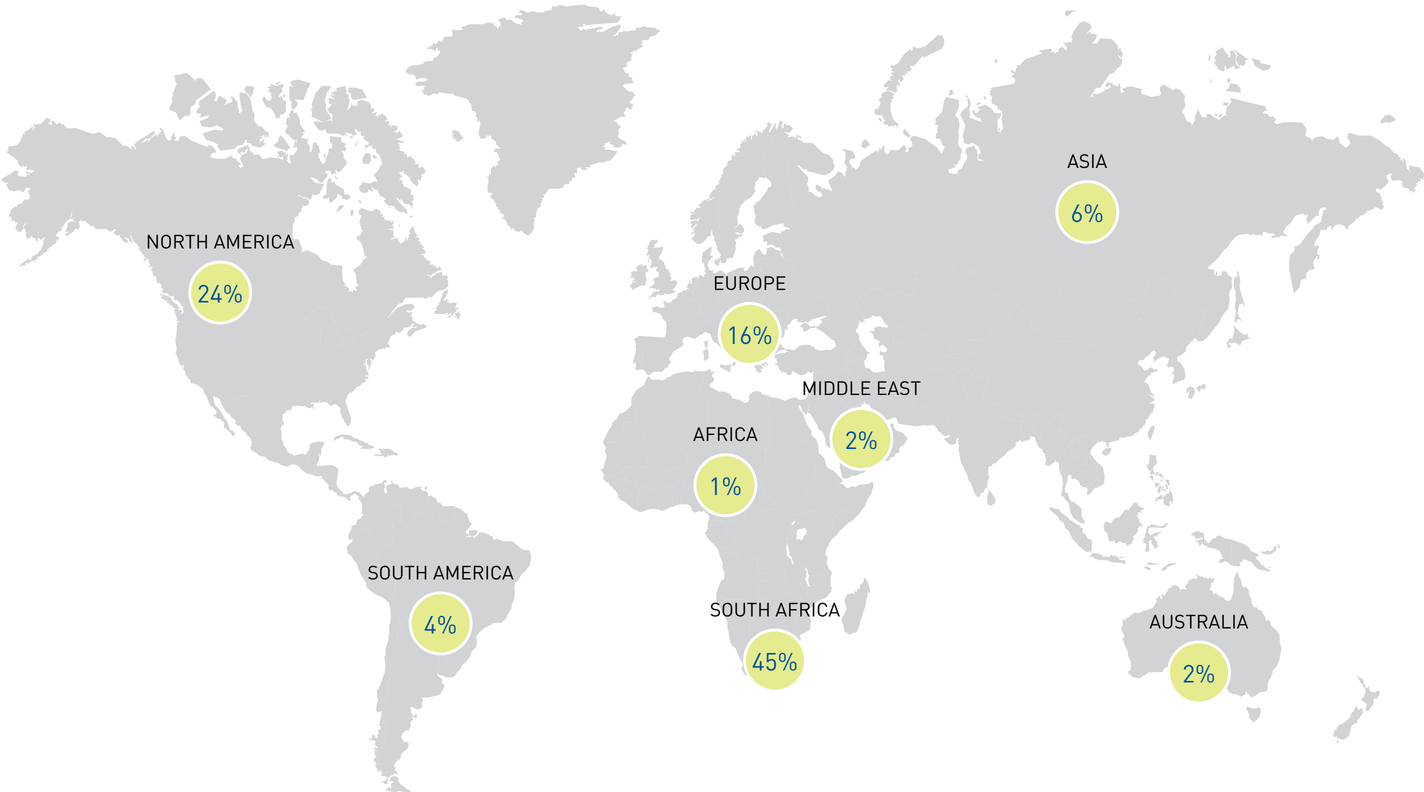
- Billet supply
- Threat from imports
- Market opportunities
- Cost competitiveness
- Secondary metal supply

	Rolled Products R'000	Extrusions R'000
Revenue	7 554 622	840 364
EBITDA*	414 084	30 057
Normalised earnings	166 873	9 924
Total assets	6 335 986	320 554

* *Earnings before interest, taxation, depreciation and impairment of property, plant and equipment and intangible assets.*

Refer to note 2 of the group financial statements on page 108 for more information on our operating segment's contributions

GLOBAL REVENUE



Committed to growth of the regional Southern African aluminium industry

CHAIRMAN'S REPORT

DEAR STAKEHOLDER

As we present this report, which is an account of Hulamin's performance in 2015, we look back at 2015 as yet another tough year for manufacturing in South Africa. Business confidence in the manufacturing sector remained mostly weak during the year.

The manufacturing environment was characterised by energy supply disruptions, especially in electricity and Liquefied Petroleum Gas (LPG). Hulamin production processes require energy to perform and process stability cannot be maintained with regular disruptions to supply.

Although management had moved to mitigate the negative impacts of this energy crunch by sourcing imported gas and acquiring diesel generators, these costs were unplanned and impacted the bottom line. The cost associated to the production of electricity from diesel generators was up to four times that of Eskom electricity supply. Sourcing imported LPG came with its own challenges as the only infrastructure close to Hulamin is in Port Elizabeth and vessels were sometimes delayed due to bad weather at sea. These experiences, with dire financial implications on companies, underscore a need for an urgent programme to address South Africa's infrastructure and energy supply especially in enabling stability of manufacturing and restoring industry competitiveness. Whilst we commend efforts to stabilise electricity generation, more action is required from government with respect to production of gas, especially of LPG, which is in the hands of the private sector.

Externally the US and EU economies, which account for just over 40% of our sales, were rattled by an oversupply of aluminium especially out of China and a consequent collapse of prices.

CORPORATE GOVERNANCE

The directors of Hulamin are fully committed to the principles of sound corporate governance, in particular engaging with integrity, transparency, responsibility, fairness and accountability with all stakeholders. Corporate governance is covered in more depth on pages 68 to 77 of this report.

STAKEHOLDER ENGAGEMENT

Hulamin recognises that its sustainable growth depends on building strong and mutually beneficial relationships with many diverse stakeholders, and has as such resolved to be responsive to the needs and expectations of different stakeholders. In 2015 Hulamin continued to strengthen relations with all relevant stakeholders. Hulamin actively supported government efforts for the renewal of The African Growth Opportunity Act (AGOA) and was one of the companies that participated in the Trade and Industry Ministerial delegation to Washington DC during April 2015. Stakeholder engagements are covered in more detail in the sustainability section on pages 40 to 61.

SUSTAINABILITY

Hulamin remains committed to sustainable growth and prosperity recognising the interconnectedness of both. Therefore, maintaining and strengthening good relations with all stakeholders, who include government, the communities we operate in, capital providers and employees remain top priorities. We continue to make good progress in improving our carbon footprint monitoring, recording and reporting amongst a range of other sustainable improvements. Sustainability is covered extensively on pages 40 to 61 of this report.

AVAILABILITY OF ROLLING SLAB AND EXTRUSION BILLET

Long-term security of the local supply of rolling slab has stabilised with Isizinda Aluminium taking ownership of the Bayside casthouse in July 2015. The partnership between Bingelela Capital and Hulamin in Isizinda Aluminium is working very well and investigations are underway around localisation of other value-added products from this facility.

IMPORT DUTY PROTECTION

Just like in many countries worldwide, the South African metal industry is not immune to the ravages of cheap, and sometimes subsidised, imports. It is against that background that Hulamin applied to the International Trade Administration Commission (ITAC) for protection in aluminium rolled and extruded products. Hulamin defended its applications in front of the ITAC commission and a ruling is expected sometime in March 2016.

RECOGNITION

The board wishes to thank Simon Jennings, an independent director, who resigned from the board at the end of the third quarter.

CONCLUSION

Hulamin's financial performance in 2015 signalled a tough year especially on the manufacturing front. It is clear that the headwinds have not abated externally. However, I and the board are confident in the strategic direction of the business and look forward to market recovery and improved manufacturing performance and resulting benefits to all stakeholders. I would therefore like to thank the board, the Executive and employees for their commitment to Hulamin's performance.

Mafika Mkwanazi
Chairman

Maintaining and strengthening
good relations with all stakeholders
remains a top priority

CHIEF EXECUTIVE'S REPORT

Markets for all metal, including aluminium and aluminium semi-fabricated products, softened as the year 2015 progressed. Disruptions to operations from energy supply, incoming metal quality rejections, plant upgrades and process instability in the second and third quarters interrupted the otherwise gradual improvement in plant performance leading to a strong final quarter.

OVERVIEW OF THE YEAR'S OPERATIONS

Sales volumes for the year to 31 December 2015 totalled 198 000 tons, 7% lower than the corresponding period's 214 000 tons. Energy supply proved to be inconsistent, with disruptions to both electricity and gas supplies impacting negatively on manufacturing output. Despite these challenges, sales of rolled products increased by 13% in the second half with improvements in process control, yields, equipment reliability and capacity planning and ending the year with record low on-site inventory.

Locally, the economy continued to soften during 2015. Demand, however, increased from both beverage packaging and automotive markets, which are our largest volume sectors and thus local sales increased by 18% to 70 000 tons (2014: 59 400 tons) mostly as a result of increased can body stock sales.

MARKETS ENDED THE YEAR SOFT AFTER A SOLID START

Market conditions in South Africa and in Hulamin's major export markets were steady at the start of 2015, resulting in selling prices (and which includes rolling margins) improving in the first half. Locally, demand from the mainstream economy remained sluggish, although automotive and packaging demand more than compensated for this softness, resulting in local sales increasing by 18% to over 90 000 tons (including both rolled and extruded product sales) for the first time.

The slowdown in China's domestic economy resulted in a number of Hulamin's China-based competitors significantly increasing their efforts to export into Hulamin's traditional US and European markets from the second quarter of 2015. The resulting oversupply, coupled with a Chinese primary aluminium price that was lower than the London Metal Exchange (LME) price, resulted in an over-supply situation in these markets.

As a consequence, rolling and extrusion margins dropped significantly throughout the year under review. At year-end they appear now to have stabilised at levels lower in US Dollars than in recent years. The effects of this oversupply was seen most rapidly in Hulamin's standard product exports to the USA and Europe and have spilled over to a number of end-user markets, albeit to a lesser extent.

AN UNUSUAL SET OF FINANCIAL RESULTS

Turnover increased to R8,40 billion (2014 R8,04 billion) in spite of the lower sales volume and lower USD Aluminium price. The Rand weakened by 18% to an average of R12,76/USD, increasing Rand revenues and partially offsetting the effects of domestic cost inflation.

The total price of aluminium includes the LME price as well as international geographic premiums. Oversupply, largely from Asia has seen the average LME price (and geographic premium) decline by 20% from $1 866 in 2014 to $1 494 in 2015. Hulamin is exposed to US Dollar changes in the value of its aluminium inventory, known as the metal price lag effect which is reported in Rand. As a consequence of this decline in the aluminium price, a metal price lag loss of R161 million was reported in 2015 (2014: R53 million profit), a year-on-year reversal of R214 million.

Manufacturing costs were 17% higher than the prior year, driven mainly by higher US Dollar denominated costs, and the consolidation of costs from the Isizinda Aluminium (Isizinda) joint venture. Comparable costs increased by 10%. Earnings before interest and taxation (EBIT) were 50% lower compared to the prior year and operating profit before metal price lag was 14% lower at R456 million.

Despite the challenges encountered in a disruptive year, Hulamin remained focused on efficiency improvements and cost cutting measures to protect operating margins.

Following the acquisition of the Bayside casthouse by the Isizinda consortium on 1 July 2015, accounts for the Isizinda/Hulamin joint venture were consolidated for the first time. Although Hulamin only owns 40% of the equity in Isizinda, it is deemed a subsidiary of Hulamin in terms of IFRS on the basis of the funding arrangements. The notable impact of this accounting treatment is the consolidation of key assets and the recognition of the bargain purchase gain on the land and equity settled share-based payment.

Positive operational cash flows contributed towards the funding of a substantial investment in expansion and replacement capital expenditure totalling R588 million. Capex included Hulamin's new aluminium recycling facility to the value of R300 million, as well as the investment in the Bayside casthouse for R100 million. The balance of funding for these investments came from existing working capital funding facilities and a new-five year R270 million loan facility from Nedbank.

Cash flow in the second half of 2015 was neutral in spite of ongoing capital expenditure.

In keeping with Hulamin values, Hulamin is pleased to confirm the successful conclusion of the B-BBEE strategic transaction on 22 December 2015 with the issue of A1, A2, B1, B2, B3 ordinary shares. The transaction is an eight year deal that includes a strategic partner and eligible Hulamin employees.

IMPROVING OPERATIONAL PERFORMANCE, REDUCING COSTS AND RISK MITIGATION

Production volumes and efficiencies improved in the second half, in spite of two major gas disruptions arising from a fire at a refinery that also led to a planned maintenance start-up delay at the same refinery. Hulamin has lodged an insurance claim to compensate for the volume lost and increased costs arising from these shortages of supply. Engineering work on the partial conversion to Compressed Natural Gas was successfully completed in 2015.

During the year we took new and improved steps to improve our efficiencies. These include a specific focus on product and process quality as well as an upgraded approach to equipment reliability and maintenance. The improvements that we produced in plant performance towards the end of the year can largely be attributed to these efforts.

Product stream recoveries (also known as yields) that measure the ratio of sales to start mass improved in the second half and have settled at these higher levels. Efforts to make further improvements and consolidate this progress are ongoing through concerted efforts in

1935

BEGINNINGS
1935 to 1949

The origin of Hulamin dates back to 1935 when Aluminium Limited of Canada (Alcan) opened a sales office in South Africa. This was followed in 1940 by the registration of the Aluminium Company of South Africa. During and after World War II, demand for semi-fabricated aluminium had grown to the point where a first aluminium rolling mill was opened in 1949, on the current Pietermaritzburg site.

1960

GROWTH
1960s to 1980s

The company was listed on the Johannesburg Securities Exchange as Alcan Aluminium of South Africa in 1969. In 1974, the Huletts Corporation acquired a controlling interest from Alcan, and changed the company name to Huletts Aluminium. The company was delisted in 1981 and, after The Huletts Corporation merged with The Tongaat Group to form Tongaat Hulett, the name of the company was changed to Hulett Aluminium (Pty) Limited. Alcan subsequently sold its remaining holding and Hulett Aluminium became a wholly-owned subsidiary of Tongaat Hulett in 1986.

growing local sales

1990

EXPANSION
1990s

In 1996, the boards of Hulett Aluminium and Tongaat Hulett approved a R2,4 billion expansion programme in the rolled products business, increasing capacity fourfold to 200 000 tons. The business was restructured and two additional shareholders were introduced, namely Anglo American and the Industrial Development Corporation, resulting in the Tongaat Hulett shareholding being diluted to 50%.

2000

HULAMIN
2000s

In 2006, Hulett Aluminium's shareholders approved a further R950 million expansion project for the rolled products business, with the expansion having completed in 2009. In 2007, the company was unbundled from Tongaat Hulett, changing its name to Hulamin Limited, and listed on the Johannesburg Stock Exchange, whilst facilitating the acquisition of a 10% interest in Hulamin by Black Economic Empowerment partners and a further 5% by Hulamin employees (the employee transaction matured in 2012).

process control (quality improvement) and through making improvements to maintenance and equipment reliability.

As the year progressed, the company started to tackle a number of cost lines with opportunities to be more efficient. These include energy consumption, the use of outside services as well as employee related costs such as over-time and fringe benefits. We will intensify these efforts in the year ahead to ensure that the company is better placed and more cost competitive.

Although safety performance deteriorated slightly when compared to the record performance in 2014, a number of risk mitigating actions were taken, and approximately R70 million was invested in improving the safety and health risk profile of the company. These efforts focused on risks associated with suspended loads and lifting devices, pedestrian/vehicle interfaces, molten metal explosion risks, man-machine interfaces, basement entry and confined spaces, risks associated with contractors on site and behaviour related risks.

GROWING LOCAL SALES

In November, Hulamin and Nampak Limited concluded a three-year agreement for the supply of aluminium can body, can-end and can tab stock for the period from April 2016 to March 2019. The volume agreed totals approximately 110 000 tons over the three-year period. It is significant not only because the agreement improves Hulamin's geographic sales profile in favour of local sales, but also because it provides the opportunity to source alloyed-aluminium scrap that is available in the local market in the form of used beverage cans (UBCs), can maker's scrap as well as other usable forms of scrap. To this end, we successfully commissioned a R300 million recycling furnace in May 2015, followed by a scrap cleaning line in December 2015.

PROGRESS IN SECURING LOCAL RAW MATERIAL

In the fourth quarter, we took an additional and important strategic step forward with the conclusion of a new melting ingot supply agreement with South 32, owners of the Hillside smelter in Richards Bay. We are pleased that we now have security of supply for both the Isizinda casthouse in Richards Bay (in the form of liquid aluminium) as well as solid form melting ingot for our Pietermaritzburg operation. Furthermore, the Hulamin/Bingelela consortium took ownership of the Bayside casthouse in Richards Bay that secures the supply of aluminium rolling ingot for our Pietermaritzburg operations. The final step in securing all forms of local raw material supply will be the re-introduction of the manufacture of extrusion billet, currently being planned.

LOOKING FORWARD

Hulamin expects the momentum gained from improved manufacturing performance in the second half of 2015 to continue into 2016, with weak market conditions expected to persist both locally and internationally. The risks associated with energy disruption (impacts of energy disruption) are now lower following the installation of standby generators and the commencement of the conversion parts of the plant from LP Gas to CN Gas. There has been a decline in international conversion prices (rolling margins) that are expected to be partially offset by actions and initiatives currently being taken to achieve cost efficiencies, preserve cash, optimise sales and while Hulamin benefits from a weaker Rand against the US Dollar.

Richard Jacob
Chief Executive Officer

2010

NEW AGE FOR HULAMIN
2010 to 2014

In 2012, Hulamin entered into an agreement with Nampak Bevcan to supply aluminium sheet for the manufacturing of aluminium bodied beverage cans. In 2014, Hulamin announced a R300 million investment in a scrap separation, processing and recycling centre in a bid to reduce dependency on primary aluminium. An application was submitted to ITAC for import tariff protection on aluminium rolled and extruded products.

2015

THE FUTURE OF HULAMIN
2015 onwards

2015 represents Hulamin's 75th anniversary of unlocking the potentials of aluminium beneficiation. In July 2015, Isizinda Aluminium (of which Hulamin is a strategic partner) took over the operations of the Bayside casthouse (situated in Richards Bay). The construction of the recycling centre was completed in the third quarter of 2015. Hulamin remains committed to the industrialisation of South Africa and will continue to play a key role in this initiative.


HULAMIN

the business

THE WORLD OF ALUMINIUM

PRIMARY ALUMINIUM PRODUCTION

BAUXITE MINING AND ALUMINA PRODUCTION

BAUXITE MINING

Aluminium production starts with the raw material bauxite. Bauxite is a mineral found mostly in a belt around the equator. Bauxite, containing 15 to 25% aluminium, is the only ore that is used for commercial extraction of aluminium today. Global estimated bauxite resources are estimated to be 55 to 75 billion tons and at the current rate of extraction, these reserves will last 250 to 340 years. The majority of the global bauxite reserves can be found in Australia and Africa.

ALUMINA PRODUCTION

Aluminium oxide (alumina) is extracted from bauxite in a refinery. Alumina is then used to produce primary aluminium.

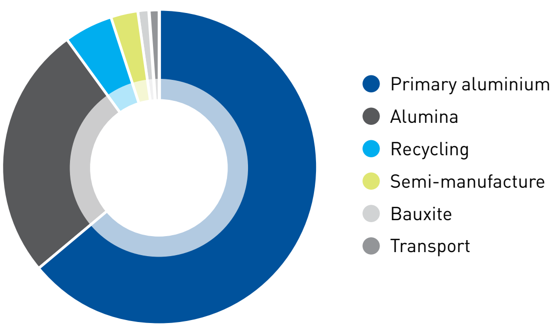
PRIMARY ALUMINIUM PRODUCTION

The production of primary aluminium takes place in large production lines. In the smeltering process alumina is refined into aluminium. The aluminium atom in alumina is bonded to oxygen. These bonds have to be broken by electrolysis to produce aluminium metal. Alumina is transported into pots (large container and is dissolved in an electrolytic bath. Liquid aluminium is drawn from the cells using specialised vehicles and is cast into ingots and billets for further processing.

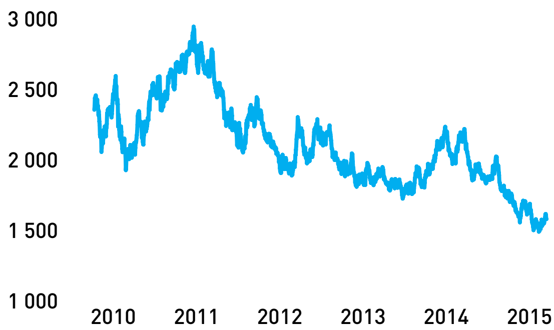
Aluminium is a global commodity traded on the London Metal Exchange (LME). The price moves according to global supply and demand.

The world's stock of aluminium in use is like a resource bank. Around 75% of aluminium ever produced is still in use, and some of it has been through countless recycle loops

CO_2 EMISSIONS IN THE PRODUCTION OF ALUMINIUM PROCESS



PRIMARY ALUMINIUM PRICE PER THE LME ($ per ton)



About 7% of the earth's crust is aluminium, Making it the third-most abundant element after oxygen and silicon

Only 5% of the energy required to produce primary aluminium is needed to remelt aluminium for new uses

SECONDARY ALUMINIUM PRODUCTION

CASTING OF ALUMINIUM VALUE-ADDED PRODUCTS

ALUMINIUM CASTING

Primary aluminium is alloyed with other elements such as copper, manganese and silicon for additional strength, corrosion resistance and other properties. These are then cast into billets, remelt ingots, slabs, and rods and other castings for further processing.

BILLET

These log-shaped castings are produced in various diameters and lengths using a vertical direct chill process. They are used for producing extrusions, also known as profiles, that find major end use in construction, industrial and transportation purposes, as well as for forging purposes in automotive industries.

SLAB

These cuboid shaped ingots are the input to the rolling process and are produced using a similar technique to billet. Slab is used to produce rolled aluminium products.

SEMI-FABRICATION OF ALUMINIUM

EXTRUDING

Aluminium can be extruded and shaped into a variety of tubes and profiles. Aluminium billets are heated to 500 degrees Celsius and pressed through shaping tools, to make profiles and various products.

ROLLING

Aluminium can be processed in a cold and hot condition. Aluminium is a ductile. It can be rolled from 60 cm to 2 mm to 6 mm. Final foil products can be as thin as 0,006 mm and still be completely impermeable to light, aroma or taste. The metal itself forms a protective oxide coating and is highly corrosion resistant. Various types of surface treatment can further improve these properties.

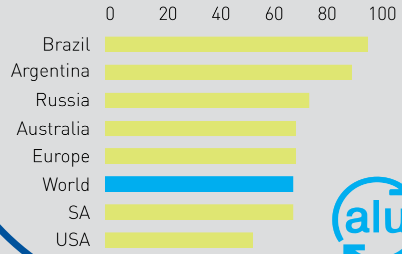
FOUNDRY CASTING

The properties of aluminium change when small quantities of other metals are added to produce aluminium alloys. These can give greater strength, brilliance, corrosion resistance and ductility, all depending on what the metal is to be used for. And they can make aluminium easier to form into an endless variety of products.

RECYCLING

- Aluminium is one of the most environmentally friendly metals in terms of how it is produced and applied. It can be easily recycled, whilst keeping its distinctive properties.
- Aluminium can be endlessly recycled without loss in quality (secondary aluminium production).
- Only 5% of the energy required to produce primary aluminium is needed to remelt aluminium for new uses (secondary aluminium production).
- The world's stock of aluminium in use is like a resource bank. Around 75% of aluminium ever produced is still in use, and some of it has been through countless recycle loops.

GLOBAL CONSUMPTION OF PRIMARY AND SECONDARY ALUMINIUM



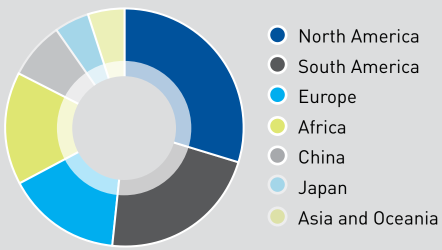
MANUFACTURING AND USE

Aluminium fabricated products are used throughout the world and throughout many different sectors.

In developed countries the demand for aluminium comes mostly from the rapid growing transport industry, which is driven by an expanding auto market. Mature countries traditionally use more aluminium in the light vehicles production. Due to the lightness, aluminium makes cars more energy efficient.

Developing countries are expanding their food and infrastructure to satisfy the needs of a growing population, migrating to large cities. Therefore, the packaging and construction sector represents the biggest consumer of aluminium across developing countries.

GLOBAL CONSUMPTION OF ALUMINIUM PRODUCTS



THE ROLE OF HULAMIN AND ALUMINIUM IN SOUTH AFRICA

ALUMINIUM IS A DRIVER OF INDUSTRIALISATION, AN ENABLER OF INNOVATION AND A SUSTAINABLE METAL WHICH IS INFINITELY RECYCLABLE

SOUTH AFRICA'S ECONOMIC VISION

- Job creation (downstream fabrication development, recycling, mid-stream growth)
- Balance national accounts (export fabricated aluminium products rather than primary aluminium)
- Manage carbon footprint through aluminium's energy bank properties
- Environmental sustainability
- Growth in local downstream fabrication
- Transformation of the economy
- Achieve National Development Plan (NDP)/IPAP goals
- Human capital development
- Improve South African competitiveness
- Promote technology development
- Industry success/world-class aluminium supply package
- Investment opportunities

THE ROLE OF ALUMINIUM IN AN EMERGING ECONOMY LIKE SOUTH AFRICA

DRIVER OF ECONOMIC GROWTH & CONTRIBUTOR TO NATIONAL ACCOUNTS

- Aluminium has a broad industry demand and can act as a catalyst for investment in a wide range of manufacturing applications
- As more aluminium is sold into the local economy, more aluminium can be recycled and reused. This stimulates investments in low-carbon recycling projects

ENERGY BANK

- Aluminium smelters are a substantial base load customer of Eskom and a beneficiator of the country's abundant coal reserves.
- As local demand and supply of aluminium increases, more aluminium will be able to be recycled and reused, thereby placing less demand on the country's electricity resources
- Aluminium is infinitely recyclable, with little loss and degradation, and the recycling of aluminium has a very low energy footprint
- The use of aluminium promotes a reduction of carbon

KEY INPUT FOR FABRICATION

- Aluminium is a key input in a wide variety of industries and product applications
- A strong local supply industry will therefore facilitate investment in downstream fabrication as the region expands, thereby continuing to improve the competitiveness of South Africa and the region

SOURCE OF LIVELIHOOD

- Employment and subsistence (informal – scrap collection and formal)
- Entrepreneurship (strong aluminium supply industry supports the growth of new downstream businesses)

VEHICLE FOR TECHNOLOGICAL INNOVATION

- Aluminium has advantageous physical properties which are aligned with technological innovation
- Supports the development of endless applications

LEADER IN RECYCLING

- Major purchaser of scrap
- Reduce aluminium industry energy usage (closed-loop)
- Reduce aluminium industry carbon footprint
- Catalyst for the development of other recycling industries

HULAMIN IS THE VEHICLE BY WHICH PRIMARY ALUMINIUM CAN BE CHANNELLED INTO THE DOWNSTREAM INDUSTRY LOCALLY AND REGIONALLY TO BE USED IN A BROAD RANGE OF PRODUCT APPLICATIONS

HULAMIN'S ROLE IN DEVELOPING THE LOCAL ECONOMY

CREATOR OF ECONOMIC VALUE AND HUMAN CAPITAL DEVELOPER
- We contribute to national current accounts through the exportation of semi-fabricated aluminium
- A provider of employment, mentor and develop SMMEs
- We support and promote investment in downstream fabrication industries in South Africa
- We procure the majority of our goods and services from local markets

LEADER IN SOUTH AFRICAN ALUMINIUM VALUE CHAIN
- We are the largest supplier of aluminium raw materials to the South African manufacturing industry
- Promoter of the development and innovation of aluminium technology and use
- Being a strategic asset to South Africa we assist to promote and drive foreign direct investment in downstream manufacturing
- Our world-class asset base and knowledge unlocks the properties inherent in primary aluminium for use in a variety of industries and product applications
- Aluminium is 100% recyclable – we are a leader in recycling
- We promote the use of aluminium in the local economy

REGIONAL SOCIAL PARTNER/STABILISER
- We are committed to transformation/B-BBEE
- We support our economy in procuring the majority of our goods and services locally
- Social investment is key to the upliftment of our communities
- We are a major regional employer

EXPORT MANUFACTURER
- We are an earner of foreign currency and support the national current account

PREFERRED SUPPLIER OF ALUMINIUM MANUFACTURING INPUTS
- We are committed to supplying quality goods locally and internationally
- The development of aluminium products supports downstream industries – an enabler of economic growth

MAJOR PARTNER IN METALS SEMI-FABRICATION
- Technology – developer and partner in government support programmes
- A partner of government and other industry players to support the NDP vision

LEADER IN MANUFACTURING EXCELLENCE
- Developer and provider of skilled people
- Benchmark in metals processing

POSITIVE COUNTER TO ALUMINIUM SMELTING CARBON FOOTPRINT
- Stimulator of aluminium usage
- Leader in metals recycling in local economy

HULAMIN'S VISION AND RESPONSE TO DEVELOPING THE SOUTH AFRICAN ECONOMY

- Obtain low-cost, sustainable metal supply from smelters and aluminium scrap
- Increase local/regional sales
- Develop a focused product range – packaging, automotive and infrastructure sectors
- Secure a competitive energy/gas supply
- Establish recycling capability
- Progress B-BBEE and ownership transformation
- Procure support for aluminium as a strategic industry in the local economy
- Develop a platform for a growth phase (as the region expands and develops)

EXTERNAL ENVIRONMENT, OPPORTUNITIES AND THREATS

GLOBAL PRIMARY ALUMINIUM INDUSTRY

SITUATION AND TRENDS

- Steady growth in global consumption of aluminium (driven predominantly by China, but also Brazil, India and North America)
- However, global supply in excess of demand, resulting in underperformance of LME aluminium price relative to other metal commodities
- Concerns over slower Chinese economic growth, volatile emerging market currencies and the curtailing of the Federal Reserve's bond-buying programme have contributed to accelerated decline in the LME aluminium price
- Predominance of high metal premiums in recent years, which have insulated marginal smelters from the impact of low LME aluminium price. However, current low premiums and increased volatility have put pressure on producer and consumer sectors
- Impact of growing pressure to reduce carbon emissions and changing energy environments will place pressure on high-cost smelters
- Global shift towards recycling scrap as an alternative input to primary aluminium gaining momentum

IMPACT, OPPORTUNITIES AND THREATS

1 Volatile metal premiums put pressure on producers and consumers, introduce "margin squeeze" risk, impact demand for aluminium products, put pressure on establishment and maintenance of multi-year/long-term contracts

2 Falling LME puts pressure on high-cost, marginal producers

SOUTH AFRICAN PRIMARY ALUMINIUM INDUSTRY

SITUATION AND TRENDS

- Cost (labour) and price pressures (low LME aluminium price) on local South 32 aluminium smelter in Richards Bay
- Local aluminium smelter is a significant electricity consumer and has been the focus of significant negative media attention and public sentiment due to the preferential deal which it has with Eskom while local electricity supply is constrained and other consumers have incurred sharp escalations in electricity pricing
- Local smelter exports the majority of primary aluminium in an unbeneficiated form, while the Bayside value-added products (VAP) casthouse is underutilised, leading to large-scale importation of aluminium VAPs by the local downstream industry at high cost. Opportunity for this to be addressed by growth of Isizinda Aluminium
- Proposed carbon tax legislation will have a significant negative impact on the aluminium smelters which could potentially render them unviable; however, the local downstream industry, which is reliant on these smelters, is not carbon intensive

IMPACT, OPPORTUNITIES AND THREATS

3 Upward pressure on primary metal pricing to local semi-fabrication industry

4 Viability of local primary aluminium smelters under pressure:

– Pressure on South 32's Hillside smelter remains

5 Isizinda Aluminium can provide linkage between local smelter and downstream aluminium semi-fabrication and fabrication.

OPPORTUNITIES AND THREATS AFFECTING OUR VALUE DRIVES

THREATS · OPPORTUNITIES

AVAILABILITY OF CAPITAL AND INCENTIVES	CONVERSION MARGINS AND METAL PRICES	PRIMARY INPUT SUPPLY AND COSTS (GAS, ELECTRICITY, LABOUR)	PRICE AND AVAILABILITY OF ALUMINIUM SCRAP INPUTS
9	1 3 10 12	6	7 11 16

** Refer to the section on risk management on pages 78 to 81 for more information on our response to these principal risks.*

SOUTH AFRICAN ECONOMIC AND POLITICAL ENVIRONMENT

SITUATION AND TRENDS

- Industrialisation is a national priority. Government policy is seeking to restructure the economy toward more value-adding, labour-intensive and environmentally sustainable growth. Focus on improving exports of beneficiated products
- National focus on energy efficiency and recycling initiatives
- South African government is becoming increasingly aware of the role for trade agreements and regulatory frameworks to protect and support the economy
- Labour costs escalating above inflation, combined with significant volatility and unrest in labour relations
- Availability and supply shortages of local gas and increasing and high pricing. Opportunities to unlock shale gas
- Constraints in availability of electricity supply and increased load shedding as well as increasing prices

IMPACT, OPPORTUNITIES AND THREATS

- 6 Increasing local cost base and reduction in supply availability (labour, electricity and gas)
- 7 Scrap export legislation will promote local processing of scrap for the benefit of local industry
- 8 Proposed carbon tax legislation will have a significant negative impact on smelters and could, in turn, severely impact downstream fabricators
- 9 Aluminium can play a significant role in supporting downstream fabrication and industrialisation, job creation, development of high-technology applications and industries and promoting reduced carbon intensity in the economy

GLOBAL ALUMINIUM SEMI-FABRICATION MARKET

SITUATION AND TRENDS

- Significant demand growth in packaging, transport and infrastructure applications driven largely by the growth in developing economies
- Significant growth in automotive consumption of rolled products in developed countries and ongoing development of new applications for aluminium
- Significant roll-out of capacity in low-cost regions such as China and Middle East
- Trade politics continues to influence global flows of aluminium semi-fabricated products
- Global shift towards recycling scrap as an alternative input to primary aluminium gaining momentum

IMPACT, OPPORTUNITIES AND THREATS

- 10 Conversion margins under pressure due to additional capacity roll-out in low-cost and government-incentivised regions
- 11 Increased global demand for secondary metal impacts on price and availability thereof
- 12 Increased pressure from imports on domestic manufacturing
- 14 Growth in demand for new and non-traditional applications for aluminium, such as consumer electronics and military markets. Significant growth in automotive sectors forecast

REGIONAL MARKET DEVELOPMENT

SITUATION AND TRENDS

- Rapid population expansion and urbanisation in sub-Saharan Africa resulting in increased infrastructure and transport spend growth, rising income levels and increasing consumer spend, leading to growing per capita spend on aluminium
- Ongoing efforts by African states to secure regional economic development and industrial integration

IMPACT, OPPORTUNITIES AND THREATS

- 14 Growing regional consumption of aluminium primarily in consumer applications and packaging, transport and construction/infrastructure
- 15 Opportunities for increased investment in downstream fabrication industries in South Africa to capitalise on growth in the region
- 16 Increasing availability of aluminium scrap in the region

OPPORTUNITIES AND THREATS AFFECTING OUR VALUE DRIVES

THREATS (red) OPPORTUNITIES (green)

AVAILABILITY OF ROLLING SLAB	AVAILABILITY OF PRIMARY ALUMINIUM	LOCAL/REGIONAL MARKET DEMAND AND MIX	EXPORT MARKET DEMAND AND MIX
5	2, 4, 8	9, 13, 14, 15	13

STRATEGIC OBJECTIVES

1 ACHIEVE BENCHMARK OPERATIONAL PERFORMANCE

OBJECTIVE

In order for Hulamin to remain competitive and sustainable, it must improve operational performance levels to targeted levels based on global benchmarks for similar operations.

This includes optimising the following operational variables:

- Manufacturing excellence – throughput, quality, recoveries, consumption efficiencies and equipment reliability
- Customer satisfaction – quality, on-time delivery and long-term reliability
- Sales mix, margin and volume – maximise profitability while simplifying the business where possible

Underpinning the achievement of world-class operational performance is the necessity for skilled and motivated employees.

STRATEGIC RISKS

Refer to risk management on page 78 for detail on the principal strategic risk associated with this strategic objective

KEY PERFORMANCE INDICATORS

- Deploy and sustain the Integrated Manufacturing Approach (IMA)
- Develop a cost-competitive culture
- Develop optimised product mix
- Volume growth
- Margin improvement
- Develop and execute a process capability and competency framework
- Maintain a cost-competitive skilled workforce

2015 INDICATORS

- Production yields achieved by Rolled Products below target
- Reorganising of strategic skills within the workforce to better optimise skill set to processes in the business
- Rolled products sales volumes decreased by 9% due to electricity and LPG disruptions
- Improved performance in volumes and yields in the second half of the year
- Partial conversion to CNG complete

KEY CAPITALS

2 ACHIEVE GLOBAL COST COMPETITIVENESS

OBJECTIVE

Hulamin needs to continue to reduce its input costs in a sustainable manner to remain globally competitive. Hulamin is, accordingly, focusing on its major cost items, primarily the cost of employment, energy and price of aluminium. The following actions are in progress to address cost competitiveness:

- Conversion of gas supply from LP gas, which is supplied in trucks from various oil refineries, to natural or methane-rich gas at a substantial saving
- Sourcing more than 25% of metal as scrap (at a price below the LME aluminium price), thereby displacing higher-cost primary metal supply (growth in local market demand and recycling capacity are prerequisites)
- Reduction in the cost of processing secondary metal units processed on site (process scrap)
- Strategic sourcing and commodity management approach to drive reduction in input costs
- Consumption efficiency improvement initiatives (gas, rolling oils, packaging, paints and lacquer)
- Logistics optimisation initiatives

STRATEGIC RISKS

Refer to risk management on page 78 for detail on the principal strategic risk associated with this strategic objective

KEY PERFORMANCE INDICATORS

- Reduce gas unit costs
- Primary metal supply pricing
- Achieve 25% of metal inputs from scrap
- Maintain a cost-competitive skilled workforce
- Logistics and coatings costs

2015 INDICATORS

- Saving of R10 million achieved in LPG usage
- Unit cost reduced by 5% in US Dollars
- Construction of the aluminium recycling plant completed and commissioned in the third quarter of 2015, on time and within budget

KEY CAPITALS

3

GROW LOCAL AND REGIONAL SALES

Hulamin has a competitive advantage in the local and regional economy but, to date, this market has been able to support only around 30% to 40% of Hulamin's sales. With the growth in sub-Saharan Africa and the corresponding increase in per capita income, the consumption of aluminium in the region is set to grow significantly. This will allow Hulamin to focus its product range and will also increase the availability of aluminium scrap in the region, with its attendant benefits. Hulamin and the established local aluminium supply industry is well placed to support and promote the growth and investment in local downstream fabrication of a wide variety of product applications, increased supply of which is necessary to meet the burgeoning demand in the region.

Refer to risk management on page 78 for detail on the principal strategic risk associated with this strategic objective

- Aluminium can market
- New local and regional market development
- Expand presence in sub-Saharan Africa
- New product development initiatives

- Local sales up 18% compared to 2014
- Niche product mix focus
- New three-year contract signed with Nampak
- Automotive sheet feasibility study underway

4

SECURE, COMPETITIVE ALUMINIUM SUPPLY

Hulamin and the local downstream aluminium industry are dependent on primary aluminium supply from the South 32 Hillside smelter in Richards Bay. As the smelter is a large consumer of electricity at a time when this resource is in short supply locally, it has recently been the subject of much public scrutiny. Hulamin is also dependent on the importation of billet for its extrusions operations and the supply of 100 000 tons of rolling slab from the Bayside casthouse which supplements the 200 000 tons produced by Hulamin's remelt and casting facility. The growth in sales of aluminium to the local market, particularly for use in beverage cans (with its high turnaround cycle), creates the opportunity for increasing use of competitively-priced scrap by Hulamin instead of primary aluminium.

Refer to risk management on page 78 for detail on the principal strategic risk associated with this strategic objective

- Sustainability and optimisation of the Bayside casthouse
- Sustainability of South 32 Hillside smelter

- Bayside casthouse acquired by Isizinda Aluminium, of which Hulamin is a strategic partner, including the securing of rolling slab supply in 2015 (five-year supply contract)
- New melting ingot ontract approved
- Growing scrap supply and recycling

5

SUPPORTIVE REGULATORY ENVIRONMENT

The aluminium industry presents the local economy with significant opportunities for economic growth, industrial development, job creation, transformation and energy efficiency. Hulamin recognises its leadership role in working with government to realise these opportunities.

Hulamin and the aluminium industry, in turn, require the support of government to assist to manage the unfair competition from low-priced imports, making appropriate infrastructure available at an appropriate cost (e.g. gas pipeline), ensuring the retention and availability of aluminium scrap generated in South Africa, prescribing local content requirements in infrastructure projects, stimulating the attractiveness of the region for foreign direct investment, continued competitiveness investment support and ensuring that the imposition of carbon pricing measures are competitive and non-punitive.

Refer to risk management on page 78 for detail on the principal strategic risk associated with this strategic objective

- Import tariffs
- Local scrap protection
- Carbon tax
- Incentives and grants

- Application for import duty protection and tariffs has been lodged with ITAC. Awaiting for the ruling from the ITAC commission
- Growth in regional beneficiation of aluminium

Refer to the Reliance and impact on key capitals section on page 30 or more information on how the key capitals support the delivery of our strategy and how we have fared against our key performance indicators.

KEY RESOURCES HULAMIN RELIES ON

KEY RESOURCES (CAPITALS) IMPACTING HULAMIN[1]

FINANCIAL CAPITAL

Net debt to equity ratio: 25% (book value); 57% (market value)

EQUITY
- Book value: R3,9 billion; market value: R1,7 billion
- 30% non-public shareholders (Industrial Development Corporation)
- 70% public shareholders

BORROWINGS
- Net borrowings: R975 million
- Total committed three-year borrowing facilities of R1,45 billion (Nedbank) include a general 360-day facility of R250 million and a revolving working capital facility of R1,2 billion secured against inventory and receivables
- Net interest of R67 million accrued for the year ended 31 December 2015

CASH GENERATION
- Net cash inflow from operating activities for the year ended 31 December 2015: R124 million

MANUFACTURED CAPITAL

LOCAL ALUMINIUM SMELTERS
Hillside aluminium smelter (source of primary aluminium for Hulamin's remelt and casting operation).

BAYSIDE CASTING FACILITY
Bayside casthouse (source of one-third of Hulamin's requirements for rolling slab for the rolling operation).

HULAMIN OPERATIONS
Remelt and casting
Hulamin's remelt operations consist of:

- Three slab production lines, fed by reverberatory melting furnaces, with a slab capacity of around 240 000 tons per year
- An aluminium reclamation operation
- Two twin roll casters, which are able to process scrap and primary metal into coil, with the capacity to produce 20 000 tons of coil per year

Rolling
Hulamin is a conventional flat rolled aluminium products producer and operates hot, cold and foil rolling mills. Finishing equipment includes coil coating lines, slitting, sheet cut-to-length lines, cleaning and tension levelling and foil finishing facilities. A state-of-the-art plate plant is equipped with a range of equipment including sawing, stretching and plate cut-to-length lines.

Extruding
Hulamin manufactures the majority of the extrusion dies for its two extrusion plants. Heated billet is placed in an extrusion press which pushes the softened metal through the die to produce the desired profile. Finishing options include powder coating, anodising and fabrication.

SCRAP PROCESSING
Hulamin operates an aluminium reclamation operation which consists of a shredding line, de-coater and induction furnace which is used to process light and coated scrap to produce aluminium sows that are fed into the three slab production lines. A R300 million investment in a scrap sorting, processing and recycling facility was approved in 2013. In the third quarter of 2015, the recycling facility came online and is in the process of ramping up to full capacity.

NATURAL CAPITAL

LOCAL ALUMINIUM SMELTER
Reliance of the midstream and downstream aluminium industry on the utilisation by the aluminium smelter of scarce (and carbon intensive) electricity to produce primary aluminium.

HULAMIN OPERATIONS
Reliance of the remelt, casting, rolling and extruding operations of Hulamin on water, gas and electricity.

ALUMINIUM SCRAP
Increasing availability of customer and consumer aluminium scrap decreases reliance on the smelters, creates prospects of improved economic returns for the midstream and downstream participants in the aluminium value chain, facilitates the development of a strong aluminium collection and recycling industry which, in turn, creates jobs.

HUMAN CAPITAL

- Management and leadership skills and experience
- Key engineering, metallurgical and manufacturing experience and key competencies and capabilities

SOCIAL, RELATIONSHIP AND INTELLECTUAL CAPITAL

GOVERNMENT
Government support for the aluminium industry, including government's stance on:

- Tariffs and duties in respect of competing imported semi-fabricated and finished aluminium products
- Benefits provided by the aluminium value chain in terms of beneficiating electricity.

SUPPLIERS (METAL)
Relationship with South 32 in respect of the supply of primary aluminium melting ingot from Hillside and the supply of rolling slab from Isizinda Aluminium's Bayside facility.

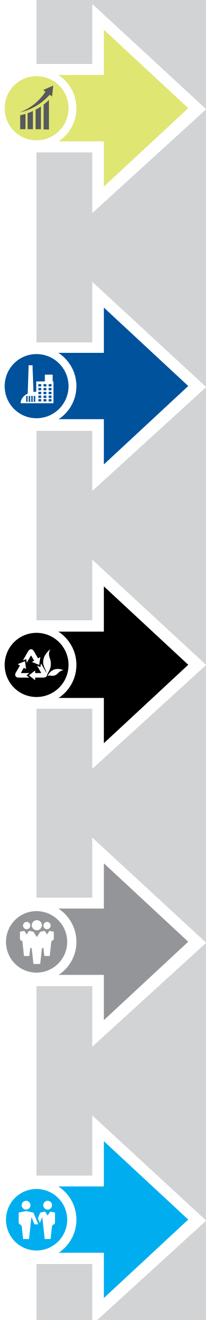
SUPPLIERS (NON-METAL)
Relationship with key non-metal suppliers, including:

- Gas (LPG)
- Electricity
- Government (municipality, port, etc.)
- Maintenance, spares and consumables
- Rolling oils
- Paints and lacquers

CUSTOMERS AND MARKETS
Relationship with customers:

- Mainly export-based business due to small size of local market
- Increasing use of aluminium by local fabricators and industries, e.g. aluminium cans
- Customer risk spread in terms of geography and industry
- Mix of standard distributor products as well as specialised products supplied in terms of supply contracts
- Quality and on-time delivery increasingly critical components
- China and Middle East increasing capacity and capabilities and threatening both local and export markets

INTELLECTUAL
Extensive knowledge, technical skills and capabilities in respect of aluminium melting, casting, rolling, finishing and extruding.



BUSINESS MODEL IN BRIEF

WHAT WE DO
Hulamin transforms primary aluminium into semi-fabricated products (rolled products and extruded products) which can be used by downstream fabricators in a broad range of industries, thereby unlocking the intrinsic remarkable properties of aluminium for use in a variety of end-use applications.

METAL INPUTS
Hulamin remelts primary aluminium received from South 32's Hillside smelter, together with process and bought-in scrap, in its remelt and casting facilities to cast around two-thirds of its rolling slab and one-third of its extrusion billet requirements. The aluminium is alloyed with other materials, usually iron, silicon, zinc, copper, manganese and magnesium, to create metals with a wide range of different properties and strength characteristics.

One-third of Hulamin's rolling slab requirements is bought in from the Isizinda Aluminium Bayside casthouse.

Two-thirds of Hulamin Extrusion's extrusion billet requirements are imported following the decision by BHP Billiton in 2009 to cease supply of all value-added products apart from rolling slab. Aluminium slab and billet are the feedstock for the rolling and extruding processes respectively.

ROLLED PRODUCTS
In the rolling operation, aluminium slab is passed through a number of pairs of rolls to reduce its thickness down to plate material with thicknesses of 6 mm to 250 mm and further down as low as 2 mm for subsequent cold rolling to sheet and coil with thicknesses as low as 0,2 mm. Further rolling can produce the thinnest of foil with a thickness as low as 0,006 mm.

The rolling of cast aluminium changes its metallic structure and the metal takes on new characteristics and properties, with improved strength and ductility.

EXTRUDED PRODUCTS
The extrusion process involves a preheated billet being squeezed through an opening in a die forming the cross-section of the extrusion or profile.

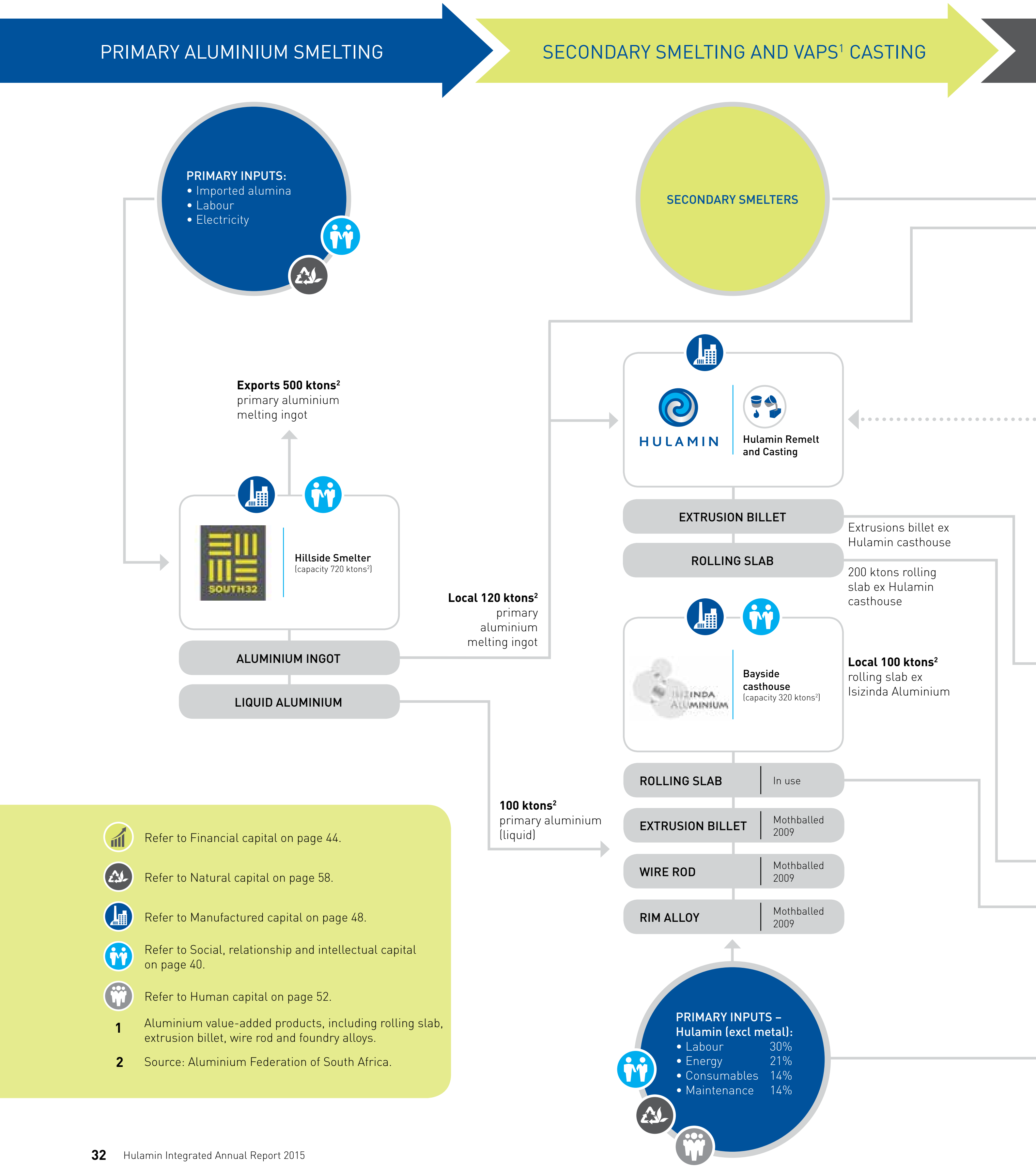
OPERATING COSTS
Apart from metal costs, the major operating costs related to the rolling and extruding processes comprise labour, energy, maintenance, coatings and consumables costs. Logistics costs related to the export of rolled products are also a significant cost.

MARKETS
Hulamin Rolled Products is primarily an export business (in excess of 55%), due to the current small size of the local aluminium downstream industry relative to the capacity of the Hulamin plant, which has the necessary scale to be globally competitive. Hulamin Extrusions is a supplier to the domestic market.

In addition to recovering the metal cost component in its products, Hulamin earns a conversion margin as compensation for the costs of rolling, extruding and finishing its various products.

1 *The capitals listed here reference into the business model graphic refer to page 32.*

THE BUSINESS MODEL



Refer to Financial capital on page 44.

Refer to Natural capital on page 58.

Refer to Manufactured capital on page 48.

Refer to Social, relationship and intellectual capital on page 40.

Refer to Human capital on page 52.

1 Aluminium value-added products, including rolling slab, extrusion billet, wire rod and foundry alloys.

2 Source: Aluminium Federation of South Africa.

SEMI-FABRICATION

FABRICATORS/END INDUSTRIES

OTHER SEMI-FABRICATORS

IMPORTATION OF VAPS[1]

SCRAP RECYCLING

IMPORTATION OF EXTRUSION BILLET

Hulamin recycling of customer, consumer and process scrap

HULAMIN EXTRUSIONS

HULAMIN ROLLED PRODUCTS

EXTRUSIONS

Sales 19 ktons

COIL

SHEET

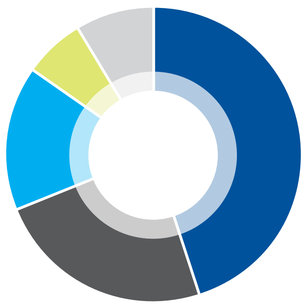
Sales 179 ktons

PLATE

Body panels
Door frames
Car chassis
Beverage cans
Rail structures
Cladding and guttering
TVs
Tankers and hulls
Telecommunication towers
Lids
Marine structures
Roofing
Cables
Interior fitments

PRODUCT MARKETS	HULAMIN REVENUE BY PRODUCT MARKET
• Automotive and transport	15%
• Building and construction	2%
• General engineering	41%
• Packaging	42%

HULAMIN REVENUE BY REGION



45%	South Africa
24%	North America
16%	Europe
6%	Asia
9%	Rest of the world

IMPORTATION OF FINISHED PRODUCTS

HOW WE ADD VALUE TO ALUMINIUM

Hulamin, as the leading semi-fabricator in Southern Africa, plays a key role in the local aluminium industry by unlocking and enhancing the extraordinary properties of aluminium for use in a broad and growing set of product applications on which society is dependent.

adding value to primary aluminium

PRIMARY ALUMINIUM

REMELT AND CASTING OPERATIONS

Bought-in scrap and scrap from Hulamin's manufacturing processes are melted together with primary aluminium and alloying elements such as magnesium, manganese, zinc, silicon and copper in Hulamin's remelt operation.

The molten metal is then treated, filtered and skimmed before being cast into rolling slab and extrusion billet, the feedstock for the rolling and extruding processes.

ADDING VALUE

By adding small amounts of other elements to pure aluminium, strong alloys are produced which can be further conditioned in the heating, rolling, extruding and finishing processes to create products with the appropriate properties that our customers require.

Since aluminium is an infinitely recyclable product, all scrap produced in Hulamin's manufacturing processes, as well as scrap recovered from our local fabrication customers and post-consumer scrap, is remelted and reused.

THE ROLLING PROCESS

The rolling process must produce plate, coil or sheet with not only accurate dimensions, but such other attributes as flatness, edge quality and correct thickness profile, specified physical properties and freedom from surface defects.

In the hot rolling process, slab is heated and then processed through the reversing hot roughing mill (where the thickness of the rolling slab is reduced by up to 95% and the length increased by up to 24 times) before being transferred to the hot finishing mill to ensure that it is rolled to a tight tolerance intermediate thickness.

In the cold rolling process, hot rolled coils are further rolled, at ambient temperature, to achieve the required tight gauge tolerances and mechanical properties required. Foil rolling is a specific cold rolling process designed for very thin products and certain alloys. Hulamin's stand-alone foil mills can reduce cold rolled products to gauges as low as six microns.

ADDING VALUE

Hot rolling increases density, strength and ductility and cold rolling is used to further harden and strengthen the product, balancing between strength and ductility as required. Further finishing processes deliver the appropriate properties and qualities required for each specific product application, and include:

ANNEALING

A re-heating process performed to regulate the mechanical properties or permit further reductions in thickness during cold rolling.

COATING

The application of paint and lacquer to clean and pre-treated aluminium coil, followed by oven curing, is required for certain applications such as beverage can-ends.

PROCESSING

Further processing is often required to obtain the appropriate widths, lengths or coil sizes, flatness and metal surface cleanliness required by customers. This is achieved through further processing through precision slitters, cut-to-length lines, shears, tension levellers, embossing rolls and degreasing lines.

THE EXTRUSION PROCESS

Extrusion billet is heated and passed through an extrusion press, a powerful hydraulic device in which a ram pushes the softened metal through a unique die to produce the desired profile.

The completed extrusion is cut off the die, cooled, mechanically treated and aged to give it the required mechanical strength properties, and may be further coated, anodised and/or fabricated to provide the final specification required by the customer.

ADDING VALUE

The extrusion process supports unlimited possibilities for design. With the appropriate alloy and controlled thermal treatment, extrusions offer a wide range of application opportunities.

The production of semi-fabricated aluminium products, with the wide range of precise dimensions, properties and other characteristics required for each particular product application and customer, requires a comprehensive set of complex and technologically-advanced processes.

primary markets and applications for our products

COIL

TYPICAL ALLOYS:
1XXX, 3XXX,
4XXX, 5XXX,
7XXX, 8XXX, 9XXX

EXTRUSIONS

TYPICAL ALLOYS:
6XXX

PLATE

TYPICAL ALLOYS:
1XXX, 5XXX, 6XXX

SHEET

TYPICAL ALLOYS:
1XXX, 3XXX, 4XXX,
5XXX, 7XXX, 9XXX

AUTOMOTIVE AND TRANSPORTATION

KEY PROPERTIES
Lightweight, corrosion resistant, recyclable, strong and ductile

AUTOMOTIVE CLAD TUBE STOCK AND FINSTOCK
Used in the manufacture of automotive heat exchangers such as radiators, charge air-coolers, condensers and evaporators

PLATE AND HEAT-TREATED PLATE
Used in the production of aerospace components, truck bodies, trailers, tankers, boats and train wagons

HEATSHIELD PRODUCTS
Used for containing heat within engine compartments

GENERAL ENGINEERING AND DURABLE CONSUMER GOODS

KEY PROPERTIES
Corrosion resistant, excellent heat and electricity conductor, strong and ductile and aesthetically pleasing

GENERAL ENGINEERING COIL AND SHEET PRODUCTS
Used in items such as electronics, computers, office products and durable consumer goods

PLATE AND HEAT-TREATED PLATE
Used in vacuum chambers for the manufacture of computer chips, plasma displays, distribution boards and numerous other applications

FINSTOCK PRODUCTS
Used in the manufacture of domestic and industrial airconditioning systems

EXTRUSIONS
Numerous applications and developing opportunities such as solar components

BUILDING AND CONSTRUCTION

KEY PROPERTIES
Lightweight, corrosion resistant, good reflective qualities, strong and long life

PAINTED AND MILL FINISH BUILDING COIL AND SHEET
Used in a wide range of applications including roofing, cladding, ceilings, gutters and downpipes

EXTRUSIONS
Used in the manufacture of various household frames and other industrial applications

PACKAGING

KEY PROPERTIES
Lightweight, corrosion resistant, impermeable, odourless and recyclable

CAN BODY AND COATED CAN-END AND TAB STOCK
Used in the manufacture of cans for the beverage industry

CONVERTER FOIL
Used in the production of laminated cartons and confectionary packets for the food and beverage market. Household foil, rigid container foil, laminated foil, closure sheet
For use in the manufacture of bottle caps

PRODUCTS AND APPLICATION OF ALUMINIUM

The uses of aluminium are varied and diverse. Today it is used in commerce, transportation and other industries. Some of its applications are well known, while others are not so obvious. Apart from consumer products, the metallic element is also used in glass creation.

USE IN HOUSEHOLDS AND PACKAGING

Aluminium is used by millions of people across the world on a daily basis at home from cooking to packaging, recreation through to in the actual construction of homes. Aluminium is used in:

- Window frames
- Doors
- Kitchen utensils
- Saucepans
- Refrigerators
- Shower frames
- Microwaves
- Air conditioners
- Stoves
- Pots and pans
- Golf clubs
- Solar panels

One of the most popular uses of aluminium is packaging. Trays, foils, bottle caps and cans are usually made of this metallic element. It is also used for thermos, utensil lids and storage boxes. It is also applied as a foil container, bottle tops and foil wrappings. Aluminium is preferred because it keeps food safe from harmful elements in the environment. Because of this, aluminium is widely used in the industry. This metallic element is corrosion-resistant. Compared to iron, aluminium oxide is not destructive. It is protective. The metal is impermeable. It doesn't affect the taste or smell of food packaging. Most importantly, the metal has no toxic elements. South Africa has recently changed to the all-aluminium beverage can. Aluminium cans are the most sustainable beverage package and are infinitely recyclable. They chill quickly, provide a superior metal canvas to print on and, perhaps most importantly, protect the flavour and integrity of our favourite beverages. When you recycle a can, it can be back on the shelf in as little as 60 days in a continuous recycling loop.

AUTOMOTIVE AND TRANSPORT

The use of aluminium in automotive and commercial vehicles is accelerating as it offers the fastest, safest, most environmentally friendly and cost-effective way to increase performance, boost fuel economy and reduce emissions while maintaining or improving safety and durability. Independent studies have confirmed that aluminium in automobiles have a 20 percent smaller life cycle CO_2 footprint than steel.

Many different parts of different forms of transportation are made of aluminium such as:

- Car body panels
- Interior fitments
- Engines
- Tanker and truck body panels
- Chassis
- Aeroplane body panels
- Heat exchangers
- Train wagons

BUILDING AND ENGINEERING

Aluminium is recognised as one of the most energy efficient and sustainable construction materials. Using aluminium in buildings can even help the structure qualify for green building status under LEED (Leadership in Energy and Environmental Design). The modern day skyscraper would not be possible without the use of aluminium. With aluminium's durability, high strength-to-weight ratio, design flexibility and contributions to energy savings, it is the material of choice for architects and designers. There are many parts of a building that is made from aluminium such as:

- Door frames
- Siding
- Curtain walls
- Window frames
- Roofs
- Entire facades

Our extruded aluminium sections are used in the manufacture of various industrial applications such as ladders, doors, windows, showers and scaffolding. Our coated and uncoated building products are used in a wide range of structures in the building and construction industry such as roofs, facades, panels, components, awnings, cladding gutters and downpipes, ceilings and many more.

PAGE 40

SOCIAL, RELATIONSHIP AND INTELLECTUAL CAPITAL

reliance and impact on key capitals

SOCIAL, RELATIONSHIP AND INTELLECTUAL CAPITAL

SOCIAL RELATIONSHIP AND INTELLECTUAL CAPITAL

Social, relationship and intellectual capital encompasses our relationships with communities, groups of stakeholders and other networks and promotion of innovative thinking. It incorporates shared values and behaviours and provides us with our social licence to operate. Interaction with key stakeholders, consideration of their concerns and earning their trust are central to maintaining and developing this capital.

MATERIAL DEVELOPMENTS

- Conditions precedent for the new B-BBEE and Employee Share Option Programme (ESOP) have been completed with the effective date of the transaction being 22 December 2015
- The Small Enterprise Financial Agency (SEFA) has partnered with the Aluminium Beneficiation Initiative (ABI) with the creation of a R80 million fund dedicated exclusively for aluminium projects

LOOKING BACK ON OUR 2015 GOALS

- Our corporate social investment policy has been realigned to invest in fewer, but more substantial projects, focussing on historically disadvantaged communities
- Total spend with B-BBEE enterprises amounted to R6,27 billion
- Spend with wholly African owned enterprises for 2015 was approximately R88 million (2015 target was R70 million)
- Hulamin's technical expertise assistance was used in the development of the UKZN solar car (named Hulamin). The team finished 13th out of 47 teams from 25 countries in their first ever entry in the world solar car challenge

FOCUS FOR 2016

- Through the assistance of SEFA and the ABI, further develop, promote and grow the local aluminium downstream industry
- Work closely with stakeholders to unlock the potential of aluminium in South Africa
- Reduce our carbon footprint in line with global standards and seek alternative sustainable supplies

KEY STAKEHOLDER RELATIONSHIPS, RELIANCE AND IMPACT

Hulamin recognises that in order to create sustainable value for all, it needs to be responsive to all stakeholder expectations. To meet these expectations it is crucial to build trust and respect with our stakeholders since this will impact positively on our reputation allowing us to engage proactively on issues of mutual interest.

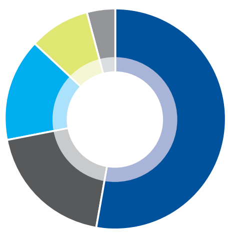
STAKEHOLDERS	STAKEHOLDER IMPORTANCE TO HULAMIN	EXPECTATIONS AND CONCERNS
Government	Local, provincial and national government, including regulatory authorities. They license us to operate and provide a supportive regulatory environment through: – tariffs and duties to level the uneven regimes between South Africa and our trading partners; and – benefits associated to the aluminium value chain for local development in terms of beneficiary electricity.	Continual and responsible contribution to regional development: • Facilitate downstream development • Job retention and creation • Transformation and empowerment • Safer workplaces • Healthy competition among businesses • Energy consumption reduction
Providers of capital	Shareholders, investment community, creditors and lenders who provide us with the financial capital required to sustain our growth. This is covered in detail under the Financial capital section on pages 44 to 47.	Sustainable growth and returns on investment: • Sustainable returns • Supportive regulatory and business environment • Future growth for the business
Customers	We are reliant on customers and potential customers to sustain revenue generation and growth. The majority of our sales are to export customers. We are focused on growing the local and regional markets This is covered in detail in various sections of this report, such as pages 36 and 37.	Reliable service, good quality products and competitive prices: • Long-term security of supply • Consistent supply of products • Improved manufacturing capability and product range
Suppliers	Suppliers of metal and other products and service providers are important as we are reliant on them to provide safe, good quality and good value products and reliable services that support growth.	Continued growth and relationships: • Long-term supply contracts • Efficient payment cycles
Employees	Employees are the key underpin to achieve operational performance and objectives. This is covered in detail under the Human capital section on pages 52 to 57.	Provision of gainful and safe employment: • Employment security • Safe working environment • Competitive remuneration and benefits packages • Workforce transformation • Information and communication • Participation and empowerment
Communities	We build and nurture existing relationships, and create a conduit to better understand community needs and interests. This allows for us to contribute to transformation, enterprise development and various corporate social investment initiatives.	Responsive contribution to community interests and needs: • Support for key community developments and activities • Sponsorships and donations • Employment opportunities • Support for environmental initiatives

CORPORATE SOCIAL INVESTMENT

Recently, Hulamin realigned its CSI policy to invest in fewer, but more substantial projects, with particular focus on historically disadvantaged communities, as it is imperative to make a difference by adding value to the development of these communities.

The organisation's CSI programme focuses primarily on education, health, development of community skills, welfare, environment and crime prevention.

An amount of R2,8 million was donated towards CSI initiatives during 2015, relating to the following initiatives:



53% Education
19% Welfare (including community development)
15% HIV/AIDS specifically
9% Conservation/environment
4% Health – general

SOCIAL, RELATIONSHIP AND INTELLECTUAL CAPITAL CONTINUED

Shared values with our key stakeholders

DEVELOPING FUTURE BUSINESS, UNLOCKING ECONOMIC GROWTH

Hulamin's Enterprise Development objective is to facilitate the development of sustainable businesses that will create jobs and add stimulus to the economy. Hulamin is committed to this process by providing business opportunities to new enterprises and support for Small, Medium and Micro Enterprises (SMMEs) through the provision of professional, financial and logistical support as well as various start-up support services. An important element is the emphasis on the value chain, where Hulamin has influence to create opportunities for new businesses as customers or suppliers.

The Department of Trade and Industries has set out a target of at least 3% of the net profit after tax to be spent on economic development. We have continued to meet and exceed this target.

Hulamin's Enterprise Development initiatives

Hulamin has been strategically involved in providing development support to many SMMEs and initiatives, such as:

- Business Support Centre
- Leather Touch
- MLB Engineering
- Imizamemible
- Hazardous Cleaning and Engineering Services
- Aluminium Beneficiation Initiative

FUTURE LEADERS INNOVATING TODAY

Today, innovation performance is a crucial determinant of competitiveness and national progress. Moreover, innovation is important to help address global challenges, such as climate change and sustainable development. At Hulamin, we strive for innovation in order to provide the best quality product for our customers, promote economic development and develop future innovators and leaders.

aluminium beneficiation initiative

ALUMINIUM BENEFICIATION INITIATIVE

Hulamin and South 32 collaborated to form the Aluminium Beneficiation Initiative (ABI), an economic development initiative focused on developing and supporting high level entrepreneurs in aluminium fabrication or beneficiation.

A key objective of the ABI is to grow local market usage of aluminium. This will have a positive impact on the local economy by promoting job creation and providing an opportunity for skills transfer. The mission is to identify and support 100 entrepreneurs in the aluminium fabrication sector and guide them into sustainable businesses within three years, which will result in these businesses consuming at least 100 tons of aluminium each.

The aluminium industry in South Africa currently exports large volumes of un-beneficiated material whilst at the same time imports finished products. Through ABI, the plan is to promote a business model for industry that will encourage local sales through significant beneficiation or value-add.

In 2015, ABI engaged over 1 000 business people/entrepreneurs country wide from which 102 entrepreneurs were identified and approved as part of the ABI programme. Of these entrepreneurs 55% are black (Africans, Indians and Coloured).

The Small Enterprise Financial Agency (SEFA) has partnered with ABI and have earmarked a R100 million fund split as follows: R80 million dedicated exclusively for aluminium projects and R20 million earmarked for Hulamin and South 32 contractors to use for their business expansion and growth. Of the above fund, nearly R10 million had been disbursed by end December 2015 resulting in the establishment of two factories, one located in Durban, producing skid covers for Hulamin packaging requirements and the other in Pietermaritzburg, distributing and warehousing aluminium to smaller fabricators in KwaZulu-Natal. 22 direct jobs were created from the disbursed funds to-date.

ABI has established a number of strategic partners in the market place such as the Aluminium Federation of South Africa (AFSA) and the Western Cape Economic Development and Business Chambers.

For more information visit www.aluminiumbi.co.za

BEE EQUITY TRANSACTION AND ESOP SCHEME

As a South African manufacturer, Hulamin's strategy is closely aligned with the industrialisation and beneficiation objectives of the South African government. Hulamin is committed to the implementation and success of broad-based empowerment throughout the Group and has, over many years, implemented and maintained a number of initiatives relating to employment equity, skills development, preferential procurement, enterprise development and corporate social investment.

Pursuant to these objectives, Hulamin announced a new BEE Transaction in 2014. A significant portion of the benefits of the BEE Transaction is intended to be spread among Hulamin's Eligible Employees, which will include all eligible non-management employees and black management.

The New Strategic Partners' BEE Transaction has been designed to promote an improved likelihood of a reasonable level of vesting for Hulamin's Strategic Black Partners, which includes a significant broad-based element, who, after investing R40 million in the Company in 2007, have participated in the Group for the past seven years and have committed to a further eight years by way of this transaction. The vesting potential of the New Strategic Partners' BEE Transaction has been capped, limiting the portion of potential benefits of the overall BEE Transaction to these parties.

On 22 December 2015, Hulamin concluded agreements with the "New Strategic" BEE partners to facilitate the acquisition of an equity interest in Hulamin. The BEE partners consist of Eligible Employees and long-standing Strategic Partners.

On the same date, the ESOP Trust subscribed for A1 ordinary and A2 ordinary shares in the company. Under the scheme, participating employees are granted conditional awards linked to these A class shares. On the vesting of the award, the A class shares will be converted to ordinary shares in the company, which may be sold or retained by the employees. The scheme extends to all employees below management, and to black management.

The new BEE Transaction will reinforce Hulamin's reputation and commitment to the spirit of transformation and economic empowerment, sustain constructive labour relations as well as Hulamin's relations with surrounding communities.

PREFERENTIAL PROCUREMENT

Business relationships with companies who actively pursue sound employment equity and black economic empowerment programmes are encouraged in support of the economic empowerment of black South Africans.

The future of the country and Hulamin are dependent on growing the economic involvement in mainstream business, on a sustainable basis, of all previously disadvantaged groups. Business will only be sustainable with the empowerment of black South Africans going forward. Our intervention programme of preferential procurement is meant to achieve these objectives.

Over the last 12 months Hulamin spent more than R6,2 billion in total with B-BBEE enterprises. Of this total, R320 million was spent with Qualifying Small Enterprises (QSEs) and Emerging Micro Enterprises (EMEs), R312 million on black enterprises (greater than 50% black-owned), and R53 million with black woman-owned businesses (greater than 30% black woman-owned). Hulamin met and exceeded our targeted spend of R60 million with wholly African-owned entities for 2015.

See the online sustainability report for more detail on each of the aspects of social, relationship and intellectual capital.

FINANCIAL CAPITAL

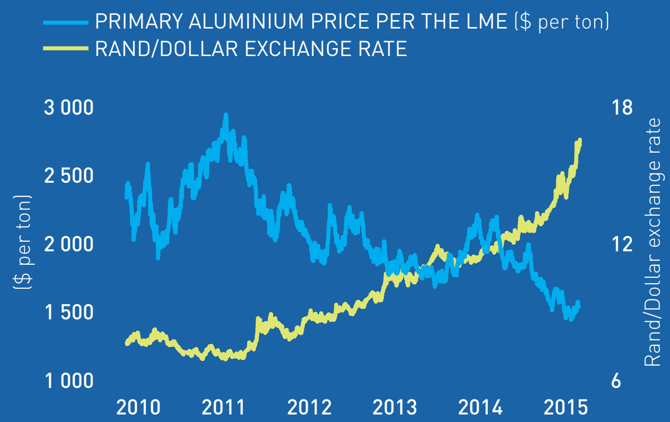
OVERVIEW

Following record profits in 2014, normalised earnings fell 50% in 2015 from 111 cents per share (cps) to 55 cps. Headline earnings per share (HEPS) fell by an even greater 67% from 112 cps to 37 cps due to the anomalous accounting treatment of the bargain purchase gain that arose from the acquisition of the Bayside casthouse by Isizinda. This is explained in detail later in this report.

Results for the first six months were heavily impacted by production constraints arising from load shedding, quality issues and a planned maintenance shut. Manufacturing performance in the second six months was much improved but it was not possible to make good the volumes already lost and Rolled Products sales volumes for the full year ended 9% down on 2014.

Results for the second six months were heavily impacted by external factors. The aluminium price quoted by the LME fell sharply and the average price in 2015 was down $372 per ton (20%). As a result, a loss of R161 million arose from the unhedged portion of metal transactions compared to a gain of R53 million in 2014. A slowdown in Chinese domestic consumption saw a rise in Chinese exports in the second half of the year and this, coupled with sluggish global demand and lower geographic premiums, resulted in rolling margins, Hulamin's selling price over metal, declining in the later part of the year.

Operating cash flow amounted to R124 million for the year, down from the R518 million recorded in 2014 due to lower profits and higher rand equivalent receivables. Net capital expenditure, including the establishment of Isizinda and a large portion of the new aluminium recycling plant, totaled R543 million. No final dividend in respect of 2015 has been declared. However, both the 2014 final dividend and 2015 interim dividend, amounting to R105 million, were paid



during 2015. Net borrowing increased from R437 million at the beginning of the year to R975 million at year end representing a net cash outflow of R 538 million.

IMPAIRMENT ASSESSMENT OF ROLLED PRODUCTS ASSETS

International Accounting Standard (IAS) 36 requires that management assess the carrying value of assets at every reporting date for possible impairment in value. Where the share price of a listed entity trades at a discount to its underlying net asset value, as is the case at Hulamin, management are obliged to determine the value in use of the assets and should this be below their carrying value, make an appropriate adjustment.

A full value in use computation was done at the balance sheet date and no adjustment to the carrying value of assets was indicated. Full details are provided in note 20 to the financial statements and the determination was reviewed by the company's external auditors. Key sensitivities are explained in the note and the rand/dollar exchange rate assumed is a key determinate of the value in use of the assets due to the impact of the exchange rate on profitability. The valuation assumed a rise in the average rand/dollar exchange rate from R12,76 in 2015 to R15,59 in 2020.

HEDGING OF METAL PRICE RISK AND CURRENCY RISK EXPOSURES

Hulamin has consistently followed a policy of hedging 50% of its metal price risk exposure and 100% of its currency risk exposure.

On average, Hulamin buys and sells the same amount of aluminium each year. The metal price is determined with reference to the LME (London Metal Exchange) and is typically priced on the monthly average LME price in the month prior to the month of delivery. It usually takes about three months to produce and invoice the semi-fabricated products sold to customers and during this period the quoted LME price may go up or down creating an exposure to price risk. Hulamin uses derivative instruments, forwards and swaps, to reduce the exposures to 50%. Eliminating 100% of the price risk with derivatives would create a cash flow risk if the price of metal were to rise strongly since new inventory would have to be purchased at a higher price than the proceeds received net of derivative settlements.

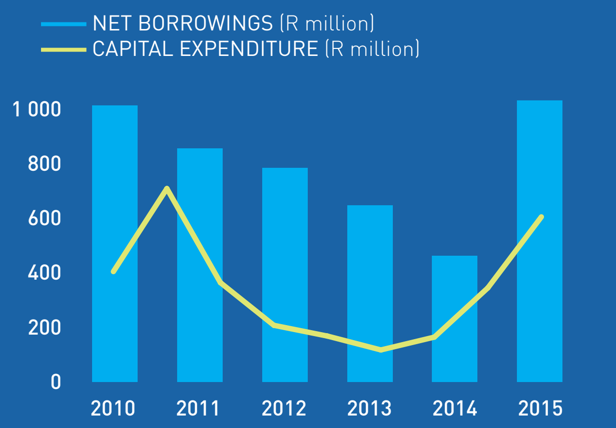
In the 2013 financial year, Hulamin made a net pretax loss of R58 million from metal price lag and in 2014, a pretax gain of R53 million. In the current year a pretax loss of R161 million was recorded. This net loss was made up of dollar denominated losses on the purchase and subsequent sale of metal offset by gains on derivative instruments. The related currency gains arising from the weaker rand /dollar exchange rate which amounted to R284 million were fully hedged out in accordance with Hulamin policy.

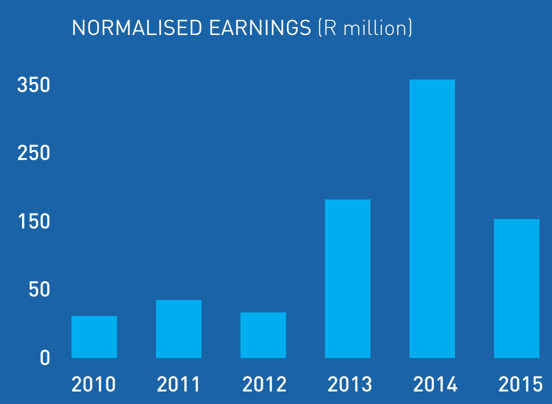
In the light of the magnitude of the loss in 2015, the Board reconsidered in detail Hulamin's hedging policy at the February board meeting. The Board concluded that the current policy of hedging 50% of metal price risk and 100% of currency risk remained the most appropriate and would continue to be implemented.

ISIZINDA TRANSACTION

The starting product for Hulamin's Rolled Products is rolling slab in various alloy formats. Hulamin casts approximately two thirds of its rolling slab at its Pietermaritzburg cast house and buys in the other third from the Bayside casthouse, previously owned by BHP/South 32.

BHP/South 32 had wanted to exit the Bayside casthouse business for some time and in order to ensure continuity of





FINANCIAL CAPITAL CONTINUED

rolling slab supply Hulamin entered into a partnership with Bingelela Capital to form Isizinda Aluminium owned 60% by Bingelela and 40% by Hulamin. Isizinda then acquired the Bayside casthouse effective 1 July 2015 for R100 million. The purchase price was financed by a loan from Hulamin and the terms of the loan included a restriction on the payment of dividends by Isizinda for so long as the loan remains unpaid. This restriction, together with the fact that Hulamin is currently Isizinda's sole customer, resulted in Isizinda being classified as a subsidiary of Hulamin in terms of accounting rules notwithstanding the fact that Bingelela own 60% of the share capital. Consequently, the accounts of Isizinda have been fully consolidated into the Hulamin Group Accounts in 2015. It is intended that Isizinda will develop an aluminium hub at Bayside which will have several participants and once this is achieved it will no longer be classified as a subsidiary of Hulamin.

The transaction was accounted for as a business combination in terms of IFRS 3 and in terms of its requirements a bargain purchase gain of R52 million was identified as arising from the valuation of land and buildings based on an imputed income capitalisation methodology reduced by the estimated cost of remedial works required to realise such income. This gain was included in operating income but excluded from headline earnings and normalised earnings. Given that Isizinda was classified for accounting purposes as wholly owned by Hulamin the 60% portion of the bargain purchase gain that would ultimately belong to Bingelela needed to be given effect to in some other form. This was done by assuming that Hulamin had granted Isizinda an option to acquire 60% of the shares in Isizinda once the Hulamin loan was repaid. A charge of R27 million, 60% of the adjusted bargain purchase gain, was made against operating profit and normalised earnings to achieve this. However, even though the total bargain purchase gain of R52 million was eliminated from headline earnings, the R27 million charge in respect of the share of the gain attributable to the Bingelela shareholders remained. This lowered headline earnings by R27 million and distorted the comparison to prior year and other measures. Consequently HEPS was shown as falling 67% whereas normalised EPS fell by only 50%.

WORKING CAPITAL MANAGEMENT

Inventories ended the year at record lows in terms of tons and at R1,8 billion were 9% lower in rand terms than in 2014. Good progress has been made in this key area and the appointment of a new senior manager to head up the operations planning department has made a big difference. The nature of the business is such that metal purchases are committed well in advance of sales and this makes accurate demand forecasting an imperative. Order deferments/ cancellations and plant disruptions can lead to rapid inventory build ups and associated cash flow demands if not dealt with expeditiously.

Rand receivables increased by 32% over 2014 due to high invoicing in the fourth quarter and the impact of the rapid deterioration of the rand dollar exchange rate towards the end of the year. All receivables are insured with a 10% deductible and the quality of the book remains excellent.

Trade payables were well down on the prior year reflecting lower purchases in the fourth quarter and the impact of a large delayed payment that was outstanding at 31 December 2014. There was a sharp rise in derivative liabilities to R236 million at the year end. These are currency FECs that have been marked to market and reflect the weakening of the rand at the end of 2015. There are related offsetting foreign currency assets in the form of dollar receivables and metal inventory.

BORROWING FACILITIES AND LIQUIDITY

Net borrowings closed at R975 million, up R538 million on the prior year. Borrowings comprised a R270 million term loan, a R703 million revolving working capital loan and a R72 million loan from the employer surplus in the pension fund reduced by cash balances of R70 million. Committed facilities total R1 592 million leaving headroom of R547 million at year end. In addition, there is a short term uncommitted R250 million standby facility.

The current three year committed facilities were put in place in 2013 and will terminate in September 2016. Negotiations are in progress to establish committed facilities for a further three year period thereafter and given the successful operation of the current arrangements there is every reason to expect a successful conclusion to the negotiations.

Funding requirements in both 2014 and 2015 were heavily impacted by capital expenditure of R340 million in 2014 and R573 million in 2015. Capital expenditure in 2016 is budgeted to be significantly lower as no major projects are planned and much of the underspend in prior years has effectively been caught up.

B-BBEE TRANSACTIONS

The previous structures that were in place unwound with little or no vesting. At the 2015 annual general meeting, shareholders approved a new Strategic partner arrangement and a new Employee Share Ownership Scheme subject to certain conditions precedent. Resolving these conditions was not without challenge but the schemes have now been implemented and full details are contained in note 33 of the Integrated Report.

The new B-BBEE codes have come into effect and Hulamin will be rated under the new codes in 2016. Despite the fact that the ownership structure of Hulamin will meet the key requirements, the substantial changes made in other areas of the codes will mean that Hulamin will be unable to maintain its current level 3 rating under the new codes.

D A Austin
Chief Financial Officer

19 February 2016

new B-BBEE transaction

MANUFACTURED CAPITAL

MANUFACTURED CAPITAL

Manufactured capital is the infrastructure, plant and equipment that we use to produce our products. It includes assets that are produced by other entities and those manufactured internally and excludes intellectual capital such as software. The management of these assets is a key business imperative and is considered an essential element in achieving manufacturing excellence and operational performance. Our high-tech, state-of-the-art rolling and semi-fabrication assets are central to our operations. The implementation of asset maintenance and care policies will improve asset utilisation and profitability.

MATERIAL DEVELOPMENTS

- Disruptions to both electricity and gas supplies impacted negatively on manufacturing output. Production and efficiencies improved in the second half, in spite of these disruptions
- Manufacturing output was also impacted by planned maintenance activity, plant upgrades and quality rework on two product lines in the first half of the year
- Engineering work on the partial conversion to Compressed Natural Gas was successfully completed in 2015
- Long-term security of local rolling slab and melting ingot has been further secured

LOOKING BACK ON OUR 2015 GOALS

- Construction of the recycling centre was completed on time and within budget, in the third quarter of 2015. The facility is in the process of ramping up to full capacity
- Manufacturing performance yield increased from 65% to 65,3%, in line with our plan to achieve our targeted 67% yield
- Can body stock production ramp up continues in line with our targets

FOCUS FOR 2016

- Continue to improve our production performance and efficiencies to reach our targeted 67% rate
- Optimise our cost efficiency programme without hampering on targeted production and sales levels

KEY CAPITAL RELIANCES

LOCAL ALUMINIUM SMELTERS
Hillside aluminium smelter (source of primary aluminium for Hulamin's remelt and casting operation).

BAYSIDE CASTING FACILITY
Bayside casthouse (source of one-third of Hulamin's requirements for rolling slab for the rolling operation).

HULAMIN OPERATIONS
Remelt and casting Hulamin's remelt operations, consist of:

- Three slab production lines, fed by reverberatory melting furnaces, with a slab capacity of around 240 000 tons per year
- An aluminium reclamation operation
- Two twin roll casters, which are able to process scrap and primary metal into coil, with the capacity to produce 20 000 tons of coil per year

Rolling

Hulamin is a conventional flat rolled aluminium products producer and operates hot, cold and foil rolling mills. Finishing equipment includes coil coating lines, slitting, sheet cut-to-length lines, cleaning and tension levelling and foil finishing facilities. A state-of-the-art plate plant is equipped with a range of equipment including sawing, stretching and plate cut-to-length lines.

Extruding

Hulamin manufactures the majority of the extrusion dies for its two extrusion plants. Heated billet is placed in an extrusion press which pushes the softened metal through the die to produce the desired profile. Finishing options include powder coating, anodising and fabrication.

SCRAP PROCESSING
Hulamin operates an aluminium reclamation operation which consists of a shredding line, de-coater and induction furnace which is used to process light and coated scrap to produce aluminium sows that are fed into the three slab production lines. A R300 million investment in a scrap sorting, processing and recycling facility was approved in 2013 and went online in the third quarter of 2015. The facility was completed on time and within budget.

ASSET MANAGEMENT STRATEGY

The purpose of the asset risk management strategy is to provide a structured approach to the implementation of an asset risk management system, based on ISO 55000 and ISO 31000 principles. Our asset management strategy is aligned with international best practice. The focus is on asset care, operation and maintenance while considering the asset performance and the effect of external factors.

Key areas of focus:

BUSINESS RISK ASSESSMENT
To identify potential assets that pose a high risk to the overall business objectives.

OPERATION TASK CRITICALITY
To determine activities related to assets that can cause harm to people and the environment while performing these activities.

EQUIPMENT CRITICALITY ANALYSIS
To identify the most significant equipment and determine the most appropriate approach to the development of maintenance tasks.

SPARES CRITICALITY ANALYSIS
To determine inventory categories and develop an approach for a specific spare or material.

ASSET ACQUISITION RISK MANAGEMENT
To determine issues that should be included in the specification of the asset such as training, integration of systems, energy considerations, critical spares and technology.

High-tech, state-of-the-art **rolling and semi-fabrication assets** are central to our operations

MANUFACTURED CAPITAL CONTINUED

ASSET CARE

The asset care team ensures that equipment is kept in good, functional condition and contributes to safe working conditions and prevents environmental damage.

Our dedicated asset care team is focused on furthering the:

- Development and implementation of Asset Risk Management policies and governance
- Development and implementation of centralised work planning and control
- Development and implementation of improved material management systems

Our reliance on manufactured capital and our approach to the management thereof allow for us to extract the benefits and value of our assets.

RECYCLING PLANT

Hulamin has invested in the infrastructure needed to recycle Used Beverage Cans (UBCs) and other end-of-life and customer scrap in the most effective and environmentally responsible manner. The recycling centre is estimated to cost R300 million, which will further advance our manufactured capital. The construction of this plant was within budget and came online in the third quarter of 2015. The facility is now in the process of ramping up to full capacity.

OPERATIONAL STATISTICS 2015

REPAIRS AND MAINTENANCE
R255 million
(2014: R203 million)

GROUP PRODUCTION
199 000 tons
(2014: 214 000 tons)

Rolled Products
180 000 tons
Extrusions
19 000 tons

ADDITIONS
R605 million
(2014: R305 million)

DISPOSALS AT COST
R104 million
(2014: R59 million)

CARRYING AMOUNT
R3 167 million
(2014: R2 697 million)

HULAMIN RECYCLING CENTRE

Construction of a new aluminium recycling plant was recently completed at Hulamin's Camps Drift site in Pietermaritzburg. The R300 million project, that began operating in the third quarter of 2015, has been built to recycle used aluminium beverage cans (UBCs) and other forms of scrap.

The new furnace that has been installed at Hulamin's new Pietermaritzburg recycling plant — a twin chamber Hertwich de-coating and melting furnace — is touted as one of the world's most energy efficient and environmentally friendly ways to melt scrap. While most other furnaces would simply incinerate the cans, the new Hulamin furnace is able to remelt the thin aluminium, such as the type used in UBCs, while conserving the maximum amount of aluminium from the scrap. Volatile organic compounds present in coated beverage cans are used as part of the fuel that powers the furnace, with less processed furnace dross to landfill and fewer emissions into the atmosphere too. The plant also incorporates a UBC shredding and cleaning line, and liquid-metal transfer facilities. Using recycled aluminium in place of primary aluminium is a big part of Hulamin's future plans. Recycling aluminium uses only five percent of the energy needed to produce primary aluminium ore.

This new recycling plant will give Hulamin the capacity to process large numbers of all aluminium beverage cans discarded by the country's consumers into the future and this, combined with aluminium's high value, low cost of recycling and its ability to be 100% recyclable, means that used aluminium beverage can recycling holds great promise for the company.

STRATEGIC ASSET BASE

The strategic assets of Hulamin can be separated into three key areas of which all are important to the overall state-of-the-art facilities that contribute to produce our products.

GROUP ASSETS

REMELT AND CASTING EQUIPMENT
Melting and holding furnaces are used to melt and blend primary aluminium, alloying elements and scrap aluminium. The casting launder and moulds are used to solidify the molten aluminium into rolling slab. There are three slab production lines with a capacity of 240 000 tons per year.

RECYCLING PLANT
Coated and painted scrap is also processed via the aluminium reclamation operation which consists of a shredding line, de-coater and induction furnace. The processed scrap is fed into the slab production lines above.

INFRASTRUCTURE
Buildings, roads, pipelines and other services essential for production.

STRATEGIC SPARES
Spares, which are essential to production, are on hand in the event of breakdowns and urgent repairs.

HULAMIN ROLLED PRODUCTS

MILLS
Hulamin has state-of-the-art rolling mills, which roll the slab into coils. The hot mills roll heated slab, substantially reducing it thickness and multiplying its length by up to 24 times. The cold mills further roll the hot-rolled coils to achieve the required gauges and properties.

PLATE PLANT
The aluminium plate plant is a technologically advanced process that includes heat treatment, sawing, stretching and cut-to-length lines.

SLITTERS
These items of equipment form part of the finishing processes. These high-tech machines allow for a high-quality product that meets customers' specific needs.

COATING
Coils can be coated with paint or lacquer using rollers and then oven-cured. The coil coating process is designed to ensure highly consistent quality.

HULAMIN EXTRUSIONS

EXTRUSIONS
Billet presses push softened metal through dies to create desired profiles, which are then finished by either coating, anodising or fabrication. Hulamin has two extrusion plants, both of which boast these advanced technologies.

HUMAN CAPITAL

HUMAN CAPITAL

Human capital is considered a core asset at Hulamin. The skills of our people are the foundation for our success. Hulamin appreciates the importance of its people and the key role that they play in achieving objectives through strategy implementation. Our people are equipped with the knowledge, skills and motivation that give Hulamin a leading advantage.

Our workforce consisted of 1 972 employees at December 2015 (2014: 1 920 employees). We are reliant on the skills, education and experience of our employees, particularly those who have unique skills that are required by our business. These are core and specialist skills which include amongst others, metallurgical engineering, rolling, roll-grinding, surface treatment and casting. We are dependent on these skills in various aspects of our business, including, manufacturing, design, operating, maintenance and project planning.

MATERIAL DEVELOPMENTS

- Conditions predicted for the new B-BBEE and Employee Share Option Programme (ESOP) have been completed with the effective date of the transaction being 22 December 2015
- Further upliftment of black female representation in middle to upper management, with the appointment of two black female employees at D and E band level and 12 in C band level. A second black female area manager has been appointed

LOOKING BACK ON OUR 2015 GOALS

- Safety performance frequency rates were higher than the targets for 2015 (no fatalities)
  - TRCFR: 0,99 (target: 0,65)
  - LTIFR: 0,31 (target: 0,2)
- Hulamin is on track (against our Employment Equity Plan) to meet our 2018 targets for Employment Equity, with some areas already being met in 2015
- Relationships between the company, unions and employees remain strong
- Approximately one-third of our employee base went through voluntary counselling and testing in conjunction with Hulamin's commitment to the health and wellbeing of our staff, their families and the community

FOCUS FOR 2016

- Improve on targets to ensure that 2018 Employment Equity targets are on track to be met
- Improve the safety performance of the business to be in line with the targets set

EMPLOYMENT EQUITY

We believe in the development of all the employees regardless of race and gender with more emphasis on the people from designated groups. Employment equity as a key intervention required to address the past in providing equal opportunity to previously disadvantaged citizens of South Africa.

Employment equity is an integral component of Hulamin's business strategy and is focused on the following aspects:

- Elimination of unfair discrimination within the workplace
- Implementation of affirmative action measures to achieve equitable representation of designated groups across all occupational levels within the organisation.

A formal Employment Equity plan, with targets, was set for a five year horizon (1 January 2014 to 31 December 2018). The objectives of the plan include:

- Achieving the set targets for black and female representation
- Uplifting the skill levels and the profile of blacks and females in the organisation
- Developing a highly-skilled talent pool that enables blacks and females to be suitably equipped for promotion into specialist roles and top management positions
- Optimising and enhancing the retention of blacks and females by ensuring a corporate culture that values transformation where all employees regardless of their background see Hulamin as an "employer of choice"
- Providing clear career path planning for employees
- Providing opportunities for all employees to utilise and develop their specific talents in ways that are most appropriate for the business

During 2015 we extended our commitment to employment equity in the following areas:

EMPLOYMENT EQUITY TARGETS

Criterion	Target 2018 %	**Status 2015 %**	Status 2014 %	Status 2013 %
Black representation at senior management	58	**47**	45	42
Black representation at middle management	85	**76**	75	69
Black representation at skilled and supervisory level	91	**93**	93	92
Women at senior management	12	**14**	10	7
Women at middle management	20	**20**	20	16
Women at skilled and supervisory level	15	**13**	13	13
People with disabilities	1,5	**0,9**	0,9	0,9

employees are key
to our performance
and success

Female representation	• We have recruited two females at the D and E bands and 12 females at C band. In addition we have appointed our second African female area manager • There are currently 22 in-service trainees of which six are female • Since the inception of the apprentice training programme, 19 females have qualified as artisans and have been placed into permanent positions. Plans are being worked on to accelerate the development of female artisans into senior artisan roles • Three females who previously occupied shop floor positions have been appointed into team leader positions which were predominantly occupied by males. In addition, six female operators have advanced in senior operator positions
African representation	• Hulamin has recruited eight Africans at the E and D bands, two of whom are females
Persons with disabilities	• Efforts remain focused on improving the training and development of employees with disabilities in order to improve their skills sets as well their employment prospects
Black representation	• Black representation at D band and above has increased from 64% as at December 2014 to 69% as at December 2015

HUMAN CAPITAL CONTINUED

ENGAGING OUR EMPLOYEES

Employees are key to all aspects of Hulamin's performance and future success. Hulamin's employee representation strategy is based on open communication and consultation with its employees and their representatives.

Formal communication with employees and their representatives takes place regularly and at various levels, including the departmental action forums, where employees meet with line management, and the Employee Relations Committee, where employee representatives meet with senior management. In addition, employees regularly engage with management through weekly Visible Felt Leadership structures.

64% of Hulamin employees are covered by collective bargaining agreements.

No time was lost due to work stoppages, strike action, stay-aways or any industrial action in the company during 2015.

SKILLS DEVELOPMENT

We strive to develop skilled and motivate employees through an outcomes based approach to development that endorses personal growth, individual responsibility and a culture of lifelong learning. We believes that it is important to continue to develop organisational capabilities for future sustainability, and to contribute to reducing the skills shortage, thus boosting growth within the South African manufacturing context.

A Training Committee has been established which functions in accordance with the requirements of the Skills Development Act and the MERSETA. This Committee is guided by terms of reference which clearly define the roles and responsibilities of the committee and the representation in respect of the employees, the employer and organised labour.

TALENT MANAGEMENT AND DEVELOPMENT

The talent management strategy and career development programme has been refined to ensure that Hulamin has the appropriate plans and interventions in place that enable the organisation to have the right skills in place as cost-effectively as possible to meet future needs:

- Integrated Manufacturing Approach Visual Management
- Skills/Programmes/Learnerships – portability of skills
- Talent management
- Building leadership and management capability
- Shift Leader Development
- Shopfloor Competency Training
- The engineers-in-training programme
- Apprenticeship training programme

SUCCESSION PLANNING

This is an area of the talent management strategy that is currently receiving deliberate and targeted attention. The process to develop the executive succession plan and the succession plans for other key and senior positions is progressing well.

The process to identify the talent pool and determine the bench strength based on potential and performance has been completed. This included psychometric assessments and in-depth reviews of the candidates' performance. Based on the outcome of the assessments, the candidates have been categorised into three categories in line with their readiness to occupy the required positions, i.e. immediately ready, within the next three years and within the next five years.

The next phase will be to identify the talent gaps and implement individual development plans for candidates which will include developmental interventions. The succession plan is also closely aligned to the transformation strategy and other talent management processes, some of which include targeted recruitment and selection, competency development and maintenance, career development and targeted learning and development interventions.

Candidates' progress will be reviewed and monitored using existing structures such the Strategic Manpower Committee.

Annual feedback will be to the REMCO, and the Transformation, Social and Ethics Committee.

OUR INVESTMENT IN TALENT

	2015
Investment in employee training and development as percentage of leviable amount	3%
Total Skills Development Spend	R23 665 800
Proportion of the above focused on black employees	92%
Percentage of employees trained	83%
Average learning hours per employee	17
Investment in pipeline management programmes	R3 244 384
Employees currently in learnership programmes	99
Investment in bursary scheme	R1 553 538
Employees in company sponsored education programmes	221

DEVELOPING TALENT FROM SCHOOL LEVEL

Hulamin has upped its game again and is not only offering bursaries to local Matriculants, but will now also be looking to identify pupils in their first year of high school who "have a flair for science, maths and accounting".

To this end, Hulamin intends to extend its bursary programme to assist deserving high school pupils, starting with Grade 9s.

Hulamin has been steadily expanding the reach of its career programme over the past four years. This year, the event attracted at least 220 local pupils from Grades 8 to 12 interested in engineering and chartered accounting careers. Since 2008, it has been the company's stated aim to exclusively target local pupils in Pietermaritzburg and surrounds. Once graduated, bursary recipients can then develop their career through the company's structured engineer-in-training programme.

Winnie Nevhutalu is a Hulamin employee who completed the bursary programme. She qualified as a metallurgist and spoke to pupils at the Hulamin 2015 career expo about her job. Hulamin identified her as a candidate for its bursary programme and "it changed my life", she said.

Hulamin offers bursaries to 10 students a year, in the disciplines of Metallurgical Engineering, Electrical Engineering, Mechanical Engineering, Industrial Engineering and Chartered Accounting.

Key capital reliances

- Management and leadership skills and experience
- Key engineering, metallurgical and manufacturing experience, competencies and capabilities
- Skills, education and experience of existing employees and new joiners to the group

HUMAN CAPITAL CONTINUED

SAFETY

Hulamin is committed to the wellbeing of employees and providing a safe working environment that ensures that the business continues to function effectively and to retain and attract skilled people in future.

Hulamin has embedded a culture of safety in the organisation to ensure that its plants are operated safely and employees are protected from injury or from harm due to incidents or exposure. To achieve this, employees and the teams in which they work are guided and supported in taking responsibility for their own safety. Hulamin seeks to continuously improve its safety performance by measuring and monitoring both leading and lagging indicators which are aligned to industry best practice.

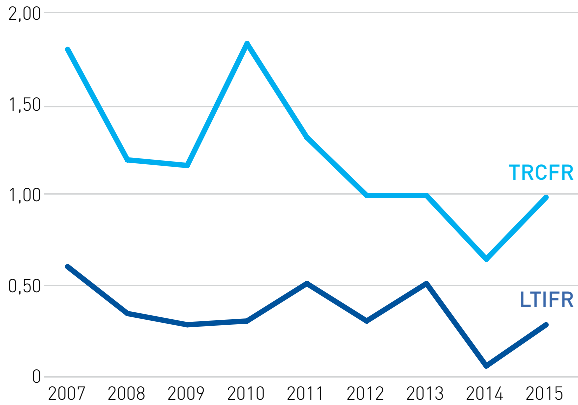
Hulamin is audited for verification and compliance in line with the OHSAS 18001 management standard. In 2014 a successful recertification audit was conducted and the current certificate is valid until 2017.

Focused projects are being implemented by the High Risk Safety Committee (HRSC) to reduce the exposure risk of employees. These projects address aspects such as:

- Machine guarding
- Lock out, tag out
- Pedestrian-vehicle interface
- Overhead crane safety
- Working at heights
- Explosion risks
- Confined spaces
- Contractor safety
- Engaged employees

During 2015 Hulamin continued to drive safety standards and improvements on unsafe conditions. Human behaviour is currently the biggest contributor to injuries. This was the primary factor for establishing a project team to improve the employee engagements and safety behaviour. There were no[LA] fatalities in 2015.

SAFETY PERFORMANCE FREQUENCY RATES



** The Total Recordable Case Frequency Rate (TRCFR) and the Lost Time Injury Frequency Rate (LTIFR) is the number of recordable injuries divided by the number of hours worked, multiplied by 200 000. Targets for 2015 were LTIFR of 0,2 and TRCFR of 0,65.*

MANAGEMENT DEVELOPMENT PROGRAMME

In 2014 Hulamin introduced a Management Development Programme (MDP) through the University of Stellenbosch Business School. Fourteen employees successfully completed the programme and two Hulamin employees were awarded third and fourth place in the final assessment, of the 2014 MDP group.

The second group of 15 management and specialist employees commenced the MDP in February 2015. They have successfully completed the programme.

This is an extensive programme that enhances leadership capability and broadens business and commercial understanding. The programme comprises an extensive management development curriculum combined with action learning projects, which are case studies from the delegates' organisations.

The programme has received positive feedback from the Hulamin participants and it is anticipated that the organisation will make use of some of the project findings and recommendations.

Hulamin appreciates **the importance of its people** and the key role that they play

HEALTH

We believe that the good health of employees is essential to motivation, capability and productivity. To this end, we offer benefits for employees and their families and friends. The enhancement of employee health also contributes to reduced absenteeism and promotes good working relationships. Hulamin has adopted a "shared responsibility" approach to the wellbeing of its employees. In this regard, the company equips employees with the appropriate education and healthcare facilities in order for employees to best manage their own health.

See the online sustainability report for more detail on each of the aspects of human capital.

Note: Limited assurance has been obtained over the following as detailed in the sustainability report:

HIV/Aids spend, employee and contractor lost time injury frequency rate (LTIFR), employee and contractor total recordable case frequency rate (TRCFR), number of fatalities, new noise induced hearing loss (NIHL) cases for the year and new dermatitis cases for the year.

EMPLOYEE WELLNESS

In order to facilitate good health, Hulamin invests significant resources in wellness programmes. In addition to the fully-equipped Hulamin clinic with occupational health professionals – including a medical doctor – the annual employee Wellness Days assist employees to manage their wellness.

The wellness event theme for 2015 was "creating an alcohol-free workplace" which was well received by employees in attendance. This service which was facilitated by SANCA (South African National Council on Alcoholism) was not only aimed at educating Hulamin employees but employees were given adequate literature to take to their family and friends who may seek alcohol abuse assistance.

At least 750 of the people who attended the wellness event over the three days in Hulamin Edendale and Camps Drift plants and two days in Olifantsfontein plant now know their HIV status.

NATURAL CAPITAL

NATURAL CAPITAL

Hulamin is committed to responsible environmental stewardship of its resources and to ensuring that all its activities result in minimal harm to the environment. Addressing environmental sustainability has thus far been integrated into the way Hulamin runs its business. Structural changes to the business were put in place to enable and sustain monitoring and reporting environmental sustainability alongside developing plans for continuous improvement, including the assessment of environmental risk.

MATERIAL DEVELOPMENTS

- In June 2015, our ISO 14000 status was audited and approved, confirming the ability of our team to competently manage our environmental management system at world class levels
- There were sixteen minor environmental incidents for 2015
- An energy sourcing study was commissioned in order to determine the medium to longer term sourcing strategy for Hulamin. The results of this study will be presented during the first quarter of 2016
- An emergency diesel generator set of 6,3 MVA peak capacity was also installed during the first half of the year in order to minimise the effect of load curtailment on the plant performance.

LOOKING BACK ON OUR 2015 GOALS

- Engineering work on the partial conversion to Compressed Natural Gas was successfully completed in 2015, thereby moving us towards less dependence on LP Gas
- The development of sustainable systems for more efficient energy management is ongoing with the assistance of NCPC, an energy management specialist.
- New Recycling Centre is operational with aluminium scrap being processed through the system

FOCUS FOR 2016

- Reduce our carbon footprint in line with global standards and seek alternative sustainable supplies
- Effectively manage our water use in line with the national call to conserve water use

NATURAL RESOURCES WE ARE RELIANT ON

Aluminium smelters are heavily reliant on electricity, a scare and carbon-intensive resource, to produce primary aluminium. The mid- and downstream aluminium industries are reliant on this primary aluminium. This high utilisation of electricity by the smelters is therefore an indirect capital on which Hulamin is reliant. Hulamin also consumes electricity in its remelt, casting, rolling and extrusion activities.

LPG gas and water are essential resources used in our production.

ABILITY TO REDUCE RELIANCE ON KEY NATURAL RESOURCES

Aluminium is infinitely recyclable. By recycling aluminium, the initial energy intensive process is eliminated. There is an increasing availability of aluminium scrap, including used beverage cans, in the local market. Recycling scrap creates prospects of improved economic returns for the mid- and downstream industry. Further, the collection and recycling industry creates additional employment. In addition, efforts are continuously being made to reduce consumption of energy resources through improved efficiencies and waste management.

OUR COMMITMENT TO REDUCED RESOURCE CONSUMPTION

Every employee at Hulamin is tasked to help sustain our environment. This relates to minimising energy and water consumption and reducing waste to a minimum. To achieve this, we strive to operate as efficiently as possible. Environmental sustainability is driven by our Safety, Health and Environment Committee. Since we pledge to minimise our impact on the environment, we strictly monitor all waste leaving the plant, both effluent waters from our processes as well as solid waste streams. We have contracts with specialist third parties who assist us to manage these waste streams. We also have regular third party testing of our air emissions. We monitor legislative developments; the latest Waste Act has been reviewed by Hulamin to ensure that we comply with all new requirements.

OUR IMPACT ON NATURAL CAPITAL IN 2015

At the end of 2012, Hulamin set intensity targets for all key environmental parameters (consumption per unit ton produced). 2015 was a more challenging year given the pressures of electricity load curtailment and LPG shortages within the country. Although production continued, we have limited ability to reduce our base-load energy requirement. This made it difficult to reach the targets we had set ourselves. We do, however, believe that the targets are achievable and will continue to make efforts to reach the targets in 2016.

ENVIRONMENTAL SUSTAINABILITY TRAINING

During the course of 2015, Hulamin rolled out training of environmental sustainability reporting to our two subsidiary sites: Hulamin Midrand and Hulamin Containers. It is expected that they would be able to formally report their environmental sustainability data by the end of 2016. Since 2010, KPMG has assured the accuracy of the selected Environmental, Health and Safety data reported.

CARBON FOOTPRINT

Hulamin continues to track and monitor Greenhouse Gas (GHG) emissions. We have once again conducted our annual carbon footprint analysis in accordance with the Greenhouse Gas Protocol.

INTENSITY AGAINST 1 TON OF PRODUCTION

	Carbon footprint (tons CO_2e)	Electricity consumption (GJ)	LPG consumption (GJ)	Water consumption (kℓ)
2014	1,89	4,80	7,48	3,02
2015	**1,92**	**5,01**	**7,52**	**3,32**

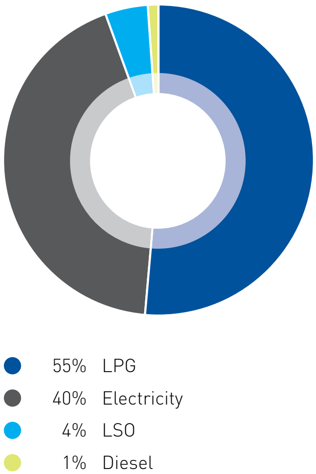
aluminium is **infinitely recyclable**

NATURAL CAPITAL CONTINUED

ENERGY

While Hulamin has made some progress to improve energy efficiency over the last few years with improved measurement systems in place, Hulamin is now in a good position to formally implement an energy management system.

ENERGY CONSUMPTION



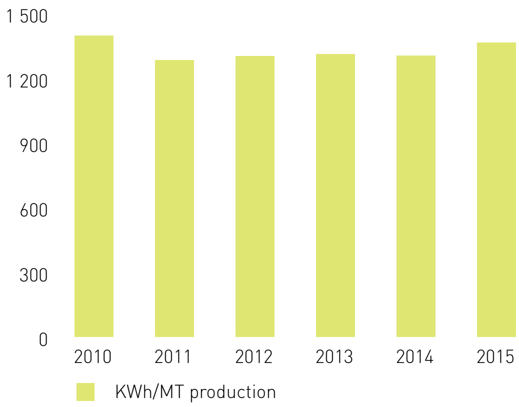
Progress has been made through continued effort at the Camps Drift Remelt (CDR), our biggest LPG consuming department. Improved instrumentation and process control has led to a reduction in gas consumption on the first melter where the new control measures were put in place. These reduced consumption numbers for the melter definitely impacted positively on the CO_2 emissions for the business

2015 saw the initiation of a virtual natural gas (NG) pipeline being made available through the use of 200 GJ trailers by Spring Lights Gas between Umbogintwini and Pietermaritzburg. Hulamin has started the process of migrating our furnaces and ovens from LPG to NG with the first furnace being changed over in the first quarter of 2016. From an emissions perspective natural gas produces approximately 20% less CO_2 than LPG.

An emergency diesel generator set of 6,3 MVA peak capacity was also installed during the first half of the year in order to minimise the effect of load curtailment on the plant performance. This capacity allows the plant to remain in full operation during 10% load curtailment conditions.

An energy sourcing study was also commissioned in order to determine the medium to longer term sourcing strategy for Hulamin. The results of this study will be presented by during the first quarter of 2016.

HULAMIN ELECTRICITY INTENSITY

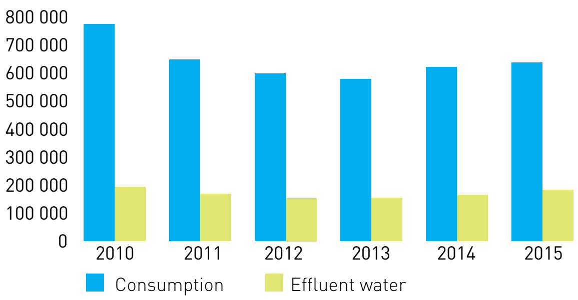


WATER

South Africa is a water scarce country and we recognise that our duty is to reduce and reuse this scarce resource in an efficient and sustainable manner. In recognising shortcomings in the area of water conservation at Hulamin, a water management team has been set up to identify and manage water concerns. The mandate of this team is to identify water risks, monitor and understand monthly consumption data and to develop action plans for risks and opportunities.

During 2015 our water monitoring system was incorporated into the Hulamin Quality Information System (QIS) and has been active since October 2015. Presently consumption is monitored and reported once weekly at our incomers to our plant and cooling towers. These actions are aimed at early identification of material leaks that develop during plant operation, of which we had two instances during the year. Plans are underway to install meters and monitor consumption during 2016 of at least 90 percent of our consumers, so that savings opportunities can be identified and controlled within the manufacturing areas.

WATER USAGE

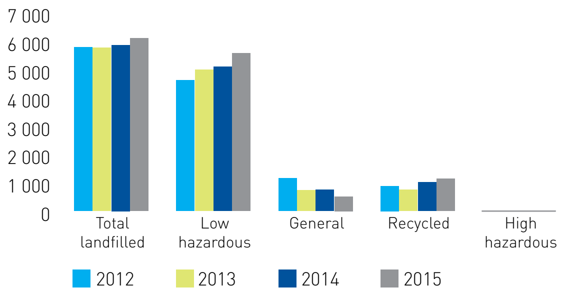


WASTE

We have implemented a number of projects that enabled us to monitor and lower the waste to landfill volumes such as:

- Our waste management service provider has worked with us to increase recycling levels
- Improved management of waste emulsion from our hot rolling line enabled more oil to be recycled, less to landfill

DISPOSED WASTE VOLUMES (tons)



See the online sustainability report for more detail on each of the aspects of natural capital.

Note: Limited assurance has been obtained over the following as detailed in the sustainability report: direct energy consumption (gigajoules), indirect energy consumption (gigajoules), total carbon footprint (using Eskom electricity conversion factor), total effluent discharge, general waste disposed, low hazardous waste disposed, high hazardous waste disposed, solid waste recycled, total water consumption and number of environmental incidents.

Hulamin is committed to **responsible environmental** stewardship of its resources

governance and leadership

BOARD OF DIRECTORS

Back row from left to right: Johannes Bhekumuzi Magwaza, Geoffrey Harold Watson and Vusi Noel Khumalo
Front row from left to right: Richard Gordon Jacob, Mafika Edmund Mkwanazi and Lungile Constance Cele

JOHANNES BHEKUMUZI MAGWAZA (73)

NON-EXECUTIVE

Corporate and strategic leadership
Human capital strategy
RN | TSE

GEOFFREY HAROLD WATSON (64)

INDEPENDENT NON-EXECUTIVE

Aluminium industry
Corporate and strategic leadership
Rolling technology
Strategic marketing
International operations experience
RN

VUSI NOEL KHUMALO (53)

NON-EXECUTIVE

Public enterprise leadership
Diverse financial experience
Government relations
TSE

RICHARD GORDON JACOB (50)

CHIEF EXECUTIVE OFFICER

Aluminium industry
Corporate and strategic leadership
Commercial strategist
Operational best practice
Rolling technology
RSHE | TSE

MAFIKA EDMUND MKWANAZI (61)

CHAIRMAN OF THE BOARD

Public enterprise leadership
Corporate and strategic leadership
Government and public sector relations
Private enterprise
RN | RSHE

LUNGILE CONSTANCE CELE (62)

INDEPENDENT NON-EXECUTIVE

Financial and tax management
Human resource best practice
Entrepreneurial flair
Financial governance
A | TSE

Risk and Safety, Health and Environment Committee — RSHE
Audit Committee — A
Remuneration and Nomination Committee — RN
Transformation, Social and Ethics Committee — TSE

Back row from left to right: Zamani Moses Mkhize, Peter Heinz Staude, Thabo Patrick Leeuw and Sibusiso Peter-Paul Ngwenya
Front row from left to right: Nomgando Angelina Matyumza and David Alan Austin

ZAMANI MOSES MKHIZE (54)

MANUFACTURING DIRECTOR

Aluminium industry
Corporate and strategic leadership
Operational best practice
Rolling technology
RSHE

PETER HEINZ STAUDE (62)

INDEPENDENT NON-EXECUTIVE

Corporate and strategic leadership
Operational best practice
Multinational organisations
Aluminium industry
RSHE

THABO PATRICK LEEUW (52)

INDEPENDENT NON-EXECUTIVE

Financial and investment management
Corporate leadership
Best practice in corporate governance
A | RSHE

SIBUSISO PETER-PAUL NGWENYA (62)

NON-EXECUTIVE

Corporate and strategic leadership
Entrepreneurship flair
Public sector leadership
Political insight
TSE

NOMGANDO ANGELINA MATYUMZA (52)

INDEPENDENT NON-EXECUTIVE

Human resource best practice
Entrepreneurial flair
Diverse financial experience
Financial governance
A | RN

DAVID ALAN AUSTIN (58)

CHIEF FINANCIAL OFFICER

Metals trading
Financial management
Financial and corporate governance
RSHE

Refer to our website at www.hulamin.co.za for a detailed résumé of the board of directors.

Note: Ages quoted for all executive members are at 31 December 2015.

** Simon Michael Gwyn Jennings resigned from the board effective 30 September 2015.*

EXECUTIVE COMMITTEE

CHIEF EXECUTIVE OFFICER

RICHARD JACOB (50)
Joined Hulamin in 1990

CHIEF FINANCIAL OFFICER

DAVID AUSTIN (58)
Joined Hulamin in 2013

MANUFACTURING

MOSES MKHIZE (54)
Joined Hulamin in 1982

CORPORATE AFFAIRS & MANAGING DIRECTOR: HULAMIN EXTRUSIONS

HECTOR MOLALE (49)
Joined Hulamin in 1993

HUMAN CAPITAL

MARLENE JANNEKER (44)
Joined Hulamin in 1995

METAL SUPPLY

FRANK BRADFORD (55)
Joined Hulamin in 1993

SALES, MARKETING AND MARKET DEVELOPMENT

DARRYL WEISZ (52)
Joined Hulamin in 2012

Refer to our website at www.hulamin.co.za for a detailed résumé of the executive committee.

Note: Ages quoted for all executive members are at 31 December 2015.

Hulamin's Pietermaritzburg plant **is one of the 20 largest aluminium** rolling mills in the world

CORPORATE GOVERNANCE

In terms of the JSE Listings Requirements, all JSE-listed companies must comply with the King Code of Governance Principles for South Africa (King III Code).

Hulamin views the implementation of good corporate governance practices as integral to its business and recognises the need to conduct its business with openness, integrity and accountability.

Hulamin applies all the principles of the King III Code and the vast majority of the recommended practices of the King III Code.

A summary of how each principle is applied can be found at www.hulamin.co.za.

BOARD OF DIRECTORS

As set out in its charter, the board's objective is to provide responsible business leadership to the group with due regard to the interest of all stakeholders.

COMPOSITION

Hulamin has a unitary board consisting of three executive directors and 10 non-executive directors, of whom seven are independent.

A vacancy of an independent non-executive director arose following the resignation of S M G Jennings on 30 September 2015.

Details of the directors are listed on page 64 and 65 and a brief résumé of each director is available at www.hulamin.co.za.

APPOINTMENTS AND CHANGES TO THE BOARD

D A Austin was appointed as acting Chief Executive Officer with effect from 18 July 2014 to 28 February 2015 while R G Jacob took medical leave of absence.

Appointments to the board of directors follow a formal and transparent process and are a matter for the board of directors as a whole, assisted by the Remuneration and Nomination Committee.

The board endeavours to ensure that it has the right balance of skills, experience, background, independence and business knowledge necessary to discharge its responsibilities.

Newly appointed directors are introduced to the group via a formal induction programme.

BOARD PRACTICES

At board level there is a clear division of responsibilities to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

The roles of M E Mkwanazi as an independent non-executive Chairman and R G Jacob as the Chief Executive Officer are separate with a clear division of responsibilities, which are set out in the board charter.

SUCCESSION PLANNING

The appointment and performance of the Chairman are reviewed annually. The board and the Remuneration and Nomination Committee are responsible for the succession plan for the Chairman.

ROTATION

In accordance with the company's Memorandum of Incorporation, executive directors in addition to non-executive directors are subject to retirement by rotation at intervals of three years and may be re-elected at the annual general meeting at which they retire. Newly appointed directors hold office until the next annual general meeting at which they retire. The board charter requires non-executive directors who have served on the board for more than nine years to retire, except in exceptional circumstances. The appointment and removal of directors, as well as changes to the composition of the board, are based on the recommendation of the Remuneration and Nomination Committee. Non-executive directors are chosen for their business skills and expertise appropriate to the strategic direction of the company. There are no term contracts of service between any of the directors and the company or any of its subsidiaries.

REMUNERATION AND EFFECTIVENESS EVALUATION

Non-executive directors' remuneration is not linked to the group's financial performance.

In order to improve the board's effectiveness, evaluations of the board, individual directors, board committees and the Chairman are carried out annually. External evaluations are done every second year. Appropriate measures are taken to address any weaknesses highlighted through the evaluation process.

RESPONSIBILITIES OF THE BOARD

The board's key responsibilities are:

- Approve corporate strategy, including business plans and budgets and bring independent, informed and effective judgement and leadership to bear on the material decisions of the company
- Monitor management's implementation of the approved strategies
- Approve major acquisitions and disposals
- Oversight of the group's systems of internal control, governance, including that of information technology, and risk management
- Guiding the group's values, including principles of ethical business practice and the requirements of being a responsible corporate citizen
- Appointment of the Chairman and Chief Executive Officer, nomination of directors and review of directors' and senior management's remuneration, appointments and succession plan
- Approval of the authorities assigned to the board, its committees and management
- Ensure disputes are resolved as effectively, efficiently and expeditiously as possible
- Monitoring the relationship between management and stakeholders of the company.

The quorum for board meetings is a majority of the directors.

The board is supplied with all relevant information and has unrestricted access to the management of the group and all group information, which enables the directors to adequately discharge their responsibilities. All directors and board committees have full access to the Company Secretary and may, in appropriate circumstances, take independent professional advice at the company's expense.

The Company Secretary provides guidance and advice to the board and the group on governance matters and changes in legislation. All directors have access to the advice and services of the Company Secretary.

The responsibilities of the Company Secretary are described in detail in the board charter.

Directors' declarations of interests are tabled annually and additional or amended declarations of interests are circulated at every board meeting.

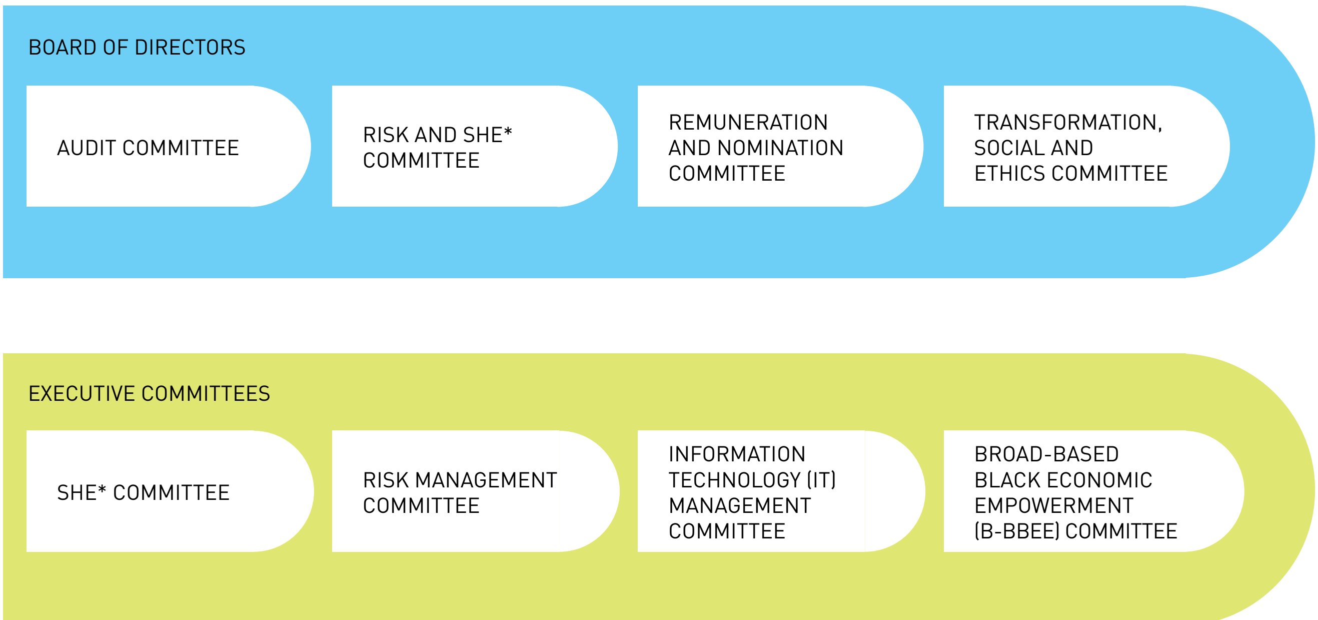
BOARD COMMITTEES

The board has delegated, through formal terms of reference, specific matters to a number of committees whose members and chairman are appointed by the board. There is full disclosure of matters handled by the committees to the board.

The committees play an important role in enhancing high standards of governance and achieving increased effectiveness within the group.

The board has an Audit Committee, a Risk and Safety, Health and Environment Committee, a Remuneration and Nomination Committee and a Transformation, Social and Ethics Committee.

GOVERNANCE STRUCTURE



* *Safety, Health and Environment*

CORPORATE GOVERNANCE CONTINUED

THE BOARD AT A GLANCE

	AGE	AUDIT	RISK AND SHE*	REMUNERATION AND NOMINATION	TRANSFORMATION, SOCIAL AND ETHICS
INDEPENDENT NON-EXECUTIVE DIRECTORS					
M E Mkwanazi (Chairman)	61		Member	Member	
T P Leeuw	52	Chairperson	Member		
N N A Matyumza	52	Member		Chairperson	
G H M Watson	64			Member	
P H Staude	62		Chairperson		
L C Cele	62	Member			Chairperson
S M G Jennings[1]	59		Member		
NON-EXECUTIVE DIRECTORS					
V N Khumalo	53				Member
J B Magwaza	73			Member	Member
S P P Ngwenya	62				Member
EXECUTIVE DIRECTORS					
R G Jacob[2] (CEO)	50		Member		Member
D A Austin[3]	58		Member		
Z M Mkhize	54		Member		

COMMITTEE ATTENDANCE REGISTER

	BOARD	AUDIT	RISK AND SHE*	REMUNERATION AND NOMINATION	TRANSFORMATION, SOCIAL AND ETHICS
INDEPENDENT NON-EXECUTIVE					
M E Mkwanazi	5 of 5		3 of 3	8 of 8	
T P Leeuw	5 of 5	3 of 3	3 of 3		
N N A Matyumza	5 of 5	3 of 3		8 of 8	
G H M Watson	5 of 5			8 of 8	
P H Staude	5 of 5		3 of 3		
L C Cele	5 of 5	3 of 3			2 of 2
S M G Jennings[1]	3 of 5		2 of 3		
NON-EXECUTIVE					
V N Khumalo	5 of 5	2 of 3[#]			1 of 2
J B Magwaza	4 of 5			5 of 8	1 of 2
S P Ngwenya	4 of 5				
EXECUTIVE					
R G Jacob[2] (CEO)	5 of 5		3 of 3	8 of 8[#]	2 of 2
D A Austin[3]	5 of 5	3 of 3[#]	3 of 3	3 of 8[#]	2 of 2[#]
Z M Mkhize	5 of 5		3 of 3		

[#] *Attendance by invitation.*
* *Safety, Health and Environment.*
1 *Resigned 30 September 2015.*
2 *Medical leave of absence with effect from 18 July 2014 to 28 February 2015.*
3 *Acting CEO with effect from18 July 2014 to 28 February 2015.*

BOARD COMMITTEES

AUDIT COMMITTEE	
CORE RESPONSIBILITIES The responsibilities of the committee and details of the execution of the duties of the committee during the year under review are set out in the Report of the Audit Committee on pages 89 to 91.	CHAIRMAN T P Leeuw (independent non-executive)
	COMPOSITION Independent non-executive directors N N A Matyumza L C Cele Note: *The members were re-elected at the annual general meeting held in April 2015.*
	FREQUENCY OF SCHEDULED MEETINGS 3 meetings per annum
	INVITEES D A Austin (CFO) V N Khumalo (non-executive director) Representatives of internal and external auditors A P Krull (Financial Manager responsible for internal audit)[2]
	SECRETARY W Fitchat (Company Secretary)

RISK AND SHE* COMMITTEE	
CORE RESPONSIBILITIES The responsibilities of the committee are set out in written terms of reference. These terms of reference and the company's risk appetite statement were adopted by the board. The Risk and SHE* Committee's key responsibilities are: • Overseeing and monitoring the development and implementation of a risk management framework, policy, strategy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within Hulamin • Recommend levels of tolerance and appetite for risk to the board • Report to the board information relevant to risk management and procure independent assurance regarding the effectiveness of the risk management process • Oversee and monitor the implementation of safety, health and environment policies, strategies, targets, plans and systems and review the safety, health and environment risk profile	CHAIRMAN P H Staude (independent non-executive)
	COMPOSITION Independent non-executive directors M E Mkwanazi T P Leeuw S M G Jennings[1] Executive directors R G Jacob M Z Mkhize D A Austin
	FREQUENCY OF SCHEDULED MEETINGS 3 meetings per annum
	INVITEES A P Krull (Financial Manager)[2] H T Molale (Group Executive: Corporate affairs) D R Weisz (Group Executive: Sales, marketing and market development) D Cantieni (Executive: Manufacturing support)[3]
	SECRETARY W Fitchat (Company Secretary)

* *Safety, Health and Environment.*
1 *Resigned 30 September 2015.*
2 *Resigned 31 December 2015.*
3 *Resigned 31 January 2016.*

CORPORATE GOVERNANCE CONTINUED

BOARD COMMITTEES CONTINUED

REMUNERATION AND NOMINATION COMMITTEE	
CORE RESPONSIBILITIES The responsibilities of the committee are set out in written terms of reference, which are reviewed periodically. The Remuneration and Nomination Committee's key responsibilities are: • Formulation of employment and reward strategies to attract and retain executives and senior management • Recommend to the board the remuneration of directors and senior management • Recommend to the board changes in the composition of the board and the appointment and removal of directors. The Chairman of the board serves as chairman of the committee for nomination matters.	CHAIRMAN N N A Matyumza (independent non-executive) COMPOSITION Independent non-executive directors M E Mkwanazi G H M Watson Non-executive directors J B Magwaza The nomination of board members to be considered at the annual general meeting of shareholders is the responsibility of the board. FREQUENCY OF SCHEDULED MEETINGS 4 meetings per annum INVITEES R G Jacob (CEO) M A Janneker (Group Executive: Human capital) D A Austin (whilst Acting CEO) SECRETARY W Fitchat (Company Secretary)

TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE	
CORE RESPONSIBILITIES The responsibilities of the committee are set out in written terms of reference, which are reviewed periodically. The Transformation, Social and Ethics Committee's key responsibilities are: • Recommend to the board the strategies and policies to be adopted to ensure the group's Transformation, Social and Ethics targets are achieved • Align the group's Transformation, Social and Ethics strategy with its overall business strategy • Monitor the implementation and efficacy of the employment equity, black management development, black equity ownership, preferential procurement, skills and enterprise development and socio-economic initiatives of the group • Monitor activities relevant to social and economic development, good corporate citizenship, environment, health and safety and consumer relationships • Review policies and statements on ethical standards and on whistle-blowing	CHAIRMAN L C Cele (independent non-executive) COMPOSITION Non-executive directors J B Magwaza S P Ngwenya V N Khumalo Executive directors R G Jacob Group executives H T Molale M A Janneker FREQUENCY OF SCHEDULED MEETINGS 2 meetings per annum INVITEES D A Austin (CFO) SECRETARY W Fitchat (Company Secretary)

GROUP EXECUTIVE COMMITTEES

The group has a number of executive committees consisting of executive directors and other senior executives, with formal terms of reference approved by the board.

<table>
<tr><th colspan="2">EXECUTIVE COMMITTEE</th></tr>
<tr><td rowspan="4">CORE RESPONSIBILITIES
The objective of the committee is to assist Hulamin's board in discharging its responsibilities, while acting within the parameters of the authority limits agreed by the board. The responsibilities of the committee are set out in written terms of reference, which are reviewed from time to time.

The Executive Committee's key responsibilities are:
• Recommend the business strategy, business plans and budgets to be adopted by the group
• Manage the implementation and execution of business strategies and plans approved by the board
• Recommend major acquisitions and disposals as part of the group's business strategy
• Ensure the group's systems of internal control, governance (including that of information technology) and risk management are both robust and well managed
• Implement the approved authorities matrix managed within the organisation and approve the appointment of senior managers and the members of the group's other executive committees
• Approve the capital expenditure plans of the group, within the budget approved by the board</td><td>CHAIRMAN
R G Jacob (D A Austin (CFO) – whilst Acting CEO)</td></tr>
<tr><td>COMPOSITION
The Executive Committee consists of the executive directors and other senior executives.

The current members are:
F B Bradford
D Cantieni[3]
D A Austin
M Z Mkhize
H T Molale
M A Janneker
D R Weisz</td></tr>
<tr><td>FREQUENCY OF SCHEDULED MEETINGS
11 meetings per annum</td></tr>
<tr><td>SECRETARY
W Fitchat (Company Secretary)</td></tr>
</table>

3 Resigned 31 January 2016.

committed to
good corporate governance

CORPORATE GOVERNANCE CONTINUED

GROUP EXECUTIVE COMMITTEES CONTINUED

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) COMMITTEE

CORE RESPONSIBILITIES

The Hulamin B-BBEE Committee reports to the Transformation, Social and Ethics Committee on the six elements of the B-BBEE scorecard, which are: ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socio-economic development.

The B-BBEE Committee's key responsibilities are:

- To provide strategic direction with regard to Hulamin's overall B-BBEE strategy
- Align Hulamin's B-BBEE strategy with the overall business strategy of the company
- Monitor and review B-BBEE progress within Hulamin
- Provide the mandate for the setting of targets for the various B-BBEE elements
- Development of appropriate strategies and processes for the achievement of B-BBEE targets
- Review the progress towards the achievement of the B-BBEE targets and provide direction where challenges are experienced
- Ensure the appropriate communication of the company's B-BBEE strategy and the implementation thereof
- Create a platform for sharing B-BBEE information and relevant experiences from which we can learn
- Review the company's compliance with employment legislation and regulatory requirements, e.g. the Employment Equity Act, Black Economic Empowerment Act
- Report to the Transformation, Social and Ethics Committee

CHAIRMAN

R G Jacob (D A Austin – whilst Acting CEO)

COMPOSITION

M A Aldworth
D A Austin
F B Bradford
H de Villiers
M A Janneker
A P Krull[2]
P M Lancaster
P Masuku
M Z Mkhize
H T Molale
R Nyandeni
N Kanyile
A K Randles
M Reddy
M W Webb
D R Weisz
P Xaba

FREQUENCY OF SCHEDULED MEETINGS

4 meetings per annum

SECRETARY

N Mkhize

RISK MANAGEMENT COMMITTEE

CORE RESPONSIBILITIES

While the board is ultimately accountable for risk management through the Risk and SHE* Committee, the implementation of the group's risk management policies and systems of internal control is an integral part of management of the group's operations.

The Risk Management Committee's key responsibilities are:

- Recommend to the Risk and SHE* Committee the risk management strategies and policies of the group
- Review the integrity and appropriateness of the group's systems of risk assessment and management
- Identify new or emerging risks related to all aspects of the business, including financial, operational and compliance risks
- Monitor risk reduction actions
- Review the internal controls that have been implemented to manage significant risks, and the assurance provided in respect of those controls
- Report on its activities to the Risk and SHE* Committee

CHAIRMAN

D A Austin

COMPOSITION

F B Bradford
M A Janneker
R G Jacob
A P Krull[2]
D Cantieni[3]
M Z Mkhize
A Petticrew
D R Weisz

FREQUENCY OF SCHEDULED MEETINGS

3 meetings per annum

SECRETARY

W Fitchat (Company Secretary)

* *Safety, Health and Environment.*
2 *Resigned 31 December 2015.*
3 *Resigned 31January 2016.*

GROUP EXECUTIVE COMMITTEES CONTINUED

INFORMATION TECHNOLOGY (IT) MANAGEMENT COMMITTEE	
CORE RESPONSIBILITIES The IT Management Committee's key responsibilities are: • Ensure that an IT governance charter and policies are established and implemented • Promote an ethical IT governance and management culture • Provide leadership and direction to ensure that the IT function achieves, sustains and enhances the company's strategic objectives • Ensure that an IT governance framework is adopted and implemented and that the board via the Audit Committee receives independent assurance on the effectiveness thereof • Ensure that the IT strategy is integrated within the company's strategic and business processes • Ensure there is a robust process in place to identify and exploit appropriate opportunities to improve the performance and sustainability of the company • Oversee management who is responsible for the implementation of all the structures, processes and mechanisms to execute the IT governance framework • Ensure the company obtains independent assurance on the governance of IT, and that adequate controls are in place for outsourcing IT services • Ensure IT legal risks are addressed • Ensure that there are systems in place for the management of information assets • Ensure that the information security strategy is successfully implemented • Ensure appropriate reporting to the Executive Committee and to board committees	**CHAIRMAN** D A Austin **COMPOSITION** H de Villiers L Steenkamp T Hawkins M Reddy I Smith A P Krull[2] F B Bradford Y Moodley C Fisher A Petticrew **FREQUENCY OF SCHEDULED MEETINGS** 6 meetings per annum **SECRETARY** D Seager

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE	
CORE RESPONSIBILITIES The Safety, Health and Environment Committee's key responsibilities are: • Review SHE* performance • Review major SHE* risks • Monitor actions to reduce SHE*-related risks • Identify new or emerging risks related to SHE* • Review of the internal controls to manage SHE* risks • Report to the Risk and SHE* Committee	**CHAIRMAN** R G Jacob (D Cantieni – Acting) **COMPOSITION** D A Austin F B Bradford P Grobler H de Villiers D Jackson M A Janneker M Z Mkhize P M Lancaster M Ramdeen M Reddy D R Weisz D Cantieni[3] **FREQUENCY OF SCHEDULED MEETINGS** 3 meetings per annum **SECRETARY** D Jackson (Chemist and Environmental Specialist)

* *Safety, Health and Environment.*

2 *Resigned 31 December 2015.*

3 *Resigned 31January 2016.*

CORPORATE GOVERNANCE CONTINUED

COMPANY SECRETARY

The board is satisfied that the Company Secretary is appropriately qualified, competent and experienced for his position in a listed company, which was considered at the December 2015 board meeting. Hulamin's Company Secretary plays a pivotal role in the continuing effectiveness of the board, ensuring that all directors have full and timely access to information that helps them to perform their duties and obligations, and enables the board to function effectively.

The Company Secretary's key duties with regard to the directors include, but are not limited to, the following:

- Collating and distributing relevant information, such as board meeting agenda items, and board/committee meeting papers, corporate announcements, investor communications and any other developments affecting the Hulamin group
- Providing guidance to the directors on their individual and collective powers and duties
- Inducting new directors together with the company's sponsor. This includes a briefing of their fiduciary and statutory duties and responsibilities, including those arising from the JSE Listings Requirements
- Providing regular updates on changes to laws and regulations affecting the Hulamin group
- The Company Secretary is responsible for the functions specified in section 88 of the Companies Act, 2008 (as amended). All meetings of shareholders, directors and board committees are properly recorded as per the requirements of the Act.

The Company Secretary is not a director of any of the Hulamin group operations, nor is he related to or connected with any of the directors which could result in a conflict of interest and accordingly it is concluded that an arm's length relationship with the board and its directors is maintained. The Company Secretary reports to the Chief Financial Officer and has a direct channel of communication to the Chief Executive Officer and to the Chairman. The removal of the Company Secretary would be a matter for the board as a whole.

STAKEHOLDER RELATIONSHIPS

Hulamin subscribes to the principles on stakeholder management expressed in the King III Code. Management has developed a strategy and formulated policies for the management of relationships with each stakeholder grouping, and an integrated approach to stakeholder management within the group is adopted to strive for consistency and balance in treatment across stakeholder categories.

The group communicates its strategy, performance and vision through regular presentations to investors, analysts, employees and other stakeholders.

In addition, management regularly meets with investors and institutional stakeholders on a one-on-one basis.

The group website (www.hulamin.co.za) is also used for this purpose. Hulamin invites all shareholders to attend its annual general meeting and also facilitates participation by way of focused proxy solicitation.

Hulamin strives to resolve disputes with its stakeholders effectively and expeditiously. Hulamin has a preference to settle disputes rather than to litigate and uses alternative dispute resolution mechanisms whenever appropriate.

ACCESS TO INFORMATION

Hulamin complies with the requirements of the Promotion of Access to Information Act, 2000. Details are available on Hulamin's website.

During 2015, the Hulamin group received no requests for access to a record under the Promotion of Access to Information Act, 2000.

CODE OF ETHICS

The group's Code of Ethics requires all directors and employees to be committed to fair dealing, honesty and integrity in the conduct of its business and also outlines the group's position on gifts and entertainment. The Code of Ethics has been actively endorsed by the board and distributed to all employees in the group. The Code is designed to raise ethical awareness, act as a guide in day-to-day decisions and to assure customers and other stakeholders of the group's commitment to ethical behaviour.

An important element of the induction process is to communicate to new employees the Code of Ethics, the group's core values and its compliance procedures.

Compliance by all employees with the high moral, ethical and legal standards of the Code is mandatory, and if employees become aware of, or suspect, a contravention of the Code, they must promptly and confidentially report it in the prescribed manner.

Appropriate action has been taken in respect of all reported instances of non-compliance with the Code by employees.

POLITICAL DONATIONS

Hulamin does not contribute any funding to political parties, their elected representatives or persons seeking political office.

WHISTLE-BLOWING

Hulamin has an established whistle-blowing policy and has an anonymous reporting facility (the Vuvuzela Ethics Line), enabling employees and other stakeholders to report fraudulent, corrupt or unethical behaviour related to any of the group's activities, without fear of victimisation and retribution. Anonymity is guaranteed and the facility is managed in compliance with the Protected Disclosures Act, No 26 of 2000.

Contact details of the Vuvuzela Ethics Lines are as follows:

Toll-free number: 080 2255 688

E-mail: Hulamin @tip-offs.com

Website: www.tip-offs.com

All fraud and theft matters are reported to the Audit Committee. There were no significant frauds or thefts during the period under review.

PRICE-SENSITIVE INFORMATION

No director, officer or employee may deal either directly or indirectly in the company's shares on the basis of unpublished price-sensitive information regarding the company's business or affairs. In addition, no director, officer or employee in possession of price-sensitive information may trade in the company's shares during closed periods. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods, and while the company is under a cautionary announcement.

COMPLIANCE FRAMEWORK

Hulamin's compliance framework rests on the company's comprehensive set of policies in this respect. These are updated when needs be to reflect governance best practice and the changing legal environment. All Hulamin group companies and employees are obliged to comply with these policies.

Non-compliance risks are reviewed by the Risk Management Committee.

No judgement, damages, penalties or fines were recorded and/or levied against any group company, directors or employees during the period under review for non-compliance with any legislation.

Refer to our website at www.hulamin.co.za for more detail on the group's corporate governance.

we are committed to
fair dealing honesty integrity

RISK MANAGEMENT

INTRODUCTION

The employment of an effective risk management process is critical to Hulamin achieving its strategic and operational goals, particularly in the current environment of change and uncertainty.

Hulamin recognises that risk is intrinsic to the business and that there is a balance to be struck between managing risk and exploiting opportunities. The group's response to identified risks includes acceptance, avoidance, transfer and mitigation, as informed by the group's risk appetite and tolerance levels.

It is Hulamin's policy that risks should be understood and managed through a relevant and formal structure to facilitate the achievement of the business' long-term objectives, which objectives recognise the interests of all stakeholders in the business. The formal structure assists in:

- Identifying and evaluating risks
- Setting acceptable risk limits
- Monitoring risk management actions and controls
- Assessing the effectiveness of risk management.

RISK MANAGEMENT FRAMEWORK

Hulamin's risk management framework provides the basis for the implementation of a consistent, efficient and economical approach to identify, evaluate and respond to key risks that may impact Hulamin's objectives. The framework also addresses the specific responsibilities and accountabilities for the Enterprise Risk Management (ERM) process and the reporting of risks and incidents at various levels within Hulamin. The framework, which is based on the ERM framework published by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission, assists Hulamin with the aligning of its risk appetite and strategy; pursuing business objectives through transparent identification and management of acceptable risk; prioritising risks to ensure that resources and capital are focused on high-priority risks faced by the group; enhancing risk response decisions; reducing operational surprises and losses; identifying and managing multiple and cross-enterprise risks; seizing opportunities; improving allocation and deployment of capital; ensuring compliance with laws and regulations; and increasing the probability of achieving objectives.

RISK MANAGEMENT REVIEW

- The board of Hulamin is ultimately responsible for the governance of risk of the group and assumes overall ownership thereof.
- The board carries out its responsibilities for risk management via the Risk and Safety, Health and Environment (SHE) Committee which has oversight of the group's enterprise risk management framework, policy and processes.
- There is also a Hulamin Risk Management Committee, a sub-committee of the Hulamin Executive Committee, which together with the Hulamin SHE Committee, is accountable to the Risk and SHE Committee for designing, implementing and monitoring the process of risk management and integrating risk management into the day-to-day activities of the various departments.
- The Hulamin Executive Committee, supported by management, supports Hulamin's risk management philosophy; promotes compliance with the risk appetite; identifies, assesses and manages risks within their spheres of responsibility consistent with risk appetite and tolerances; and manages the implementation of risk reduction actions and appropriate internal controls.
- All Hulamin employees are responsible for executing enterprise risk management in accordance with established directives and protocols.
- A number of external stakeholders often provide information useful in effecting enterprise risk management, but they are not responsible for the effectiveness of Hulamin's enterprise risk management.
- Various external and internal parties provide risk assurance and compliance

PRINCIPAL RISKS

The Risk Management Committee conducts a formal review of the most significant risks and the group's responses to these risks three times a year. These are reviewed by the Risk and SHE Committee three times a year.

The key strategic risks of the group, extracted from the group risk register, are shown in the table on pages 80 to 81. These risks have been assessed according to materiality and likelihood on an inherent and residual risk basis.

INTERNAL CONTROL AND ASSURANCE

The Hulamin board is responsible for establishing and maintaining an effective system of internal control which is designed to provide reasonable assurance that the group's business objectives will be achieved in accordance with the group's risk appetite.

A key element of the system of internal control is the review by assurance providers who assess the adequacy and effectiveness of the controls.

The group's internal audit function is responsible, inter alia, for the following:

- Effectiveness of internal financial controls: Internal audit provides a written statement annually to the Audit Committee on the effectiveness of the systems of internal financial control
- Effectiveness of internal controls and risk management: Internal audit provides a written statement annually to the board on the effectiveness of the systems of internal control and risk management.

Specialist assurance providers are used to assess the adequacy and effectiveness of controls in certain instances. These include environmental and safety audits. The output of the risk management process, in conjunction with the work of the independent assurance providers, indicates to the directors that the controls in place are adequate and effective.

This assurance recognises that the organisation is dynamic and that at any point in time there are new areas of risk exposure which may require management attention. As such, there is a continual focus on ensuring that the control environment is understood and maintained at the required level. Assurance efforts are documented in the combined assurance plan.

effective risk management

RISK MANAGEMENT CONTINUED

PRINCIPAL RISK[1]	RISK RESPONSE	LINK TO STRATEGY[2]
Profitability of current high margin export products declines as a result of increase in supply by existing and emerging competitors from low-cost jurisdictions	• Monitor competitor actions • Pursue manufacturing excellence and low costs • Optimise production mix and entrench positions in profitable market sectors • Continue with progress up the profitability curve and new product development • Develop local and regional sales, including the promotion of local market OEM type products, e.g. can body stock	1 2 3 5
Security of supply and pricing of local melting ingot	• New four year supply contract concluded with South32 • Ongoing engagement with relevant stakeholders to promote the value of the aluminium industry to the local economy • Promotion of, and investment in, recycling of beverage cans and other products • Establish alternative suppliers and qualify key products	3 4 5
Security of supply and pricing of gas	• LPG is now sourced from two local refineries rather than one • Supplies of imported LPG have been contracted in advance • Conversion from LPG to CNG has begun and will provide 40% of requirements in the future • Additional storage facilities are being investigated • Continue to pursue conversion of DJP (Durban-Johannesburg Pipeline) to carry natural gas to PMB • Actively monitor development of gas resources in South Africa	2 5
Deterioration of the economic climate and associated geopolitical uncertainty may lead to a ratings downgrade making finance harder to secure and more expensive	• Committed working capital funding facility has performed well and negotiations are proceeding to extend facilities for another three years • Heavy capital expenditure programme over the last two years has been completed • Focus on reduction in working capital with lower inventory and debtor balances • Expanding local market sales will shorten the cash cycle • A weaker Rand benefits revenue generated from export sales • All foreign currency transactions are hedged	1 2 3

PRINCIPAL RISK[1]	RISK RESPONSE	LINK TO STRATEGY[2]
Failure of climate-change mitigation and adaption contributing to water scarcity impacting on the ability of industry to produce	• Projects to reduce water consumption in all cooling towers • Increase the water storage capacity on site • Investigation in the use of recycled water on all manufacturing sites • Engaged the services of the NCPC (National Cleaner Production Centre) to get a sponsored water efficiency programme running on site	1 2
Use by governments of market-based instruments, such as carbon taxes, to induce behavioural changes that contribute to lower GHG emissions	• Ongoing engagement with relevant stakeholders to promote the value of the aluminium industry • Engagement with government regarding an appropriate approach to the levying of carbon tax on the aluminium industry • Ongoing efforts to increase Hulamin's use of third-party scrap inputs in place of primary aluminium • Ongoing efforts to reduce Hulamin's electricity and gas consumption	3 5
Electricity supply disruption	• Installed backup generators to accommodate possible future load shedding • Developed demand reduction operating plan to minimise production losses • Work closely with Eskom to ensure Hulamin has as few disruptions as possible	5
Long-term Rand overvaluation	• Grow local market users of Hulamin's product • Ensure Hulamin is competitive through driving: – Most profitable production mix – Maximisation of sales volumes – Ongoing reduction of cost and improvements in efficiency – Development of world-class capability	1 2 3
Increase in competition in local market from imports	• Focus on developing OEM market sectors in South Africa, particularly can body • Apply for and actively promote tariff protection in local market • Enhance non-tariff barriers where possible	1 2 3

Strategic objectives key

1 *Refer to section on external environment, opportunities and threats on pages 26 to 27.*
2 *Refer section on strategic objectives on pages 28 to 29.*

1 *Achieve benchmark operational performance.*
2 *Achieve global cost competitiveness.*
3 *Grow local and regional sales.*
4 *Secure competitive aluminium supply.*
5 *Supportive regulatory environment.*

REMUNERATION REPORT

PHILOSOPHY

The major aim of the reward structures is to enable Hulamin to attract, motivate and retain the best talent as part of an integrated human resources strategy which supports the achievement of Hulamin's strategies and goals. The reward philosophy, policy and strategies also serve to align the interests of management and shareholders and are clearly communicated to the employees concerned.

Hulamin's remuneration philosophy encourages a culture that supports enterprise and innovation through the provision of appropriate short-term and long-term performance-related rewards that are fair and achievable. Guaranteed and variable pay should not be unduly affected by the performance of a particular operation in which an employee works where factors outside the employee's control affect results (e.g. no gratuitous windfalls or penalties as a result of commodity price or currency fluctuations).

REMUNERATION AND NOMINATION COMMITTEE (REMCO)

The role, structure and composition of REMCO are covered in the section on Corporate Governance. The major guidelines that support the application of the reward philosophy are outlined below.

STRUCTURE OF PACKAGES

The structure of remuneration packages supports business needs, is market related and competitive. To this end market surveys are conducted annually and appropriate action is taken to ensure that pay levels, structures, composition and mix are in line with market trends generally as well as industry-specific trends where relevant. The appropriate mix between guaranteed and variable pay as well as short-, medium- and long-term elements of compensation are reviewed from time to time taking market trends into consideration.

STRUCTURE OF REMUNERATION		Purpose	Detail
Guaranteed pay elements	BASIC SALARY	To attract and retain high performance employees	Remain competitive on our regular benchmark exercises. Increases are based on individual and the division's operational performance
	COMPANY AND OTHER CONTRIBUTIONS	To encourage a lifestyle of saving for retirement and enhance the daily well-being of our employees	Medical aid and retirement benefits
Variable pay elements	ANNUAL PERFORMANCE BONUS SCHEME	To serve as a short-term incentive to motivate a common drive towards performance	The annual performance bonus scheme is based on a combination of the achievement of corporate financial targets and an element for individual performance, both of which are determined annually
	LONG-TERM INCENTIVES	To incentivise employees to perform based on the long-term interests and objectives of the Group	Align long-term commitment to the interests of the Group

GUARANTEED PAY

Employees' guaranteed pay generally consists of basic salary plus company contributions towards retirement funding and health benefits.

Benchmarking	Regular benchmark exercises are conducted to compare the guaranteed pay of Hulamin employees with selected appropriate companies
Market premiums	It is recognised that market premiums may be necessary from time to time to attract and retain scarce skills and members of designated groups
Annual increases	Annual cash salary increases for individuals are determined by taking into account an individual's pay relative to the market as well as his/her performance and anticipated future value to the business

VARIABLE PAY

ANNUAL PERFORMANCE BONUS SCHEME

Executive directors and senior managers participate in the company's performance bonus scheme. There were 163 executive and senior management employees who participated in the performance bonus scheme in the year under review.

The performance bonus scheme consists of five different levels. The maximum percentage of cash salary payable under the five levels is capped as follows for employees:

Level of management	Cap
Chief Executive Officer	65%
Executive	50%
Senior management	30% to 40%
Middle management	20%

The primary purpose of the performance bonus scheme is to serve as a short-term incentive to motivate a common drive towards performance.

The annual performance bonus scheme is based on a combination of the achievement of corporate financial targets and an element for individual performance, both of which are determined annually. The weighting of the targets are as follows:

Level of management	Financial targets	Individual performance
Executive	70%	30%
Senior and middle management	50%	50%

FINANCIAL TARGETS

- The financial targets are related to EBIT, ROCE and HEPS, which all carry an equal weighting
- The financial targets are related to the budgets of Hulamin as a whole as well as individual business operations.
- All financial targets have an upper (140%) and a lower (60%) limit at which 100% or 0% of the bonus is paid respectively.
- Between the 60% lower limit and 140% upper limit, the performance bonus is calculated on a proportional straight-line basis

INDIVIDUAL PERFORMANCE

- Hulamin applies sound performance management processes at executive and senior management level to ensure that there is a direct link between performance and variable pay.
- The annual key performance indicators, measures and targets are cascaded into key performance areas and targets for various levels of management throughout the organisation.
- The individual performance rating used in the calculation of payment of bonuses is linked to the individual annual performance assessment ratings achieved.
- The principle of differentiation based on performance is applied whereby exceptional performers may receive individual performance scores that are significantly higher than the average, and similarly, an individual rating penalty will be applied to employees with below average performance.
- Sub-standard performance may result in no performance bonuses being paid.

EXECUTIVE PERFORMANCE BONUS

- Hulamin's executive performance bonuses for the financial year 2015 were calculated on the achievement of financial targets and an assessment of personal performance.
- In respect of the CEO and executives, the achievement of the financial targets for the 2015 financial year was calculated as follows:

	Weighting	Target points	Actual point achieved for 2015	Max bonus as a % of cash salary
CEO				
EBIT	35,00	23,00	3,18	
ROCE and HEPS	35,00	22,50	2,73	
Total	70,00	45,50	5,91	65,00
EXECUTIVES				
EBIT	35,00	17,50	2,49	
ROCE and HEPS	35,00	17,50	2,07	
Total	70,00	35,00	4,56	50,00

GUIDELINE

As a general guideline, the payment of bonuses for each component of the respective awards is determined as independent from the other components.

Incremental changes to the bonus scheme may be considered from year to year to bring about gradual improvements, taking into account experience from the previous year as well as market developments and trends.

In measuring performance against the financial targets, actual performance is adjusted to exclude the impact of uncontrollable fluctuations in items such as exchange rates. In addition, the Remuneration and Nomination Committee and the board will consider, when determining whether financial targets have been met, whether any specific, significant abnormal items, such as impairments should be adjusted for.

The Remuneration and Nomination Committee and the board have the discretion to decide on the payment or non-payment of performance bonus awards.

REMUNERATION REPORT CONTINUED

LONG-TERM INCENTIVES PAY

The company's long-term incentives consist primarily of share incentive schemes. The variable component of Hulamin's remuneration packages is structured to include long-term incentives for executives and senior management that are in line with the market, aligned to company performance and take into account the accounting cost, as well as prevailing taxation provisions. To this end, base pay and annual bonus are complemented by share-based schemes in 2015 which are based on international best practice in the form of a:

- Share Appreciation Right Scheme (SARS)
- Performance-based Long Term Incentive Plan (LTIP)
- Deferred Bonus Plan (DBP)

LTIP AND SARS

Under the LTIP and the SARS, rights or shares are offered to eligible executives and senior managers in the form of performance-based conditional awards. A portion of LTIP awards do not bear performance conditions.

The performance conditions governing the vesting of the above-mentioned scheme instruments are related to growth in earnings per share, share price, total shareholder return and return on capital employed, relative to targets that are intended to be challenging but achievable. Targets are linked, where applicable, to the company's medium-term business plan, over three-year performance periods. Grants are set on an annual basis considering the position held by the participating employee, their individual performance, and the expected combined value of the awards.

DBP

The DBP is offered to selected executives to encourage share ownership in Hulamin and the retention of key executives. Where a DBP is offered, the employee may elect to utilise a percentage of their annual bonus to purchase company shares. If the employee remains employed for the full period, the employee will receive a grant by the company of one extra share for each share pledged and held.

GUIDELINE

As a general guideline, eligible managers may be granted annual awards of shares under the SARS and LTIP with a face value of a percentage of an average cash salary for the grade. The quantum of grants offered is based on the individual's performance rating and market benchmarks in line with prevailing local and international best practice. The percentage of the performance bonus that may be granted to eligible individuals in the form of company shares in terms of the DBP, is also determined by the Remuneration and Nomination Committee at its discretion on an annual basis taking into account prevailing circumstances.

With effect from the 2016 year no awards will be made for the LTIP and DBP schemes. Participants will receive only SARS awards.

OVERALL AND INDIVIDUAL LIMITS

The maximum number of shares which may be issued in terms of the share schemes may not exceed 31 300 000 shares. The maximum number of shares settled in respect of the share schemes to any participant shall not exceed 3 130 000 shares.

attract, motivate and retain
the best talent

ESOP TRANSACTION

During the year as part of a broader BEE transaction, the board approved a new employee share ownership plan ("2015 ESOP") which will represent 3,4% of the company value.

As Hulamin values its employees as key contributors to both the historic and ongoing performance and success of the Hulamin business. Hulamin invited all permanent South African-based employees up to middle management of whom approximately 90% are black and all permanent South Africa black senior and selected Hulamin management to participate in the BEE transaction through the ESOP and MSOP.

The participation was developed with the following overall objectives in mind:

- To retain and attract high calibre black employees at every level of the Hulamin business
- To create a sense of ownership amongst the employees and engender an ownership culture within the greater Hulamin workforce
- To distribute a significant proportion of the BEE transaction benefits amongst the widest possible group of beneficiaries who are critical to the sustained success of the Hulamin business.

The ESOP scheme consists of a share appreciation scheme, whereby participants share in 50% of the dividends payable to ordinary shareholders.

OTHER BENEFITS

Membership of the Hulamin Pension Fund is compulsory for all senior management and disability and life insurance benefits are also provided to members of the fund. Medical aid benefits and a gratuity at retirement are also provided.

TERMINATION CONDITIONS FOR EXECUTIVES

- The Chief Executive Officer and executives are subject to a three-month and two-month notice period respectively. Hulamin reserves the right to terminate an executive's employment without notice, for any cause recognised as sufficient by law.
- Executive employment does not allow for payment on termination arising from executive failure or for balloon payments. In the event of early termination there is no automatic entitlement to bonuses or share-based incentives.
- In terms of executives' contracts, there is no automatic severance compensation to executives to change of control. In such cases, the company's retrenchment policy will apply.
- Payments could be considered in order to retain key executives during a period of uncertainty.

NON-EXECUTIVE DIRECTORS' REMUNERATION

- Non-executive directors receive fees for their services on the board and board committees. Directors' fees comprise a fixed element which is paid for holding the office of director, and a variable element which is linked to attendance at regular scheduled meetings of the board and/or sub-committees.
- Non-executive directors, serving on a board sub-committee as an invitee, at the request of the chairman of the board sub-committee, will be paid the same attendance fee as members of that board sub-committee, subject to shareholder approval at the 2015 annual general meeting.
- Fees for non-executive directors are reviewed on an annual basis taking relevant external market data into account. Fees are recommended by the Remuneration and Nomination Committee and are submitted to the board and the shareholders for approval at each annual general meeting.
- Non-executive directors do not participate in the group's performance bonus plan or share incentive schemes.
- J B Magwaza and S P Ngwenya, through their interests in Imbewu Consortium and Makana Investment Corporation respectively, are participants in the Hulamin BEE entity (see page 144 for further details on the Hulamin BEE equity transaction).

The remuneration of directors and prescribed officers for the year is detailed in the notes to the annual financial statements.

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STATUTORY APPROVALS AND REPORTS

financial statements

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL

OF THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the preparation and integrity of the annual financial statements of the company and the group, which have been prepared in accordance with International Financial Reporting Standards, the Companies Act, No 71 of 2008, as amended, and the JSE Listing Requirements, under the supervision of the Chief Financial Officer, Mr D A Austin CA (SA).

In preparing the annual financial statements, the company and the group have used appropriate accounting policies, supported by reasonable and prudent judgement and estimates, and have complied with all applicable accounting standards. The directors are of the opinion that the annual financial statements fairly present the financial position of the company and the group at 31 December 2015, the results of its operations and cash flows for the year then ended. The directors have considered the group's past results, expected future performance and reasonable changes thereto, and access to its funding, material and other resources, and are of the opinion that the company and the group will continue as a going concern.

The directors are responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss.

Based on the results of a formal documented review of Hulamin's system of internal controls and risk management by the internal audit function during the year, the information and explanations given by management and the comment by the independent auditors on the results of their statutory audit, nothing has come to the attention of the directors which indicates that, in all material aspects, Hulamin's system of internal controls and risk management is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable annual financial statements. The opinion of the directors is supported by the group's Audit Committee.

The company's independent external auditors, PricewaterhouseCoopers, have audited the annual financial statements and their unqualified report appears on page 94.

The annual financial statements as set out on pages 95 to 159 were approved by the board of directors on 19 February 2016 and are signed on its behalf by:

Mafika Mkwanazi
Chairman

Richard Gordon Jacob
Chief Executive Officer

Pietermaritzburg, KwaZulu-Natal
19 February 2016

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88 of the Companies Act, No 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission for the financial year ended 31 December 2015, all such returns as are required of a public company in terms of the aforesaid Act, and that all such returns are true, correct and up to date.

Willem Fitchat
Company Secretary

Pietermaritzburg, KwaZulu-Natal
19 February 2016

REPORT OF THE AUDIT COMMITTEE

INTRODUCTION

The Hulamin Group Audit Committee ("the committee" or "Audit Committee") presents its report in terms of section 94(7)(f) of the Companies Act, No 71 of 2008, as amended ("Companies Act"), and as recommended by King III, for the financial year ended 31 December 2015.

The Audit Committee is an independent statutory committee appointed by the shareholders. Further duties are delegated to the committee by the board of directors of the company.

MEMBERSHIP AND MEETINGS

The committee comprises three independent non-executive directors, who were appointed by shareholders at the 2014 annual general meeting of the company in terms of section 94(2) of the Companies Act. For the year under review, the Audit Committee comprised:

- T P Leeuw (Chairman)
- N N A Matyumza
- L C Cele

V N Khumalo, D A Austin (Chief Financial Officer), the financial manager responsible for internal audit and representatives from the external and internal auditors also attended the committee meetings by invitation.

The Audit Committee met three times during the year and all members of the committee attended all of these meetings.

Full details of membership of the committee and attendance at committee meetings during the financial year are also set out in the Corporate Governance section of this integrated annual report of the group.

ROLE AND RESPONSIBILITIES

The role and responsibilities of the committee include statutory duties as per the Companies Act, and further responsibilities assigned to it by the board. The committee executed its duties in terms of the requirements of King III.

The key responsibilities of the committee are as follows:

- Ensuring the integrity of the financial reporting process, including sound systems of internal control and financial risk management
- Review of Integrated Annual Reports, Annual Financial Statements, Interim Reports and other financial announcements, including the accounting principles and policies adopted therein and compliance with JSE regulations
- Monitoring the performance and effectiveness of the independent external auditors and evaluating the qualifications, expertise, resources, fees, scope of work and independence of the external auditors prior to recommending their appointment to the board and shareholders
- Approving the internal audit work plan and overseeing the conduct of the internal audit and the implementation of internal control enhancements
- Approving any non-audit services provided by the external auditors
- Consider the appropriateness of the expertise, resources and experience of the financial function and of the Chief Financial Officer
- Approving the appointment of an external assurance provider in respect of the sustainability report
- Performing statutory duties in terms of the Companies Act, as well as to report to the shareholders in respect of the financial year, including those matters in terms of section 94(7)(f) of the Companies Act
- Ensuring that the combined assurance model introduced by the King III Code is applied to provide a coordinated approach to assurance activities.

PERFORMANCE OF DUTIES

The Audit Committee is satisfied that, during the year under review, it complied with its legal, regulatory and other responsibilities, conducted its affairs in compliance with board-approved terms of reference, and discharged its responsibilities contained therein. The committee is therefore pleased to report that it discharged the following responsibilities for the period under review:

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

The committee has satisfied itself that the external auditor was independent of the company, as set out in section 94(8) of the Companies Act, which includes consideration of previous appointments of the auditor, the extent of other work undertaken by the auditor for the company and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.

The committee ensured that the appointment of the auditor complied with the Companies Act, and any other legislation relating to the appointment of auditors.

REPORT OF THE AUDIT COMMITTEE CONTINUED

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the 2015 year as disclosed in note 19.3 of the financial statements of the group and note 6.1 of the financial statements of the company.

There is a formal procedure that governs the process whereby the auditor is considered for non-audit services. The committee approved all engagements for the provision of non-audit services by the external auditor, in terms of the established policy for non-audit services.

The committee has nominated, for election at the annual general meeting, PricewaterhouseCoopers as the external audit firm and Mr H N Govind as the designated auditor responsible for performing the functions of auditor, for the 2016 year. The committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors and their advisors.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The committee has reviewed the accounting policies and the financial statements of the company and the group for the year ended 31 December 2015, and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

The committee receives and deals with any concern or complaints, whether from within or outside the company, relating to the accounting practices and internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company and related matters. There were no such complaints during the year under review.

INTERNAL FINANCIAL CONTROLS

The committee has overseen a process by which internal audit performed a written assessment of the effectiveness of the company's system of internal control and risk management, including internal financial controls.

Based on the results of the formal documented review of the company's system of internal financial controls by the internal audit function, the information and explanations given by management and the comment by the independent auditors on the results of their statutory audit, including a review of significant issues raised by the internal audit processes and the adequacy of corrective action in response thereto, nothing has come to the attention of the committee which indicates that, in all material aspects, Hulamin's system of internal financial controls was not operating effectively during the year under review.

This written assessment by internal audit formed the basis for the committee's recommendation in this regard to the board, in order for the board to report thereon. The board's opinion on the effectiveness of the system of internal controls and risk management is included on page 92. The committee supports the opinion of the board in this regard.

INTEGRATED REPORTING, SUSTAINABILITY AND COMBINED ASSURANCE

The committee fulfils an oversight role regarding the company's integrated report and the reporting process.

The committee considered the company's sustainability information as disclosed in the integrated report and separate sustainability report of the group for the year ending 31 December 2015 and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements. The committee discussed the sustainability information with management and has considered the conclusion of the external assurance provider. The committee is satisfied that the sustainability information is reliable and consistent with the financial results.

The committee recommended to the board the appointment of KPMG Services (Pty) Ltd to perform an assurance engagement on key performance indicators included in the company's 2015 sustainability reporting. The committee determined the scope of this assurance engagement and satisfied itself as to the independence and competency of the external assurance provider.

The committee ensures the combined assurance model is appropriate to address the significant risks facing the business, and is satisfied that the company has optimised the assurance coverage obtained from management, and internal and external assurance providers for the year under review.

The committee has recommended the 2015 integrated report for approval by the board of directors.

GOING CONCERN

The committee has reviewed a documented assessment, including key assumptions, prepared by management of the going concern status of the company as at 31 December 2015 and has made a recommendation to the board in this respect. The board's statement on the going concern status of the company, as supported by the committee, is detailed on page 92.

GOVERNANCE OF RISK

The board has assigned oversight of the company's risk management function to the Risk and SHE Committee. The chairman of the Audit Committee attended meetings of the Risk and SHE Committee as a member thereof for the year under review to ensure that information relevant to these respective committees was transferred regularly. The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, and fraud and information technology risks as they relate to financial reporting.

INTERNAL AUDIT

The committee is responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and authority within the company to enable it to discharge its duties in terms of the established internal audit charter. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

An internal audit charter is in place which defines the function, responsibility and authority of the group's internal audit activity. The internal audit function's 2015 annual audit plan was approved by the committee.

The internal audit function reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the company's operations. The head of the internal audit function, who has direct access to the committee, is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the committee on a regular basis.

During the year under review, the committee met with the internal and external auditors without management being present.

EVALUATION OF THE EXPERTISE AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION

The committee has satisfied itself during the year under review that the Chief Financial Officer has appropriate expertise and experience.

The committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

On behalf of the Audit Committee:

Thabo Leeuw
Chairman of the Audit Committee

Pietermaritzburg, KwaZulu-Natal
16 February 2016

DIRECTORS' STATUTORY REPORT

Dear shareholder

The directors have pleasure in presenting their annual report for the year ended 31 December 2015.

NATURE OF BUSINESS

The Hulamin group consists of two main operations: Hulamin Rolled Products and Hulamin Extrusions. Their activities are dealt with separately in the integrated annual report.

FINANCIAL RESULTS

The net profit attributable to shareholders of the group for the year ended 31 December 2015 amounted to R163 714 000 (2014: R384 928 000). This translates into headline earnings per share of 37 cents (2014: 112 cents) and normalised earnings per share of 55 cents (2014: 111 cents) based on the weighted average number of shares in issue during the year.

The financial statements on pages 95 to 159 set out the financial position, results of operations and cash flows of the group and company for the financial year ended 31 December 2015.

DIVIDENDS

No final dividend was declared for the year ended 31 December 2015 (2014: 25 cents).

An interim dividend of 8 cents per ordinary share for the year ended 31 December 2015 (2014: nil) was declared on 27 July 2015 and was paid on 24 August 2015.

SHARE CAPITAL

There were the following changes in the authorised share capital of the company in the year ended 31 December 2015:

At a shareholders' meeting held on 23 April 2015, Hulamin passed special resolutions adopting amendments to its Memorandum of Incorporation by:

- Decreasing the number of authorised shares by cancelling the A1, B1, B2 and B3 ordinary shares with a par value of R0,10 each
- Converting the 800 000 000 authorised and 319 596 836 issued ordinary shares having a par value of R0,10 each into ordinary shares of no par value
- Increasing the number of authorised shares by creating 4 721 600 A1 ordinary shares of no par value, 26 755 733 A2 ordinary shares of no par value, 9 018 000 B1 ordinary shares of no par value, 9 018 000 B2 ordinary shares of no par value and 18 036 000 B3 ordinary shares of no par value.

A special resolution was also adopted at the April shareholders' meeting authorising the issue of:

- Shares to the new Hulamin Employee Share Ownership Trust:
  - 4 721 600 A1 ordinary shares of no par value
  - 26 755 733 A2 ordinary shares of no par value
- Shares to the BEE SPV, namely Imbewu SPV 14 Proprietary Limited:
  - 9 018 000 B1 ordinary shares of no par value
  - 9 018 000 B2 ordinary shares of no par value
  - 18 036 000 B3 ordinary shares of no par value.

The employee share schemes which existed at the time of the unbundling of the company from Tongaat Hulett Limited matured during 2014 and therefore no further shares were issued in terms of these schemes during 2015.

Details of the unissued ordinary shares and the group's share incentive schemes are set out in notes 12 and 33 of the group financial statements.

Details of beneficial shareholders holding more than 5% of the share capital of the company are set out in the Shareholders' Information section of the integrated annual report.

BUSINESS COMBINATION

On 1 July 2015, Isizinda Aluminium (Pty) Ltd acquired the Bayside casthouse business from Hillside Aluminium (Pty) Ltd for a consideration of R100 170 000. The business combination is discussed in detail in note 11 of the group financial statements.

SUBSIDIARY COMPANIES

The principal subsidiaries of the group are reflected in note 34 of the group financial statements. There were no special resolutions adopted by subsidiaries of Hulamin Limited in 2015.

DIRECTORATE

Brief curricula vitae of the directors are listed on the company's website. Details of directors' remuneration are reflected in note 32 of the group financial statements.

Mr D A Austin was appointed acting Chief Executive Officer effective 18 July 2014 to 28 February 2015, whilst Mr R G Jacob took medical leave of absence.

Directors are subject to retirement by rotation and re-election by shareholders at an annual general meeting at least once every three years. Directors retiring at the annual general meeting in accordance with the Memorandum of Incorporation are:

Mr V N Khumalo, Mr P H Staude and Mr G H M Watson. The Remuneration and Nomination Committee, at its meeting on 18 November 2015, recommended that they be re-elected and, all being eligible, offered themselves for re-election.

DIRECTORS' AND PRESCRIBED OFFICER'S SHAREHOLDINGS

At 31 December 2015, the present directors and prescribed officer of the company beneficially held a total of 639 438 ordinary no par value shares, equivalent to 0,20 percent in the company (2014: 311 841 ordinary par value shares, equivalent to 0,09 percent, were held by directors). Their associates held no ordinary par value shares in the company. Details of the directors' and prescribed officer's shareholdings and interests in the share incentive schemes are set out in notes 32 and 33 of the group financial statements.

There has been no change in the directors' and prescribed officer's shareholdings between 31 December 2015 and 18 February 2016.

HOLDING COMPANY

Hulamin Limited has no holding company at 31 December 2015.

AUDITORS

PricewaterhouseCoopers continued as auditors of Hulamin Limited and its subsidiaries. At the annual general meeting of 21 April 2016, shareholders will be requested to appoint PricewaterhouseCoopers as auditors of Hulamin Limited for the 2016 financial year and it will be noted that Mr H N Govind will be the individual registered auditor that will undertake the audit.

SECRETARY

The Company Secretary of Hulamin Limited is Mr W Fitchat. His business and postal address appears in the corporate information section of this integrated annual report.

POST BALANCE SHEET EVENTS

On 21 February 2016, an amount of R57 047 000 was received from the Department of Trade and Industry in respect of a claim with the Manufacturing Competitiveness Enhancement Programme. This transaction is accounted for in the 2016 financial year as confirmation of the claim approval was received after 31 December 2015.

The directors are not aware of any other matters or circumstances arising between the end of the financial year and the date of these financial statements which materially affect the financial position or results of the company or group.

APPROVAL

The annual financial statements of the group and company set out on pages 95 to 159 have been approved by the board.

Signed on behalf of the board of directors by:

Mafika Mkwanazi
Chairman

Richard Gordon Jacob
Chief Executive Officer

Pietermaritzburg, KwaZulu-Natal
19 February 2016

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF HULAMIN LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Hulamin Limited set out on pages 95 to 159, which comprise the balance sheets as at 31 December 2015 and the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Hulamin Limited as at 31 December 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Hulamin Limited for 66 years. Mr H N Govind has been the individual registered auditor responsible and accountable for the audit of Hulamin Limited for 3 years. We are independent of the group in accordance with the Independent Regulatory Board for Auditors (IBRA) Code of Professional Conduct for Registered Auditors and other independence requirements applicable to performing audits of financial statements in South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: H N Govind
Registered Auditor

Durban
19 February 2016

GROUP BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**3 166 800**	2 697 148
Intangible assets	4	**66 917**	59 777
Retirement benefit asset	27	**142 292**	138 854
Deferred tax asset	6	**20 260**	25 450
		3 396 269	2 921 229
Current assets			
Inventories	7	**1 784 805**	1 958 934
Trade and other receivables	8	**1 384 390**	1 037 909
Derivative financial assets	9	**8 457**	44 175
Cash and cash equivalents	10	**70 158**	249 106
Income tax asset		**12 461**	2 808
Asset held for sale	5	**–**	55 217
		3 260 271	3 348 149
Total assets		**6 656 540**	6 269 378
EQUITY			
Share capital and share premium	12	**1 817 580**	1 817 580
BEE reserve	11, 33.5	**51 224**	–
Employee share-based payment reserve		**45 707**	41 411
Hedging reserve		**(92 122)**	6 614
Retained earnings		**2 032 128**	1 968 212
Total equity		**3 854 517**	3 833 817
LIABILITIES			
Non-current liabilities			
Non-current borrowings	13	**216 000**	–
Deferred tax liability	14	**486 765**	477 702
Retirement benefit obligations	15, 27	**227 997**	236 369
		930 762	714 071
Current liabilities			
Trade and other payables	16	**806 210**	964 827
Current borrowings	13, 17	**829 401**	686 144
Derivative financial liabilities	9	**235 650**	70 519
		1 871 261	1 721 490
Total liabilities		**2 802 023**	2 435 561
Total equity and liabilities		**6 656 540**	6 269 378

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

		Notes	2015 R'000	2014 R'000
Revenue			**8 394 986**	8 038 918
Cost of sales		19	**(7 855 025)**	(7 119 966)
Gross profit			**539 961**	918 952
Selling, marketing and distribution expenses		19	**(382 204)**	(403 104)
Administrative and other expenses		19	**(111 050)**	(88 781)
Impairment reversal		20	**–**	43 405
Other gains and losses		18	**248 773**	114 661
Operating profit			**295 480**	585 133
Interest income		21	**2 085**	2 453
Interest expense		21	**(68 577)**	(48 160)
Profit before tax			**228 988**	539 426
Taxation		22	**(65 274)**	(154 498)
Net profit for the year attributable to equity holders of the company			**163 714**	384 928
Earnings per share		23		
Basic	(cents)		**51**	120
Diluted	(cents)		**50**	118

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
Net profit for the year attributable to equity holders of the company	**163 714**	384 928
Other comprehensive (loss)/income for the year	**(78 063)**	28 037
Items that may be reclassified subsequently to profit or loss	**(98 736)**	37 919
Cash flow hedges transferred to income statement	**(9 186)**	43 480
Cash flow hedges created	**(127 947)**	9 186
Income tax effect	**38 397**	(14 747)
Items that will not be reclassified to profit or loss	**20 673**	(9 882)
Remeasurement of retirement benefit obligation	**25 134**	(12 991)
Remeasurement of retirement benefit asset	**3 578**	(733)
Income tax effect	**(8 039)**	3 842
Total comprehensive income for the year attributable to equity holders of the company	**85 651**	412 965

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital R'000	Share premium R'000	Con-solidated shares R'000	Hedging reserve R'000	Employee share-based payment reserve R'000	BEE reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 31 December 2013	35 550	1 785 620	(3 624)	(31 305)	29 720	174 686	1 412 163	3 402 810
Net profit for the year	–	–	–	–	–	–	384 928	384 928
Other comprehensive income net of tax								
– Cash flow hedges	–	–	–	37 919	–	–	–	37 919
– Retirement benefit assets and obligations	–	–	–	–	–	–	(9 882)	(9 882)
Ordinary shares issued	34	–	–	–	–	–	–	34
A ordinary shares redeemed	(3 624)	–	–	–	–	–	–	(3 624)
Share-based payment costs on A ordinary shares redeemed (note 33.5)	–	–	–	–	–	–	3 624	3 624
Value of employee services (note 19.1)	–	–	–	–	15 156	–	–	15 156
Settlement of employee share incentives	–	–	–	–	(3 465)	–	669	(2 796)
Tax on employee share incentives	–	–	–	–	–	–	7 044	7 044
Deconsolidation of structured entity	–	–	3 624	–	–	–	(5 020)	(1 396)
Transfer of BEE reserve to retained earnings	–	–	–	–	–	(174 686)	174 686	–
Balance at 31 December 2014	31 960	1 785 620	–	6 614	41 411	–	1 968 212	3 833 817
Net profit for the year	–	–	–	–	–	–	163 714	163 714
Other comprehensive income net of tax								
– Cash flow hedges	–	–	–	(98 736)	–	–	–	(98 736)
– Retirement benefit assets and obligations	–	–	–	–	–	–	20 673	20 673
Value of employee services (note 19.1)	–	–	–	–	16 777	–	–	16 777
Settlement of employee share incentives	–	–	–	–	(12 481)	–	(11 916)	(24 397)
Tax on employee share incentives	–	–	–	–	–	–	(3 096)	(3 096)
Ordinary A and B shares issued	60 017	–	–	–	–	–	–	60 017
Consolidated A and B ordinary shares	–	–	(60 017)	–	–	–	–	(60 017)
Equity-settled share-based payment: Isizinda (note 11)	–	–	–	–	–	31 224	–	31 224
Share-based payment costs on 2015 BEE transaction (note 33.5)	–	–	–	–	–	20 000	–	20 000
Dividends paid	–	–	–	–	–	–	(105 459)	(105 459)
Transfer of share premium to share capital	1 785 620	(1 785 620)	–	–	–	–	–	–
Balance at 31 December 2015	**1 877 597**	**–**	**(60 017)**	**(92 122)**	**45 707**	**51 224**	**2 032 128**	**3 854 517**

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated before working capital changes	25	**540 224**	732 240
Changes in working capital	26	**(279 771)**	(78 854)
Cash generated from operations		**260 453**	653 386
Interest paid		**(89 028)**	(53 079)
Interest received		**2 085**	2 453
Income tax payment		**(49 735)**	(84 714)
Net cash inflow from operating activities		**123 775**	518 046
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	3	**(472 358)**	(305 572)
Acquisition of business	11	**(100 170)**	–
Additions to intangible assets		**(15 480)**	(29 992)
Proceeds on disposal of property, plant and equipment		**44 679**	206
Net cash outflow from investing activities		**(543 329)**	(335 358)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from non-current borrowings	13	**270 000**	–
Proceeds from/(repayment of) current borrowings		**89 257**	(118 338)
Redemption of A ordinary shares		**–**	(3 624)
Ordinary shares issued		**–**	34
Settlement of employee share incentives		**(24 397)**	(2 796)
Proceeds to settle equity option		**4 000**	–
Dividends paid		**(105 459)**	–
Net cash inflow/(outflow) from financing activities		**233 401**	(124 724)
Net (decrease)/increase in cash and cash equivalents		**(186 153)**	57 964
Cash and cash equivalents at beginning of year		**249 106**	192 800
Deconsolidation of structured entity		**–**	(1 658)
Effects of exchange rate changes on cash and cash equivalents		**7 205**	–
Cash and cash equivalents at end of year	10	**70 158**	249 106

INDEX TO THE NOTES TO THE GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC interpretations, SAICA Financial Reporting guides, the requirements of the Companies Act, no 71 of 2008, as amended, and the Listing Requirements of the JSE Limited.

The group financial statements are prepared using the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, and are prepared on the going concern basis.

The group financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur rather than when the cash is received.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a current legally enforceable right to offset the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies resulting from the initial application of a standard or an interpretation are accounted for in accordance with the transitional provisions in the accounting standard. If no such guidance is given, they are applied retrospectively.

Changes in accounting estimates resulting from new information or new developments are recognised in the income statement in the period they occur.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

1.2 NEW ACCOUNTING STANDARDS

Standards, amendments and interpretations in issue and effective

Amendment to IAS 19, 'Employee benefits', aimed at simplifying the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary, has been adopted by the group for the first time for the financial year beginning on or after 1 January 2015.

Standards, amendments and interpretations in issue not yet effective

The following new and revised accounting standards, amendments and interpretations that will impact on the financial statements of the group, or may affect the accounting for future transactions or arrangements, have not yet become effective and have not been adopted prior to their commencement:

- Amendment to IAS 1, 'Presentation of financial statements' (effective 1 January 2016)
- Amendment to IAS 7, 'Cash flow statements' (effective 1 January 2017)
- Amendment to IAS 12, 'Income taxes' (effective 1 January 2017)
- Amendment to IAS 16, 'Property, plant and equipment', and IAS 38, 'Intangible assets' (effective 1 January 2016)
- Amendment to IAS 27, 'Separate financial statements' (effective 1 January 2016)
- IFRS 9, 'Financial Instruments' (effective 1 January 2018)
- Amendment to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (effective 1 January 2016)
- Amendment to IFRS 11, 'Joint arrangements' (effective 1 January 2016)
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)
- IFRS 16, 'Leases' (effective 1 January 2019).

The group intends to comply with these standards from the effective dates. Adoption of these standards by the group in future reporting periods is not expected to have a significant impact on the financial statements of the group or company, apart from the application of IFRS 9 and IFRS 16, the impact of which will be assessed.

1.3 JUDGEMENTS MADE BY MANAGEMENT

There were no material judgements made by management, in the application of accounting policies, that could have had a significant effect on the amounts recognised in the financial statements other than those dealt within note 1.37.

1.4 RECOGNITION OF ASSETS AND LIABILITIES

Assets and liabilities are recognised when it is probable that future economic benefits associated with them will flow to and from the group respectively, and when their costs or fair values can be measured reliably.

Financial instruments are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets are recognised based on trade dates.

1.5 DERECOGNITION OF ASSETS AND LIABILITIES

Financial assets or parts thereof are derecognised when the contractual rights to receive the cash flows have expired or been transferred and substantially all the risks and rewards of ownership or control have passed.

All other assets are derecognised on disposal or when the substantial risks and rewards associated with ownership have passed to another party, or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged, cancelled or has expired.

1.6 FOREIGN CURRENCIES

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the exchange rates ruling on the dates of the transactions, i.e. dates on which the transactions first qualify for recognition. Foreign exchange gains and losses resulting from the settlement of these transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in the period in which they arise, except when deferred in equity as qualifying cash flow hedges. The company and group's functional and presentation currency respectively is South African Rand.

Gains and losses arising from changes in the fair value of foreign exchange contracts (except cash flow hedges when deferred in equity) as well as gains and losses arising on translation are recognised in the income statement in the period in which they arise.

1.7 HEDGE ACCOUNTING

Hedge accounting is adopted when all the IFRS requirements are fulfilled, which includes documenting at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions, which is detailed in note 35. In addition, the group documents the assessment, both at hedge inception and on an ongoing basis, of the hedge effectiveness.

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset, liability or firm commitment. The gain or loss on the hedged item attributable to the hedged risk in a fair value hedge is included in the carrying amount of the hedged item and recognised in the income statement. The gain or loss on the hedged instrument is also recognised in the income statement.

A cash flow hedge is the hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss. The portion of the gain or loss on the hedging instrument in a cash flow hedge that is determined to be effective is recognised directly in other comprehensive income, whilst the ineffective portion is recognised in the income statement.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses previously recognised in other comprehensive income and accumulated in equity are recognised in the income statement in the same period in which the asset or liability affects the income statement.

If a hedge results in the recognition of a non-financial asset or non-financial liability, any associated gains or losses previously recognised in other comprehensive income and accumulated in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated, exercised or when, the forecast transaction in respect of cash flow hedges is no longer expected to occur or when the hedge designation is revoked.

The hedging reserve accumulates all movement in the fair value of financial instruments designated as hedges of transactions that have yet to be recognised on the balance sheet. When the underlying transaction is recognised, the related accumulated hedging reserve is released to the income statement, and reflected in revenue (refer to note 18 of the group financial statements).

1.8 POST BALANCE SHEET EVENTS

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES continued

1.9 COMPARATIVE FIGURES
Comparative figures are restated in the event of a change in accounting policy, prior period error or change in presentation or classification of items in the financial statements.

1.10 SEGMENT REPORTING
The group determines and reports operating segments based on internal information that is provided to the Hulamin Executive Committee, which is the group's most senior operating decision-making body. It is responsible for allocating resources and assessing performance of the operating segments.

1.11 BASIS OF CONSOLIDATION
The group financial statements incorporate the assets, liabilities, income, expenses and cash flows of entities, typically subsidiaries, controlled by the group (including structured entities). Control exists where the group is exposed, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The results of entities controlled by the group acquired or disposed of during the year are included in the group income statement from the date the group exercises control, or up until the point it ceases to exercise control. Inter-company transactions, balances and unrealised gains and losses on transactions between group entities are eliminated on consolidation. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the group.

The group treats transactions with non-controlling interests as transactions with equity holders of the group. Gains or losses arising from these transactions are recorded in equity.

1.12 ASSOCIATES
Associates are all entities over which the group has significant influence but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Associates are accounted for using the equity method from the date on which they become an associate. The use of the equity method is discontinued from the date that the group ceases to have significant influence over an associate.

The carrying amount of the investment in associate is tested for impairment by comparing the recoverable amount with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment.

1.13 JOINT VENTURES
The group accounts for joint ventures using the equity method of accounting from the date when joint control first exists to when it ceases to exist where the investment is carried at cost plus post-acquisition changes in the group's share of net assets of the joint venture, less any provision for impairment.

1.14 BUSINESS COMBINATIONS
The cost of an acquisition, which is within the scope of IFRS 3 – Business Combinations, is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred.

Any excess of the cost over the group's share in the fair value of the assets, liabilities and contingent liabilities acquired is recognised as goodwill and any excess of the fair value of the assets, liabilities and contingent liabilities over the cost is recognised in the income statement.

The difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity are recorded as an adjustment to retained earnings.

ASSETS

1.15 PROPERTY, PLANT AND EQUIPMENT
Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Depreciation is charged from the dates the assets are available for use. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term, unless ownership is expected to transfer, in which case this will be over the useful life.

Where the useful lives of significant parts of an item are different from the item itself, these parts are depreciated over their useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

1.16 INTANGIBLE ASSETS

The group's only intangible asset is computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when all the asset recognition criteria are met. Directly attributable costs that are capitalised as part of the software product comprise mainly software development employee costs.

Computer software costs recognised as assets are amortised over their estimated useful lives of three to fifteen years. Research costs are expensed when incurred.

1.17 IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. Value in use is estimated based on discounted future cash flows expected to be derived from an asset or cash-generating unit.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. Impairment losses are recognised in the income statement. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the income statement.

1.18 LEASING

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Leases are classified as finance leases or operating leases at the inception of the lease.

Finance leases are recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the future minimum lease payments at the date of acquisition. Minimum lease payments are payments over the lease term, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor including any amounts guaranteed by the company or by a party related to the company.

Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to the income statement over the term of the lease at interest rates applicable to the lease on the remaining balance of the obligations.

Rentals payable under operating leases are recognised in the income statement on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit.

1.19 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

The specific identification basis is used to arrive at the cost of items that are not interchangeable. The weighted average method, in the case of consumables, and the first-in-first-out method, in the case of all other inventories, is used to arrive at the cost of items that are interchangeable.

1.20 FINANCIAL ASSETS

Financial assets are initially measured at fair value plus transaction costs. However, transaction costs in respect of financial assets classified as fair value through profit or loss are expensed.

Financial assets classified as fair value through profit or loss are measured at fair value with gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

Loans and receivables, which include trade receivables, are measured at amortised cost less impairment losses, which are recognised in the income statement.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES continued

1.20 FINANCIAL ASSETS continued
Financial assets carried at amortised cost are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In particular, the trade receivables provision is established where there is objective evidence that the group will not collect all amounts due according to the original terms of receivables. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty.

The fair value of derivative assets is calculated as the difference between the contracted value and the value to maturity at the balance sheet date. The value to maturity of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The value to maturity of commodity futures is determined by reference to quoted prices at the balance sheet date. The value to maturity of interest rate swaps is determined by reference to quoted swap rates at the balance sheet date.

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

1.21 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE
Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Upon initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less cost to sell.

1.22 CASH AND CASH EQUIVALENTS
Cash and cash equivalents are carried in the balance sheet at face value. Cash and cash equivalents includes cash on hand and deposits held with banks with original maturities of three months or less. In the balance sheet and cash flow statement bank overdrafts are included in borrowings.

1.23 CONTINGENT ASSETS AND LIABILITIES
Contingent assets and liabilities are not recognised, although contingent liabilities are disclosed.

EQUITY AND LIABILITIES

1.24 EQUITY
Transactions relating to the acquisition and sale of shares in the company, together with their associated incremental direct costs, are accounted for in equity. Other transactions are accounted for directly in equity only if permitted by the standards.

1.25 CONSOLIDATED SHARES
Consolidated shares represent the A and B class ordinary shares issued to the BEE investor company and the ESOP Trust. These structured entities are consolidated in terms of IFRS, these issued shares of the company are treated as treasury shares. Accordingly, the subscription value of these shares is deducted from equity attributable to the equity holders of the company until the shares are cancelled, disposed of or reissued.

1.26 DEFERRED TAX
Deferred tax is provided in full using the liability method, on temporary differences arising between tax bases of the assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, unless specifically exempt.

Deferred tax liabilities arising on investments in subsidiaries, associates and joint ventures are recognised except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

1.27 FINANCIAL LIABILITIES

Financial liabilities are initially measured at fair value net of transaction costs. However, transaction costs in respect of financial liabilities classified as at fair value through profit or loss are expensed.

Gains and losses arising from changes in the fair value of financial liabilities at fair value through profit or loss are presented in the income statement within other gains and losses.

Financial liabilities (excluding liabilities designated in a hedging relationship) that are not designated on initial recognition as financial liabilities at fair value through profit or loss are measured at amortised cost. These consist of trade and other payables and interest-bearing borrowings.

The fair value of derivative liabilities is calculated as the difference between the contracted value and the value to maturity at the balance sheet date. The value to maturity of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The value to maturity of commodity futures is determined by reference to quoted prices at the balance sheet date.

1.28 EMPLOYMENT BENEFIT OBLIGATIONS

Pension obligations

The group provides retirement benefits to employees in the form of defined contribution plans. Certain benefits to some employees accrue with service and are therefore accounted for as a defined benefit plan. The assets of all retirement schemes are held separately from those of the group and are administered and controlled by trustees.

Contributions to defined contribution schemes are charged to profit or loss when incurred. The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit actuarial valuation method, with actuarial valuations being carried out at the end of each reporting period.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement.

The group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the group balance sheet represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Post-retirement medical aid benefits and retirement gratuities

Provisions for post-retirement medical aid benefits and gratuities payable on retirement are calculated on an actuarial basis, being present value of future liability, for services rendered to date. Actuarial gains or losses are recognised in the same manner as those of pension obligations.

Employee 14 costs

The cost of short-term employee benefits, including the expected cost of short-term accumulating compensated absences, is recognised in the income statement in the period in which the service is rendered and is not discounted.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.29 SHAREHOLDERS FOR EQUITY DIVIDENDS

Dividends to equity holders are only recognised as a liability when approved by the board of directors and are included in the statement of changes in equity. Dividends tax in respect of such dividends is recognised as a liability when the dividends are recognised as a liability and are included in the tax charge in the income statement.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES continued

1.30 PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions are measured as the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

INCOME STATEMENT

1.31 REVENUE

Revenue is recognised to the extent that it is probable that economic benefits will flow to the group or company, and when the amount of the revenue and the related costs can be reliably measured.

Revenue of the group comprises revenue from the sale of fabricated and semi-fabricated aluminium products, which comprise a metal component and a conversion margin. Revenue of the company comprises interest income and management and agency fees.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. This occurs when the group entity has delivered products to the customer and the customer has accepted the products. The delivery of products and the transfer of risks are determined by the terms of sale, and specifically by the International Chamber of Commerce Terms of Trade, where these are applicable. Revenue is recognised at the fair value of the consideration receivable net of returns, rebates and discounts, and after eliminating sales within the group.

Management and agency fees are recognised as the services are performed.

1.32 BORROWING COSTS

Borrowing costs include interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time (usually more than six months) to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

1.33 TAXATION

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. The charge for current tax is computed on the results for the year, as adjusted for income that is exempt and expenses that are not deductible, using tax rates and tax laws that are enacted or substantively enacted at the reporting date.

1.34 EARNINGS PER SHARE

Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of dilutive potential shares resulting from share options.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2015 issued by the South African Institute of Chartered Accountants (SAICA).

Normalised earnings per share

Normalised earnings per share is one of the measuring bases which the chief operating decision maker uses in assessing performance and in deciding how to allocate resources. The calculation of normalised earnings per share is based on headline earnings generated from the primary business operations of the group excluding abnormal or non-recurring gains and losses, divided by the weighted average number of ordinary shares in issue during the year. The presentation of normalised earnings is not an IFRS requirement and may not be directly comparable with the same or similar measures disclosed by other companies.

1.35 SHARE-BASED PAYMENTS

The group's employee share incentive schemes are accounted for as equity-settled share-based payments. The fair value of the incentives at the grant date is expensed on a straight-line basis over the period during which the incentive vests.

Fair value is determined based on an estimate of the incentives that will vest and any non-market conditions, using the Monte Carlo Simulation, Black-Scholes and binomial tree valuation models, and these estimates are reviewed annually.

For those schemes where the group purchases shares in order to settle the benefit granted, any cost in excess of the fair value of the benefit granted is recognised in equity.

BEE transactions

BEE transactions where the Group receives or acquires goods or services as consideration for the issue of equity instruments of the Group are treated as share-based payment transactions.

BEE transactions where employees are involved are measured and accounted for on the same basis as share-based payments, as disclosed above.

Transactions in which share-based payments are made to parties other than employees are measured by reference to the fair value of equity instruments granted if no specific goods or services are received. Vesting of the equity instrument occurs immediately and an expense and related increase in equity is recognised on the date that the instrument is granted. No further measurement or adjustments are required as it is presumed that the BEE credentials are received upfront. Incremental costs that are directly associated with the BEE transaction are expensed immediately in the determination of profit or loss.

1.36 INTEREST INCOME

Interest income is accrued on a time basis using the effective interest rate method.

1.37 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The key judgements, assumptions and sources of estimation uncertainty at the balance sheet date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are:

Useful lives and residual values of assets

Items of property, plant and equipment are depreciated over their useful lives taking into account residual values. The estimated useful lives and residual values are assessed annually taking into account technological innovation, product life cycles, maintenance programmes and projected disposal values.

Post-employment benefit obligations

Actuarial valuations of post-retirement benefit obligations are based on assumptions which include employee turnover, mortality rates, discount rate, expected long-term rate of return on retirement plan assets, health care costs, inflation rates and salary increments.

Share-based payment transactions

The critical estimates and assumptions used in the IFRS 2 calculations are disclosed in note 33 of the group financial statements.

Impairment of non-financial assets

The recoverable amounts of the assets (or cash-generating units to which they belong) disclosed in notes 3 to 5 of the group financial statements, and note 2 of the company financial statements, were estimated at period end in terms of IAS 36.

The critical estimates and assumptions used in the recoverable amount calculations in respect of the assets of the group are disclosed in note 20 of the group financial statements.

Investment in Isizinda Aluminium (Pty) Ltd (Isizinda)

The Group holds a 40% interest in Isizinda. Management have assessed the investment in Isizinda to represent control in terms of the requirements of IFRS 10. These requirements were assessed in conjunction with the substance of various contractual terms including those relating to the funding arrangements and operating activities of Isizinda.

This has been disclosed in note 11 of the group financial statements.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

2. OPERATING SEGMENT ANALYSIS

The group is organised into two major operating divisions, namely Hulamin Rolled Products and Hulamin Extrusions. The divisions, which offer different core products, are the basis on which the Group reports its primary segment information. The Hulamin Rolled Products segment, which comprises the Hulamin Rolled Products and Hulamin Containers businesses, manufactures and supplies fabricated and rolled semi-finished aluminium products. The Hulamin Extrusions segment manufactures and supplies extruded aluminium products. Both reportable segments are based and managed in South Africa.

In the current year, the Group acquired Isizinda Aluminium (Pty) Ltd. This business only supplies slab to Hulamin Rolled Products. The activities of Isizinda Aluminium are integrated into the Hulamin Rolled Products segment.

	2015			2014		
	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group total R'000	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group total R'000
Revenue						
Segment revenue	**7 554 622**	**840 364**	**8 394 986**	7 288 391	750 527	8 038 918
Inter-segment revenue	**–**	**–**	**–**	–	–	–
Revenue from external customers	**7 554 622**	**840 364**	**8 394 986**	7 288 391	750 527	8 038 918
Earnings						
EBITDA*	**414 084**	**30 057**	**444 141**	599 226	60 762	659 988
Depreciation and amortisation	**(131 176)**	**(17 485)**	**(148 661)**	(105 039)	(13 221)	(118 260)
Impairment reversal	**–**	**–**	**–**	43 405	–	43 405
Operating profit	**282 908**	**12 572**	**295 480**	537 592	47 541	585 133
Interest received	**2 085**	**–**	**2 085**	2 453	–	2 453
Interest paid	**(67 520)**	**(1 057)**	**(68 577)**	(45 249)	(2 911)	(48 160)
Profit before tax	**217 473**	**11 515**	**228 988**	494 796	44 630	539 426
Taxation	**(61 848)**	**(3 426)**	**(65 274)**	(141 612)	(12 886)	(154 498)
Net profit for the year	**155 625**	**8 089**	**163 714**	353 184	31 744	384 928
Headline earnings						
Net profit for the year	**155 625**	**8 089**	**163 714**	353 184	31 744	384 928
Loss/(profit) on disposal of property, plant and equipment	**10 538**	**–**	**10 538**	6 518	(20)	6 498
Impairment reversal	**–**	**–**	**–**	(43 405)	–	(43 405)
Bargain purchase gain	**(51 868)**	**–**	**(51 868)**	–	–	–
Tax effect	**(3 123)**	**–**	**(3 123)**	10 328	6	10 334
	111 172	**8 089**	**119 261**	326 625	31 730	358 355
Normalised earnings						
Headline earnings	**111 172**	**8 089**	**119 261**	326 625	31 730	358 355
Adjusted for (net of tax):						
Share-based payment costs on 2015 BEE transaction	**18 165**	**1 835**	**20 000**	–	–	–
Transaction costs	**5 455**	**–**	**5 455**	7 450	–	7 450
Post-retirement medical aid past service costs adjustments	**4 857**	**–**	**4 857**	(11 272)	–	(11 272)
Equity-settled share-based payment: Isizinda	**27 224**	**–**	**27 224**	–	–	–
	166 873	**9 924**	**176 797**	322 803	31 730	354 533

2. OPERATING SEGMENT ANALYSIS continued

	2015 Hulamin Rolled Products R'000	2015 Hulamin Extrusions R'000	2015 Group total R'000	2014 Hulamin Rolled Products R'000	2014 Hulamin Extrusions R'000	2014 Group total R'000
Headline earnings per share:						
– Basic (cents)			**37**			112
– Diluted (cents)			**36**			110
Normalised earnings per share:						
– Basic (cents)			**55**			111
– Diluted (cents)			**54**			109
Total assets	**6 335 986**	**320 554**	**6 656 540**	5 897 340	372 038	6 269 378
Total liabilities	**2 754 987**	**47 036**	**2 802 023**	2 339 871	95 690	2 435 561
Other disclosures						
Additions to property, plant and equipment and intangible assets	**570 699**	**34 303**	**605 002**	314 178	21 386	335 564

** Earnings before interest, taxation, depreciation, amortisation and impairment of property, plant and intangible assets.*

	2015 R'000	2014 R'000
Analysis of revenue by product market		
Automotive and transport	**1 281 436**	1 089 810
Building and construction	**170 810**	180 672
General engineering	**3 410 226**	3 679 343
Packaging	**3 532 514**	3 089 093
	8 394 986	8 038 918
Geographical analysis of revenue		
South Africa	**3 781 298**	2 959 537
North America	**2 021 928**	1 982 260
Europe	**1 325 784**	1 622 740
Asia	**546 815**	658 242
Middle East	**198 208**	455 307
Australasia	**215 217**	58 061
South America	**297 205**	278 278
Rest of Africa	**8 531**	24 493
	8 394 986	8 038 918

All non-current assets of the group are located in, or are attributable to, operations in South Africa.

The Hulamin Rolled Products segment includes revenues of R1 239 million (2014: R823 283 000) which arose from sales to the group's largest customer.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

	Total R'000	Land and buildings R'000	Plant and machinery R'000	Vehicles, equipment and other R'000	Capital works under construction R'000
3. PROPERTY, PLANT AND EQUIPMENT					
2015					
At cost					
Balance at beginning of year	**6 955 288**	**926 123**	**5 609 852**	**163 064**	**256 249**
Additions	**472 358**	**6 610**	**45 220**	**3 320**	**417 208**
Assets acquired in business combination	**117 164**	**68 364**	**48 800**	**–**	**–**
Borrowing costs capitalised	**20 451**	**2 102**	**9 847**	**–**	**8 502**
Capitalised from capital works under construction	**–**	**38 187**	**327 375**	**22 229**	**(387 791)**
Transfers	**–**	**(43)**	**(1 034)**	**1 077**	**–**
Disposals	**(104 358)**	**–**	**(103 764)**	**(594)**	**–**
Balance at end of year	**7 460 903**	**1 041 343**	**5 936 296**	**189 096**	**294 168**
Accumulated depreciation and impairment losses					
Balance at beginning of year	**4 258 140**	**509 578**	**3 610 027**	**138 535**	**–**
Charge for the year (note 19)	**140 321**	**12 996**	**117 295**	**10 030**	**–**
Disposals	**(104 358)**	**–**	**(103 764)**	**(594)**	**–**
Balance at end of year	**4 294 103**	**522 574**	**3 623 558**	**147 971**	**–**
Carrying value at 31 December 2015	**3 166 800**	**518 769**	**2 312 738**	**41 125**	**294 168**
2014					
At cost					
Balance at beginning of year	6 791 826	924 329	5 653 492	147 667	66 338
Additions	305 572	519	46 042	–	259 011
Borrowing costs capitalised	4 919	–	–	–	4 919
Capitalised from capital works under construction	–	1 308	57 752	14 959	(74 019)
Transfers	–	–	(732)	732	–
Disposals	(59 139)	(33)	(58 812)	(294)	–
Reclassification to asset held for sale	(87 890)	–	(87 890)	–	–
Balance at end of year	6 955 288	926 123	5 609 852	163 064	256 249
Accumulated depreciation and impairment losses					
Balance at beginning of year	4 276 701	508 861	3 610 334	123 556	33 950
Charge for the year (note 19)	109 952	16 844	85 624	7 484	–
Transfers	–	(16 107)	42 375	7 682	(33 950)
Disposals	(52 435)	(20)	(52 228)	(187)	–
Impairment reversal (note 20)	(43 405)	–	(43 405)	–	–
Reclassification to asset held for sale	(32 673)	–	(32 673)	–	–
Balance at end of year	4 258 140	509 578	3 610 027	138 535	–
Carrying value at 31 December 2014	2 697 148	416 545	1 999 825	24 529	256 249

The weighted average interest rate used for borrowing costs capitalised is 8,23% (2014: 7,68%).

A register of land and buildings is available for inspection at the company's registered office.

The group has applied the following methods and rates as at the date of acquisition of each asset during the current and prior years. The useful lives, and accordingly the depreciation rates, are re-evaluated on an annual basis:

Buildings	Straight line	30 to 50 years
Plant and machinery	Straight line	4 to 50 years
Vehicles	Straight line	4 to 10 years
Equipment	Straight line	5 to 20 years
Furniture	Straight line	5 to 10 years

Moveable items with a carrying value of R39 983 000 (2014: R23 060 000) and land and buildings with a carrying value of R208 024 000 (2014: not encumbered) are encumbered as security for borrowing facilities (notes 13 and 17).

Total depreciation is included in cost of sales on the Income Statement.

	2015 R'000	2014 R'000
4. INTANGIBLE ASSETS		
Software costs – internally generated and capitalised		
At beginning of year	92 128	84 288
Additions	8 085	7 840
At end of year	100 213	92 128
Accumulated amortisation		
At beginning of year	58 784	54 018
Charge for the year (note 19)	5 342	4 766
At end of year	64 126	58 784
Carrying value at end of year	36 087	33 344
Software costs – other external		
At beginning of year	51 559	29 407
Additions	7 395	22 152
At end of year	58 954	51 559
Accumulated amortisation		
At beginning of year	25 126	21 584
Charge for the year (note 19)	2 998	3 542
At end of year	28 124	25 126
Carrying value at end of year	30 830	26 433
Total software costs		
Cost	159 167	143 687
Accumulated amortisation	(92 250)	(83 910)
Carrying value at end of year	66 917	59 777

Intangible assets are amortised over their useful lives on the straight-line basis and the following rates were applied during the year:

Internally generated	3 to 15 years
Other external	3 to 10 years

The group does not undertake primary research activities and there was no development expenditure incurred in the current and prior years.

Total amortisation is included in cost of sales on the Income Statement.

5. ASSET HELD FOR SALE

In December 2014, management approved a plan to sell one of its rolling mills. Accordingly, it was presented as an asset held for sale.

The rolling mill was stated at carrying value which did not exceed its fair value less cost to sell (in accordance with IFRS 5) and comprised the following:

	2015 R'000	2014 R'000
Property, plant and machinery	–	55 217

The rolling mill was sold during 2015 and has therefore been derecognised.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
6. DEFERRED TAX ASSET		
At beginning of year	**25 450**	27 815
Tax (charged)/credited directly to equity	**(14)**	394
Income statement		
Current year charge	**(4 089)**	(3 989)
Prior year (charge)/credit	**(313)**	801
Deferred tax (charge)/credit in other comprehensive income	**(774)**	429
At end of year	**20 260**	25 450
Analysis of deferred tax asset		
Fixed assets	**(6 734)**	(2 625)
Retirement benefit obligations and other provisions	**25 747**	27 107
Other	**1 247**	968
	20 260	25 450
Deferred tax asset to be recovered after more than 12 months	**14 231**	24 063
Deferred tax asset to be recovered within 12 months	**6 029**	1 387
	20 260	25 450
7. INVENTORIES		
Raw materials	**379 550**	530 857
Work-in-progress	**409 019**	514 785
Finished goods	**774 345**	751 600
Consumable stores	**221 891**	161 692
	1 784 805	1 958 934

Inventories with a carrying value of R1 635 million (2014: R1 781 million) are encumbered as security for borrowing facilities (note 17).

Certain items of inventory were written down (note 19) to net realisable value.

8. TRADE AND OTHER RECEIVABLES

		2015 R'000	2014 R'000
Financial assets		**1 245 500**	935 977
Trade receivables		**1 205 717**	937 403
Less: Provision for impairment of receivables		**(4 752)**	(6 222)
		1 200 965	931 181
Sundry receivables		**44 535**	4 796
Non-financial assets		**138 890**	101 932
Prepayments		**40 591**	33 754
Value-added taxation receivable		**98 299**	68 178
		1 384 390	1 037 909
As at 31 December, the ageing analysis of trade and sundry receivables, which constitute financial assets, is as follows:			
Receivables that are neither overdue nor impaired		**1 127 469**	750 062
Receivables overdue but not impaired		**118 031**	185 915
Overdue by less than 60 days		**106 526**	155 543
Overdue by more than 60 days		**11 505**	30 372
Total receivables, net of provision for impairment		**1 245 500**	935 977
One debtor comprises 27% (2014: 22%) of trade receivables. There is no other significant concentration of risk related to particular customer or industry segments. As at 31 December, the exposure of the group to trade receivables, neither overdue nor impaired, in local and overseas markets, and the extent to which these are subject to credit insurance cover is as follows:			
Local trade receivables		**244 700**	220 943
– Balance subject to credit insurance	(%)	**95**	98
Export trade receivables		**826 005**	524 323
– Balance subject to credit insurance	(%)	**100**	100
		1 070 705	745 266
Trade receivables covered by credit insurance are subject to a 10% excess.			
Trade and sundry receivables that are impaired are provided for in full. No collateral is held on these receivables. The movement in the provision for impairment is as follows:			
At 1 January		**6 222**	7 835
Receivables written off during the year as uncollectible		**(1 892)**	(3 152)
Net creation during the year		**422**	1 539
At 31 December		**4 752**	6 222

Trade and other receivables with a carrying value of R1 123 million (2014: R854 231 000) have been ceded as security for borrowing facilities (note 17).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 Foreign amount '000	2015 Rand amount R'000	2014 Rand amount R'000
8. TRADE AND OTHER RECEIVABLES continued			
The group had the following uncovered export trade debtors at the period end:			
Euro	**333**	**5 634**	3 315
US Dollar	**595**	**9 256**	4 914
		14 890	8 229

	2015 R'000	2014 R'000
9. DERIVATIVE FINANCIAL INSTRUMENTS		
Foreign currency management – firm commitments and probable forecast sales (note 9.1)	**(183 088)**	(52 152)
Foreign currency management – trade debtors, creditors and import orders (note 9.2)	**(44 233)**	(12 572)
Commodity price management (note 9.3)	**128**	38 380
	(227 193)	(26 344)
Grouped as:		
Financial assets	**8 457**	44 175
Financial liabilities	**(235 650)**	(70 519)
	(227 193)	(26 344)

The credit quality of all derivative financial assets is sound and there have been no defaults in the past. None are overdue or impaired and the group does not hold collateral on derivatives. The group's maximum exposure to counterparty credit risk on derivative assets at 31 December 2015 is made up of exposure on commodity futures and amounted to R128 000 (2014: R38 380 000).

The fair value of the financial instruments is determined by applying the methods disclosed in notes 1.20 and 1.27.

The fair value measurement classification of the above financial instruments is level 2 (observable inputs) in accordance with the fair value hierarchy prescribed by IFRS 13. Key inputs used in the determination of fair value relate to London Metal Exchange (LME) aluminium prices and currency exchange rates.

The group's financial risk management strategy is discussed in note 35.

9. DERIVATIVE FINANCIAL INSTRUMENTS continued

9.1 FOREIGN CURRENCY MANAGEMENT – FIRM COMMITMENTS AND PROBABLE FORECAST SALES

The following forward foreign exchange contracts (FECs) on hand at period end are economic hedges of firm commitments and probable forecast sales and were designated as hedging instruments in terms of hedge accounting.

	2015			2014		
	Foreign amount '000	Rand amount R'000	Fair value asset/ (liability) R'000	Foreign amount '000	Rand amount R'000	Fair value asset/ (liability) R'000
Forward purchases						
US Dollar (note 9.1.1)	**4 581**	**66 315**	**7 475**	2 933	33 679	(148)
		66 315	**7 475**		33 679	(148)
Forward sales						
Euro (note 9.1.1)	**(3 395)**	**(53 260)**	**(6 738)**	(1 936)	(28 019)	741
Pound Sterling (note 9.1.1)	**(18)**	**(392)**	**(35)**	(124)	(2 266)	19
US Dollar (note 9.1.2)	**(100 659)**	**(1 408 505)**	**(183 790)**	(103 030)	(1 158 354)	(52 764)
		(1 462 157)	**(190 563)**		(1 188 639)	(52 004)
Net total		**(1 395 842)**	**(183 088)**		(1 154 960)	(52 152)
Maturing in:						
2015		**–**	**–**		(1 154 960)	(52 152)
2016		**(1 395 842)**	**(183 088)**		–	–
		(1 395 842)	**(183 088)**		(1 154 960)	(52 152)
Cash flow hedges (note 9.1.2)		**(1 408 505)**	**(183 790)**		(1 158 354)	(52 764)
Fair value hedges (note 9.1.1)		**12 663**	**702**		3 394	612
		(1 395 842)	**(183 088)**		(1 154 960)	(52 152)
Grouped as:						
Financial assets			**–**			196
Financial liabilities			**(183 088)**			(52 348)
			(183 088)			(52 152)

9.1.1 Fair value hedges

The group enters into FECs to hedge Euro, Pound Sterling and US Dollar-denominated customer orders (firm commitments). These FECs are hedge accounted and are designated as fair value hedges, accounted for in accordance with accounting policy note 1.7.

9.1.2 Cash flow hedges

The group enters into FECs to hedge US Dollar exposure of the metal component of probable forecast sales. These FECs are hedge accounted and are designated as cash flow hedges, accounted for in accordance with accounting policy note 1.7. When assessing the effectiveness of the hedges during hedge effectiveness testing, the group compares the fair value of the total sales transaction to the fair value of the FECs plus the fair value of futures discussed in note 9.3.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

9. DERIVATIVE FINANCIAL INSTRUMENTS continued

9.2 FOREIGN CURRENCY MANAGEMENT – TRADE DEBTORS, CREDITORS AND IMPORT ORDERS

The following forward foreign exchange contracts have been entered into to cover foreign currency risk, but were not designated as hedging instruments for accounting purposes at the period end:

	2015			2014		
	Foreign amount '000	Rand amount R'000	Fair value asset/ (liability) R'000	Foreign amount '000	Rand amount R'000	Fair value asset/ (liability) R'000
Forward purchases						
Euro	**2 662**	**42 396**	**3 580**	6 317	94 797	(4 497)
Pound Sterling	**1 825**	**41 376**	**745**	4 100	47 076	1 452
US Dollar	**5 213**	**75 470**	**4 906**	1 092	20 752	(787)
		159 242	**9 231**		162 625	(3 832)
Forward sales						
Euro	**(10 146)**	**(159 164)**	**(11 941)**	(7 108)	(102 854)	2 696
Pound Sterling	**(502)**	**(10 889)**	**(686)**	(426)	(7 766)	7
US Dollar	**(35 940)**	**(523 752)**	**(40 837)**	(41 142)	(467 732)	(11 443)
		(693 805)	**(53 464)**		(578 352)	(8 740)
Net total		**(534 563)**	**(44 233)**		(415 727)	(12 572)
Maturing in:						
2015		**–**	**–**		(415 727)	(12 572)
2016		**(534 563)**	**(44 233)**		–	–
		(534 563)	**(44 233)**		(415 727)	(12 572)
Grouped as:						
Financial assets			**–**			47
Financial liabilities			**(44 233)**			(12 619)
			(44 233)			(12 572)

9. DERIVATIVE FINANCIAL INSTRUMENTS continued

9.3 COMMODITY PRICE MANAGEMENT

The following futures contracts were designated as hedging instruments at the period end:

	2015 Tons	2015 Contracted value R'000	2015 Fair value asset/ (liability) R'000	2014 Tons	2014 Contracted value R'000	2014 Fair value asset/ (liability) R'000
Net aluminium futures purchases/(sales) maturing in:						
2015	–	–	–	(17 600)	(415 178)	38 380
2016	**17 350**	**406 463**	**128**	–	–	–
	17 350	**406 463**	**128**	(17 600)	(415 178)	38 380
Grouped as:						
Financial assets			**8 457**			43 932
Financial liabilities			**(8 329)**			(5 552)
			128			38 380
Cash flow hedges (note 9.3.1)			**3 693**			48 295
Fair value hedges (note 9.3.2)			**(3 565)**			(9 915)
			128			38 380

9.3.1 Cash flow hedges

The group enters into London Metal Exchange (LME) futures to hedge the metal price exposure on probable forecast sales. These LME futures are hedge accounted and are designated as cash flow hedges, accounted for in accordance with accounting policy note 1.7. When assessing the effectiveness of the hedges during hedge effectiveness testing, the group compares the fair value of the total sales transaction to the fair value of the LME futures plus the fair value of FECs discussed in note 9.1.

9.3.2 Fair value hedges

The group enters into London Metal Exchange (LME) futures to hedge the metal price exposure on firm commitments with customers. These LME futures are hedge accounted and are designated as fair value hedges, accounted for in accordance with accounting policy note 1.7.

		2015 R'000	2014 R'000
10. CASH AND CASH EQUIVALENTS			
Bank balances		**69 691**	98 407
Cash on hand		**467**	699
Nedbank call deposit		**–**	150 000
		70 158	249 106
Effective interest rates	(%)	**4,50**	4,80
Included in bank balances are the following foreign currency denominated accounts:			
Euro		**29**	6 737
Pound Sterling		**–**	1
US Dollar		**889**	14 699
		918	21 437

Bank balances with a carrying value of R38 119 000 (2014: R246 124 000) have been ceded as security for borrowing facilities (note 17).

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

11. BUSINESS COMBINATIONS

Isizinda Aluminium (Pty) Ltd (60% interest Bingelela Capital (Pty) Ltd and 40% interest Hulamin Operations (Pty) Ltd) acquired, on 1 July 2015, the Bayside casthouse business from Hillside Aluminium (Pty) Ltd, part of the South32 Limited group of companies. This strategic transaction secures Hulamin's local supply of rolling slab for the next five years and beyond, and the Bayside casthouse in Richards Bay will be developed into a broad range aluminium hub in order to stimulate and support industrialisation in Richards Bay, the growth of the domestic aluminium industry and economic growth throughout Southern Africa.

The following table summarises the consideration paid for the Bayside casthouse business, the fair value of the assets acquired and liabilities assumed at the acquisition date.

Details of the purchase consideration, and the net assets acquired are as follows:

	2015 R'000	2014 R'000
Purchase consideration:		
Cash payment	100 170	–
The assets and liabilities recognised as a result of the acquisition are as follows:		
Sundry receivable	10 000	–
Plant and equipment	48 800	–
Land and buildings	68 364	–
Inventory	41 198	–
Deferred tax liability	(16 324)	–
Net identifiable assets acquired	152 038	–
Bargain purchase gain	51 868	–

The bargain purchase gain of R51 868 000 arising from the acquisition is attributable to the land and buildings. The redevelopment of the casthouse business through the partnership of Isizinda Aluminium (Pty) Ltd (Isizinda) and Hulamin is of strategic importance to the local aluminium industry, including the interest of South32 Limited, and was an integral element in the transaction and the related gain.

Acquisition related costs of R2 480 000 have been charged to administrative expenses in the group income statement for the year ended 31 December 2015.

The gross amount due in respect of the sundry receivable is equal to its fair value and is considered collectable. The fair value of inventory is based on its market value.

Independent valuations of the plant and machinery and land and buildings were performed by external and qualified valuators in order to arrive at their respective fair values. These valuations represent level 3 fair value measurements as described in note 1.20.

Plant and machinery was valued using a market approach. The valuation technique employed provides a market value, which is determined by comparing the subject asset with identical or similar assets for which price information is available in the market. Key unobservable inputs related to quotations from suppliers and adjustments for economic obsolescence.

Land and buildings were valued using the net income capitalisation method, taking into account comparable market transactions, reduced by remedial works required to the property for best use. Key unobservable inputs related to market rentals, comparable transactions and the capitalisation rate applied.

Revenue and profit recognition

As Hulamin is the sole customer of the acquired business, the acquisition resulted in no increase in group revenues. Since 1 July 2015, the acquired business generated R1 158 million in revenues from Hulamin and contributed R1 203 000 to the net profit of the Group. The business acquired began trading on acquisition date.

Equity option

The purchase consideration of R100 170 000 for the acquisition of the Bayside casthouse was funded by a loan from Hulamin to Isizinda. The terms of the loan arrangement result in the interest held by the outside shareholder in Isizinda being treated as a grant of an equity option for a nominal consideration. An IFRS 2 charge, which represents the fair value of the option granted, of R27 224 000 was recognised in the group income statement. The fair value of the option granted was determined based on its intrinsic value. This was determined on an indirect basis with reference to the bargain purchase gain and the contributed capital of R4 000 000 from the outside shareholder. The time value component was deemed to be nominal as the option is expected to be exercised upon settlement of the loan funding which is planned to take place within eighteen months.

12. SHARE CAPITAL AND SHARE PREMIUM

	2015 R'000	2014 R'000
12.1 AUTHORISED		
800 000 000 ordinary shares of no par value (2014: 800 000 000 ordinary shares of 10 cents each)	–	80 000
31 477 333 A ordinary shares of no par value (2014: 45 000 000 A ordinary shares of 10 cents each)	–	4 500
36 072 000 B ordinary shares of no par value (2014: 28 000 000 B ordinary shares of 10 cents each)	–	2 800
Total authorised stated/share capital	–	87 300
The A ordinary shares consist of 4 721 600 A1 shares and 26 755 733 A2 shares.		
The B ordinary shares consist of 9 018 000 B1 shares, 9 018 000 B2 shares and 18 036 000 B3 shares.		
12.2 ISSUED		
Ordinary shares		
Opening balance: 319 596 836 ordinary shares of 10 cents each (2014: 319 268 492 ordinary shares of 10 cents each)	31 960	31 926
Issued during year: nil (2014: 328 344 ordinary shares of 10 cents each)	–	34
Transfer from share premium	1 785 620	–
Closing balance: 319 596 836 ordinary shares of no par value (2014: 319 596 836 ordinary shares of 10 cents each)	1 817 580	31 960
A ordinary shares		
Issued during the year: A1 and A2 ordinary shares (4 721 600 A1 ordinary shares of no par value, 26 755 733 A2 ordinary shares of no par value)	59 656	–
B ordinary shares		
Issued during the year: B1, B2 and B3 ordinary shares (9 018 000 B1 ordinary shares of no par value, 9 018 000 B2 ordinary shares of no par value, 18 036 000 B3 ordinary shares of no par value)	361	–
Total issued stated/share capital	1 877 597	31 960
Share premium		
Opening balance	1 785 620	1 785 620
Transfer to share capital	(1 785 620)	–
Consolidated A and B ordinary shares	(60 017)	–
Stated capital/share capital and share premium	1 817 580	1 817 580

12.3 A AND B ORDINARY SHARES

All A ordinary shares and B ordinary shares have voting rights which rank *pari passu* with ordinary shares.

A1 ordinary shares are entitled to dividends whilst all B ordinary shares have no entitlement to dividends.

12.4 UNISSUED

Under option to employees:

Details of the employee share incentive schemes, including the share options outstanding at the end of the year, the range of exercise prices and the weighted average contractual lives related thereto, are set out in note 33.

Under the control of the directors:

At 31 December 2015, 6 801 529 unissued ordinary shares (2014: 6 801 529) were under the control of the directors, for the purpose, *inter alia,* of existing employee share incentive schemes.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

	Effective interest rate (%)	2015 R'000	2014 R'000
13. NON-CURRENT BORROWINGS			
Nedbank	9,53	270 000	–
Less: Current portion included in current borrowings		(54 000)	–
		216 000	–

The Nedbank long-term loan is secured against a mortgage bond of R405 000 000 over land and buildings disclosed in note 3.

The fair values of the non-current borrowings approximate their carrying value.

The loan is repayable in quarterly instalments over five years commencing in March 2016. As R54 000 000 is due within twelve months from reporting date, it has been reclassified to current borrowings. Refer to note 17.

	2015 R'000	2014 R'000
14. DEFERRED TAX LIABILITY		
At beginning of year	477 702	405 311
Tax (credited)/charged directly to equity	(28 050)	4 684
Deferred tax on business combination	16 324	–
Income statement		
Current year charge	21 574	66 797
Prior year (credit)/charge	(785)	910
At end of year	486 765	477 702
The deferred tax liability is analysed as follows:		
Accelerated tax depreciation	564 783	518 026
Provisions and leave pay accruals	(61 662)	(63 166)
Defined benefit fund	38 222	38 879
Share schemes	(11 154)	(14 070)
Hedging reserve	(35 825)	2 572
Trade receivable prepayments	(6 426)	(6 778)
Other	(288)	2 239
Assessed loss	(885)	–
	486 765	477 702
Deferred tax liability to be settled after more than 12 months	544 204	479 463
Deferred tax liability to be settled within 12 months	(57 439)	(1 761)
	486 765	477 702
15. RETIREMENT BENEFIT OBLIGATIONS		
Post-retirement medical aid provision	195 606	203 445
Retirement gratuity provision	32 391	32 924
	227 997	236 369

The movements in these provisions are detailed in note 27.

	2015 R'000	2014 R'000
16. TRADE AND OTHER PAYABLES		
Trade payables	564 097	779 627
Leave pay and bonus accruals	85 101	76 796
Sundry accruals and other payables	157 012	108 404
	806 210	964 827

		2015 R'000	2014 R'000
17. CURRENT BORROWINGS			
Nedbank revolving facilities		**703 382**	614 838
Current portion of term loan		**54 000**	–
Pension fund loan (note 27,31)		**72 019**	71 306
		829 401	686 144
Effective interest rates are as follows:			
Nedbank term loan	(%)	**8,32**	7,68
Pension fund loan	(%)	**7,89**	6,68

The Nedbank revolving facilities comprise gross borrowings of R926 647 000 (2014: R652 884 000) which has been offset by bank balances of R223 265 000 (2014: R38 046 000) in terms of the loan agreements with Nedbank.

The Nedbank revolving facilities are secured against total inventories, total trade receivables, total bank balances, moveable items of property, plant and equipment and also against all credit insurance on trade receivables and against insurance on fixed assets.

Refer to note 13 for details on the term loan.

The pension fund loan is unsecured and has no fixed terms of repayment.

The fair values of the current borrowings approximate their carrying value.

	2015 R'000	2014 R'000
18. OTHER GAINS AND LOSSES		
Loss on disposal of property, plant and equipment	**(10 538)**	(6 498)
Valuation adjustments on non-derivative items (note 18.1)	**203 072**	46 349
Valuation adjustments on derivative items (note 18.2)	**4 371**	74 810
Bargain purchase gain (note 11)	**51 868**	–
	248 773	114 661
18.1 VALUATION ADJUSTMENTS ON NON-DERIVATIVE ITEMS		
Foreign exchange gains on debtors and creditors balances	**207 640**	50 156
Foreign currency denominated cash balances	**7 156**	(6 583)
Valuation (losses)/gains on firm commitments	**(11 724)**	2 776
	203 072	46 349
18.2 VALUATION ADJUSTMENTS ON DERIVATIVE ITEMS		
Foreign exchange contracts: debtors and creditors balances	**(141 895)**	(16 322)
Foreign exchange contracts: firm commitments	**8 675**	(738)
Commodity futures: fair value hedges	**26 150**	(6 180)
Losses on fair value hedges	**(107 070)**	(23 240)
Forward point gains: forward exchange contracts in respect of cash flow hedge designated contracts	**111 441**	98 050
	4 371	74 810
18.3 INEFFECTIVE PORTION OF ALL HEDGES RECOGNISED IN PROFIT OR LOSS		
Fair value hedges	**3 436**	1 110
Cash flow hedges	**(858)**	–
	2 578	1 110
18.4 THE FOLLOWING AMOUNTS ARE INCLUDED IN REVENUE		
Cash flow hedge losses transferred from equity	**(166 597)**	(170 582)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
19. EXPENSES BY NATURE		
Aluminium and other material costs	**5 667 073**	5 381 439
Utilities and other direct manufacturing costs	**657 418**	636 620
Employment costs (note 19.1)	**929 937**	776 483
Depreciation (note 3)	**140 321**	109 952
Amortisation of intangible assets (note 4)	**8 340**	8 308
Repairs and maintenance	**255 100**	203 869
Freight and commissions	**308 630**	325 519
Other operating income and expenditure (note 19.2)	**381 460**	169 661
	8 348 279	7 611 851
Classified as:		
Cost of sales	**7 855 025**	7 119 966
Selling, marketing and distribution expenses	**382 204**	403 104
Administrative and other expenses	**111 050**	88 781
	8 348 279	7 611 851
19.1 EMPLOYMENT COSTS		
Salaries and wages	**839 123**	720 050
Retirement benefits costs:		
Defined contribution schemes (note 27)	**50 306**	42 502
Defined benefit scheme (note 27)	**(8 227)**	(9 565)
Post-retirement medical aid costs (note 27)	**27 209**	4 030
Retirement gratuities (note 27)	**4 749**	4 310
Share incentive costs	**16 777**	15 156
	929 937	776 483
19.2 OTHER OPERATING INCOME AND EXPENDITURE		
Other operating income and expenditure includes:		
Write-down of inventories	**13 669**	9 266
Operating leases	**22 245**	12 899
Decrease in provision for impairment of debtors	**(1 470)**	(1 613)
Auditors' remuneration (note 19.3)	**4 633**	4 391
Equity-settled share-based payment: Isizinda	**27 224**	–
Share-based payment costs on 2015 BEE transaction	**20 000**	–
19.3 AUDITORS' REMUNERATION		
Audit fees	**4 282**	3 844
Fees for other services	**155**	362
Expenses	**196**	185
	4 633	4 391

	2015 R'000	2014 R'000
20. IMPAIRMENT OF NON-CURRENT ASSETS		
The impairment reversal recognised in the income statement is as follows:		
Rolled Products specific asset impairment reversal (note 20.3)	–	(43 405)
Taxation thereon	–	12 153
Net impairment reversal	–	(31 252)

The company's shares continued to trade on the Johannesburg Stock Exchange at a discount to underlying net asset value during the period under review. In the circumstances, and as required by IAS 36, management have assessed the recoverable amounts of the assets (or cash-generating units to which they belong) disclosed in notes 3, 4, 7 and 8 (net of liabilities disclosed in note 13 and 17) at the period end. The recoverable amount was determined to be the value in use. The assessment compared the estimated value in use based on forecast future cash flows to the carrying amount.

20.1 HULAMIN ROLLED PRODUCTS CASH-GENERATING UNIT

The recoverable amount of these assets at 31 December 2015 was above the carrying amount and no impairment charge is thus required. A reversal of the 2013 impairment charge is also not required.

The key assumptions used in the value-in-use calculation are consistent with those used in the five-year business plan approved by the board of directors. Adjustments were made to the plan forecasts to ensure compliance with the value-in-use methodology required by IAS 36. Key assumptions include:

Sales volumes – excludes benefits of future capital expenditure and restructuring and adjusted to take account of actual performance against previous forecasts. Annual future volume capped at 220 000 tons.

Rolling margins – takes into account current and anticipated changes in market conditions and product mix.

Currency exchange rates – based on the median of forecasts by major financial and other institutions to 2018 and on inflation differentials thereafter, with the ZAR/USD rate rising from an average of R12,76 in 2015 to R15,59 in 2020.

A pre-tax discount rate of 14,9% (post-tax 11,6%) was used in the calculation and this rate is similar to the 14,1% (post-tax 11,3%) used in 2014. The increase in the rate was caused by an increase in the interest rates. The discount rate includes a company-specific risk premium of 1% which in particular arises from the company's exposure to volatile exchange rates, and is unchanged from the prior year.

Sensitivity analysis

The determination of the value in use for Hulamin Rolled Products, and any resulting impairment, is particularly sensitive to:

Discount rate – increasing the rate from 11,6% to 12,6% would result in an impairment charge of R166 million.

Rolling margins – lowering average margins by 5,0% would result in an impairment charge of R1 352 million.

Rate of exchange – a R1,00 strengthening in the ZAR/USD rate for each year in the forecast period would result in an impairment charge of R1 861 million.

20.2 HULAMIN EXTRUSIONS CASH-GENERATING UNIT

It was determined, as at 31 December 2015, that no impairment of the carrying values of the assets of this cash-generating unit is required.

20.3 SPECIFIC ASSET IMPAIRMENT REVERSAL

In 2014, management committed to a plan to sell this rolling mill and, accordingly, the recoverable amount was reassessed based on the rolling mill's fair value less costs to sell. This resulted in an impairment reversal of R43 405 000 which had been recognised in 2012. The rolling mill was classified as an asset held for sale in the 2014 financial statements. The sale was completed during 2015 and accordingly the rolling mill has been derecognised in the 2015 financial statements. Refer to note 5 for further disclosure.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

		2015 R'000	2014 R'000
21. NET FINANCE COSTS			
Interest expense		**68 577**	48 160
Non-current borrowings interest		**9 626**	–
Current borrowings interest		**79 402**	53 079
Interest capitalised		**(20 451)**	(4 919)
Interest income		**(2 085)**	(2 453)
Net finance costs		**66 492**	45 707
22. TAXATION			
South African normal taxation:			
Current			
Current year charge		**38 104**	83 596
Prior year underprovision		**1 978**	7
Deferred			
Current year charge		**25 664**	70 786
Prior year (over)/underprovision		**(472)**	109
		65 274	154 498
South African income tax is levied on the company and its subsidiaries and not the group.			
Tax rate reconciliation			
Normal rate of taxation	(%)	**28,0**	28,0
Adjusted for:			
Items of a capital nature	(%)	**0,5**	0,6
Share-based payment costs on 2015 BEE transaction	(%)	**5,7**	–
Bargain purchase gain	(%)	**(6,3)**	–
Prior year adjustment	(%)	**0,6**	–
Effective rate of taxation	(%)	**28,5**	28,6

23. EARNINGS PER SHARE

23.1 WEIGHTED AVERAGE NUMBER OF SHARES

Basic earnings per share, headline earnings per share and normalised earnings per share are calculated using the weighted average number of ordinary shares in issue during the year. For purposes of calculating diluted earnings per share, headline earnings per share and normalised 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, headline earnings per share and basic normalised earnings per share	**December 2015 Number of shares**	**December 2014 Number of shares**
Basic EPS – weighted average number of shares	**319 596 836**	319 515 636
Share options	**7 666 904**	6 860 351
Diluted EPS – weighted average number of shares	**327 263 740**	326 375 987

		2015 R'000	**2014 R'000**
23.2 EARNINGS/(LOSS) PER SHARE			
Basic	(cents)	**51**	120
Diluted	(cents)	**50**	118
23.3 HEADLINE EARNINGS PER SHARE			
Net profit for the year		**163 714**	384 928
Adjustments		**(44 453)**	(26 573)
– Loss on disposal of property, plant and equipment		**10 538**	6 498
– Impairment reversal		**–**	(43 405)
– Bargain purchase gain		**(51 868)**	–
– Tax effect		**(3 123)**	10 334
Headline earnings		**119 261**	358 355
Headline earnings per share			
Basic	(cents)	**37**	112
Diluted	(cents)	**36**	110
23.4 NORMALISED EARNINGS PER SHARE			
Headline earnings		**119 261**	358 355
Adjusted for (net of tax):			
Share-based payment costs on 2015 BEE transaction		**20 000**	–
Transaction costs*		**5 455**	7 450
Post-retirement medical aid past service costs adjustments		**4 857**	(11 272)
Equity-settled share-based payment: Isizinda		**27 224**	–
Normalised earnings		**176 797**	354 533
** This relates to the aggregate transaction costs incurred during the year in respect of various corporate acquisitions, BEE ownership and investment activities.*			
Normalised earnings per share			
Basic	(cents)	**55**	111
Diluted	(cents)	**54**	109

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
24. DIVIDENDS PER SHARE		
Dividends per share declared		
Interim dividend: 8 cents on 319 596 836 ordinary shares (2014: nil)	**25 568**	–
Final dividend: nil (2014: 25 cents)	**–**	79 899
Total	**25 568**	79 899
25. CASH GENERATED BEFORE WORKING CAPITAL CHANGES		
Operating profit	**295 480**	585 133
Adjusted for:		
Depreciation	**140 321**	109 952
Amortisation of intangible assets	**8 340**	8 308
Impairment reversal	**–**	(43 405)
Loss on disposal of property, plant and equipment	**10 538**	6 498
Net movement in retirement benefit asset and obligations	**16 902**	19 431
Value of employee services	**16 777**	15 156
Share-based payment costs on A ordinary shares redeemed	**–**	3 624
Movements in derivatives	**63 715**	27 543
Foreign exchange gains on cash and cash equivalents	**(7 205)**	–
Equity-settled share-based payment: Isizinda	**27 224**	–
Share-based payment costs on 2015 BEE transaction	**20 000**	–
Bargain purchase gain	**(51 868)**	–
	540 224	732 240
26. CHANGES IN WORKING CAPITAL		
Decrease/(increase) in inventories	**215 327**	(152 359)
Increase in trade and other receivables	**(336 481)**	(65 290)
(Decrease)/increase in trade and other payables	**(158 617)**	138 795
	(279 771)	(78 854)

27. RETIREMENT BENEFITS

27.1 RETIREMENT BENEFIT SCHEMES

The group contributes towards retirement benefits for substantially all permanent employees who are required to be a member of one of the retirement benefit plans, either pension fund or provident fund, elected by the group. These schemes are governed by the relevant fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of the group. The scheme assets are administered by boards of trustees, each of which includes elected representatives.

(a) Provident fund

The group's contributions to the Metal Industries Provident Fund scheme, a defined contribution plan, amounted to R12 944 000 (2014: R10 201 000) and were expensed during the year.

(b) Hulamin Pension Fund

During 2012, members and pensioners accepted an offer made by the fund to convert the benefits of all in-service members from defined benefit to defined contribution and to transfer the liabilities for the payment of pensions to an insurer. The group has no further exposure to actuarial or investment risk relating to the defined contribution section of the fund.

In addition to an enhancement of benefits granted by the fund to members and pensioners on conversion, the fund also provided certain members with a further benefit which targeted (but provided no guarantee of), at the date of conversion, equivalent benefits on retirement in terms of the defined contribution basis as would have been obtained had the member remained on the defined benefit basis (the "retirement benefit equalisation value").

The assets relating to the retirement benefit equalisation value are held in the employer surplus account and there is no cross-subsidisation between the retirement benefit equalisation value and the assets held by the fund in terms of the defined contribution section of the fund. In addition to the assets relating to the retirement benefit equalisation value, assets relating to the surplus apportionment to the company are held in the employer surplus account.

The company provides no guarantee in terms of the investment returns that are earned on members' retirement benefit equalisation values. The retirement benefit equalisation value benefit accrues with service and is therefore accounted for as a defined benefit plan in terms of IAS 19 (revised). The group holds no actuarial or investment risk relating to the retirement benefit equalisation value benefit.

An actuarial valuation of the group's defined benefit obligation (in relation to the retirement benefit equalisation value) and assets in the employer surplus account was performed in accordance with IAS 19 (revised) at 31 December 2015.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

	R'000	R'000
27. RETIREMENT BENEFITS continued		
27.1 RETIREMENT BENEFIT SCHEMES continued		
(b) Hulamin Pension Fund continued		
Amounts recognised in the balance sheet are as follows:		
Fair value of plan assets (represents amounts held in employer surplus account)	**152 524**	147 181
Present value of funded obligations	**(10 232)**	(8 327)
Pension fund asset at end of year	**142 292**	138 854
Movement in the defined benefit obligation is as follows:		
Defined benefit obligation at beginning of year	**8 327**	4 708
Current service cost	**3 331**	3 138
Interest cost	**1 011**	688
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	**(1 980)**	453
Actuarial gains arising from experience adjustments	**(121)**	(434)
Benefits paid	**(336)**	(226)
Defined benefit obligation at end of year	**10 232**	8 327
Movement in the fair value of plan assets (amounts held in employer surplus account) is as follows:		
Fair value of plan assets at beginning of year	**147 181**	166 176
Actual return on plan assets	**14 046**	12 677
Interest income	**12 569**	13 391
Remeasurements:		
Return on plan assets, excluding amounts included in interest income	**1 477**	(714)
Benefits paid	**(336)**	(226)
Contribution funded from employer reserves	**(8 367)**	(31 446)
Fair value of plan assets at end of year	**152 524**	147 181
The fair value of plan assets comprises the employer surplus account which comprises:		
Quoted market price in an active market:		
Market risk portfolio	**55 867**	52 139
Conservative portfolio	**53**	7
Money market and cash	**24 585**	23 729
Other assets:		
Loan to employer company (note 17)	**72 019**	71 306
	152 524	147 181
Balances in respect of the retirement benefit equalisation value included in the fair value of plan assets at end of year	**55 921**	52 027

27. RETIREMENT BENEFITS continued

27.1 RETIREMENT BENEFIT SCHEMES continued

(b) Hulamin Pension Fund continued

		2015 R'000	2014 R'000
The amounts recognised in the income statement are as follows:			
Defined benefit plan (retirement benefit equalisation value)		**(8 227)**	(9 565)
Current service cost		**3 331**	3 138
Net interest income		**(11 558)**	(12 703)
Defined contribution plan		**37 362**	32 301
Employer contribution from reserves (utilisation of employer surplus account)		**8 367**	31 446
Employer cash contribution		**28 995**	855
		29 135	22 736
Amounts recognised in other comprehensive income are as follows:			
Actuarial (gains)/losses arising from changes in financial assumptions		**(1 980)**	453
Actuarial gains arising from experience adjustments		**(121)**	(434)
Return on plan assets, excluding amounts included in interest income		**(1 477)**	714
The average duration of the benefit obligation at 31 December 2015 is 23,5 years (2014: 24,7 years).			
Principal actuarial assumptions at the end of the reporting period are as follows:			
Discount rate	(%)	**10,85**	8,80
Future inflation rate	(%)	**7,40**	6,15
Sensitivity of discount rate:			
1% increase in discount rate – effect on current service cost		**(551)**	(669)
1% increase in discount rate – effect on the obligation		**(1 931)**	(1 673)
1% decrease in discount rate – effect on current service cost		**700**	861
1% decrease in discount rate – effect on the obligation		**2 449**	2 153

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity the same method has been applied as when calculating the liability recognised within the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
27. RETIREMENT BENEFITS continued		
27.2 POST-RETIREMENT MEDICAL AID BENEFITS		
The group has undertaken to contribute to the medical aid costs after retirement of employees engaged prior to 30 June 1996. The obligation is unfunded.		
Amounts recognised in the balance sheet are as follows:		
Present value of unfunded obligations	**195 606**	203 445
Liability in the balance sheet	**195 606**	203 445
The liability can be reconciled as follows:		
Balance at beginning of year	**203 445**	196 870
Total expense accrued	**27 209**	4 030
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	**(20 740)**	7 150
Actuarial (gains)/losses arising from experience adjustments	**(1 610)**	4 302
Benefit payments	**(12 698)**	(8 907)
Balance at end of year	**195 606**	203 445
Amounts recognised in the income statement are as follows:		
Interest costs	**17 741**	17 411
Current service costs	**2 722**	2 979
Past service costs credit adjustment (note i)	**7 039**	(12 030)
Settlement gains (note ii)	**(293)**	(4 330)
	27 209	4 030
Amounts recognised in other comprehensive income are as follows:		
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	**(20 740)**	7 150
Actuarial (gains)/losses arising from experience adjustments	**(1 610)**	4 302

Note i In 2014, the company changed its medical aid subsidy policy for in-service employees with effect from 1 January 2016, from which date any increases in medical aid subsidisation will be based on CPI plus 1%. In 2015, this policy was revised to allow increases in medical aid subsidisation to be the higher of CPI plus 1% and the average salary increase approved by the board. This resulted in a credit adjustment in 2014 and a debit adjustment in 2015.

Note ii During 2014, the company made a voluntary offer to pensioners whereby, inter alia, pensioners could elect to accept a once-off lump sum in lieu of continuing to receive post-retirement medical aid subsidy payments. The settlement gain arose from certain pensioners electing to receive a once-off lump sum in lieu of future post-retirement medical aid subsidy payments.

Principal risks

Through its post-retirement medical aid subsidy benefit, the group is exposed to a number of risks, principally changes in:

- Financial assumptions:
  - Discount rate, which is set having regard to the market yield on suitable government bonds taking into account the estimated duration of the liability
  - Long-term price inflation rate, which is measured by the relationship between the yields of conventional and inflation-linked government bonds, taking into account the estimated duration of the liability
  - Medical inflation rate.
- Demographic assumptions:
  - Withdrawal, pre-retirement mortality and ill-health retirement rates
  - Post-retirement mortality
  - Family statistics.

The demographic assumptions used in the valuation of the liability are consistent with those of the prior year.

Changes in the principal financial assumptions are detailed below.	2015 %	2014 %
Principal financial assumptions:		
Discount rate	**10,85**	8,80
Future company subsidy rate – in service	**8,85**	7,90
Future company medical subsidy increase – pensioners	**9,15**	7,15

27. RETIREMENT BENEFITS continued

27.2 POST-RETIREMENT MEDICAL AID BENEFITS continued

	2015 R'000	2014 R'000
Sensitivity of future company subsidy rate:		
1% increase in future company subsidy rate – effect on the aggregate of the service and interest costs	**3 520**	3 254
1% increase in future company subsidy rate – effect on the obligation	**26 993**	29 428
1% decrease in future company subsidy rate – effect on the aggregate of the service and interest costs	**(2 904)**	(2 656)
1% decrease in future company subsidy rate – effect on the obligation	**(22 424)**	(24 224)
Sensitivity of discount rate:		
1% increase in discount rate – effect on current service cost	**(1 127)**	(471)
1% increase in discount rate – effect on the obligation	**(21 901)**	(23 764)
1% decrease in discount rate – effect on current service cost	**1 283**	607
1% decrease in discount rate – effect on the obligation	**26 758**	29 327

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity the same method has been applied as when calculating the liability recognised within the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The average duration of the benefit obligation at 31 December 2015 is 13,7 years (2014: 14,1 years). This number is analysed as follows:

– Active members 20,1 years (2014: 20,8 years)
– Retired members 9,8 years (2014: 10,0 years)

	2015 R'000	2014 R'000
Estimated benefits payable by the group in the next financial year	**9 730**	9 115

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

27. RETIREMENT BENEFITS continued

27.3 RETIREMENT GRATUITIES

The group has in the past made discretionary payments, on retirement, to eligible employees who have remained in service until retirement age, and have completed a minimum service period.

The obligation is unfunded.

	2015 R'000	2014 R'000
Amounts recognised in the balance sheet are as follows:		
Present value of unfunded obligations	32 391	32 924
Liability in the balance sheet	32 391	32 924
The liability can be reconciled as follows:		
Balance at beginning of year	32 924	28 956
Total expense accrued	4 749	4 310
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	(2 893)	358
Actuarial losses arising from experience adjustments	109	1 181
Gratuity payments	(2 498)	(1 881)
Balance at end of year	32 391	32 924
Amounts recognised in the income statement are as follows:		
Interest costs	2 833	2 545
Service costs	1 916	1 765
	4 749	4 310
Amounts recognised in other comprehensive income are as follows:		
Actuarial (losses)/gains arising from changes in financial assumptions	(2 893)	358
Actuarial gains arising from experience adjustments	109	1 181

Principal risks

Through its retirement gratuity benefit, the group is exposed to a number of risks, principally changes in:

- Financial assumptions:
  - Discount rate, which is set having regard to the market yield on suitable government bonds taking into account the estimated duration of the liability
  - Long-term price inflation rate, which is measured by the relationship between the yields of conventional and inflation-linked government bonds, taking into account the estimated duration of the liability
  - Salary inflation in excess of price inflation
- Demographic assumptions:
  - Withdrawal, pre-retirement mortality and ill-health mortality rates
  - Post-retirement mortality
  - Family statistics.

The demographic assumptions used in the valuation of the liability are consistent with those of the prior year.

27. RETIREMENT BENEFITS continued

27.3 RETIREMENT GRATUITIES continued

Changes in the principal financial assumptions are detailed below:

		2015 R'000	2014 R'000
Principal financial assumptions:			
Discount rate	(%)	**10,85**	8,60
Future salary inflation rate	(%)	**7,75**	7,40
Sensitivity of future salary inflation rate:			
1% increase in future salary inflation rate – effect on the aggregate of the service and interest costs		**735**	674
1% increase in future salary inflation rate – effect on the obligation		**3 798**	4 007
1% decrease in future salary inflation rate – effect on the aggregate of the service and interest costs		**(631)**	(576)
1% decrease in future salary inflation rate – effect on the obligation		**(3 310)**	(3 482)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity the same method has been applied as when calculating the liability recognised within the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The average duration of the benefit obligation at 31 December 2015 is 12,2 years (2014: 13,6 years).

Estimated retirement gratuities, payable by the group during the next financial year, are R890 000.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
28. LEASE COMMITMENTS		
Operating lease commitments, amounts due:		
Not later than one year	**18 742**	14 463
Later than one year and not later than five years	**22 292**	25 433
	41 034	39 896
In respect of:		
Property	**4 921**	499
Plant and machinery	**36 113**	39 397
	41 034	39 896

The group leases forklift trucks and offices under non-cancellable operating lease agreements.

The leases have varying terms, escalation clauses and renewal rights.

29. CAPITAL EXPENDITURE COMMITMENTS

	2015 R'000	2014 R'000
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:		
Property, plant and equipment	**202 632**	226 759

Capital expenditure will be funded by a combination of external borrowings and cash flows from operations.

30. CONTINGENT LIABILITIES

The group has no contingent liabilities as at 31 December 2015 (2014: nil).

31. RELATED PARTY TRANSACTIONS

Balances and transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and the pension fund are disclosed below:

	2015 R'000	2014 R'000
Loan from pension fund (refer notes 17, 27)	**72 019**	71 306

Transactions with key management personnel, which comprises directors (executive and non-executive), prescribed officer and members of the executive committee, are detailed in note 32.

32. DIRECTORS' REMUNERATION AND INTEREST

Directors' and prescribed officer's remuneration during the 2015 financial year

Director	Retainer fees Rand	Attendance fees Rand	Cash package Rand	Bonus and performance related payments^ Rand	Medical aid contributions Rand	Retirement fund contributions Rand	Subtotal Rand	Value of options granted# Rand	Total Rand	Gains on exercise of share options Rand
Non-executive										
M E Mkwanazi	437 998	187 334					625 332		625 332	
L C Cele	255 565	99 952					355 517		355 517	
V N Khumalo*	169 838	83 041					252 879		252 879	
T P Leeuw	265 877	113 533					379 410		379 410	
J B Magwaza	206 232	61 910					268 142		268 142	
N N A Matyumza	255 565	109 139					364 704		364 704	
S P Ngwenya	169 837	55 658					225 495		225 495	
P H Staude	199 761	85 369					285 130		285 130	
S M G Jennings+	332 907	114 733					447 640		447 640	
G H M Watson	460 143	201 690					661 833		661 833	
	2 753 723	1 112 359	–	–	–	–	3 866 082	–	3 866 082	–
Executive										
R G Jacob			4 004 004	669 677	103 992	499 676	5 277 349	2 920 235	8 197 584	3 723 765
D A Austin			2 928 557	394 663	170 208	354 145	3 847 573	1 044 499	4 892 072	–
M Z Mkhize			2 729 496	365 599	187 896	340 362	3 623 353	1 067 622	4 690 975	721 210
	–	–	9 662 057	1 429 939	462 096	1 194 183	12 748 275	5 032 356	17 780 631	4 444 975
Prescribed officer										
H T Molale			2 318 172	231 734	112 836	288 947	2 951 689	906 349	3 858 038	1 124 888
	–	–	2 318 172	231 734	112 836	288 947	2 951 689	906 349	3 858 038	1 124 888
	2 753 723	1 112 359	11 980 229	1 661 673	574 932	1 483 129	19 566 046	5 938 705	25 504 751	1 124 888

^ *The bonus payments reflected above are in relation to the 2015 year, paid in 2016.*

* *Directors' fees due to a shareholder nominee on the Hulamin board are paid to the employer organisation and not to the nominee.*

The value of the equity-settled options granted is the annual expense determined in accordance with IFRS 2 – Share-based payments.

+ *S M G Jennings resigned from the Hulamin board of directors on 30 September 2015.*

Executive Committee members' remuneration during the 2015 financial year*

	Cash package Rand	Bonus and performance related payments^ Rand	Medical aid contributions Rand	Retirement fund contributions Rand	Subtotal Rand	Value of options granted Rand	Total Rand	Gains on exercise of share options Rand
Total	6 994 896	927 447	342 660	871 887	9 136 890	2 734 888	11 871 778	2 358 142

* *Excluding executive directors and prescribed officer.*

^ *The bonus payments reflected above are in relation to the 2015 year, paid in 2016.*

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

32. DIRECTORS' REMUNERATION AND INTEREST continued

Directors' and prescribed officer's remuneration during the 2014 financial year

Director	Retainer fees Rand	Attendance fees Rand	Cash package Rand	Bonus and per-formance related payments^ Rand	Medical aid contri-butions Rand	Retirement fund contri-butions Rand	Subtotal Rand	Value of options granted# Rand	Total Rand	Gains on exercise of share options Rand
Non-executive										
M E Mkwanazi	419 207	227 664					646 871		646 871	
L C Cele	244 256	114 410					358 666		358 666	
V N Khumalo*	164 171	106 380					270 551		270 551	
T P Leeuw	253 889	127 794					381 683		381 683	
J B Magwaza	192 657	82 668					275 325		275 325	
N N A Matyumza	238 744	128 679					367 423		367 423	
S P Ngwenya	158 659	74 225					232 884		232 884	
P H Staude	189 369	96 167					285 536		285 536	
S M G Jennings	467 656	243 906					711 562		711 562	
G H M Watson	467 579	248 279					715 858		715 858	
	2 796 187	1 450 172	–	–	–	–	4 246 359	–	4 246 359	–
Executive										
R G Jacob			3 742 488	1 453 320	94 581	466 986	5 757 375	1 903 095	7 660 470	
D A Austin			2 708 318	824 722	154 824	309 758	3 997 622	617 317	4 614 939	
M Z Mkhize			2 550 648	737 796	164 204	318 006	3 770 654	793 897	4 564 551	
	–	–	9 001 454	3 015 838	413 609	1 094 750	13 525 651	3 314 309	16 839 960	–
Prescribed officer										
H T Molale			1 899 780	735 793	101 224	236 648	2 973 445	532 801	3 506 246	168 153
	–	–	1 899 780	735 793	101 224	236 648	2 973 445	532 801	3 506 246	168 153
	2 796 187	1 450 172	10 901 234	3 751 631	514 833	1 331 398	20 745 455	3 847 110	24 592 565	168 153

^ *The bonus payments reflected above are in relation to the 2014 year, paid in 2015.*

* *Directors' fees due to a shareholder nominee on the Hulamin board are paid to the employer organisation and not to the nominee.*

The value of the equity-settled options granted is the annual expense determined in accordance with IFRS 2 – Share-based payments.

Executive Committee members' remuneration during the 2014 financial year*

	Cash package Rand	Bonus and performance related payments^ Rand	Medical aid contri-butions Rand	Retirement fund contri-butions Rand	Subtotal Rand	Value of options granted Rand	Total Rand	Gains on exercise of share options Rand
Total	7 379 034	2 252 990	347 146	1 481 212	11 460 382	2 284 484	13 744 866	–

* *Excluding executive directors and prescribed officer.*

^ *The bonus payments reflected above are in relation to the 2014 year, paid in 2015.*

32. DIRECTORS' REMUNERATION AND INTEREST continued

Interest of directors and prescribed officer of the company in share-based instruments

Hulamin Limited Share Appreciation Right Scheme 2007

	Number of rights granted in 2011	Number of rights granted in 2013	Number of rights granted in 2014	Number of rights at December 2014	Number of rights granted in 2015	Number of rights exercised in 2015	Number of rights lapsed in 2015	Number of rights at December 2015	Rights time constrained
Executive director									
D A Austin		234 243	196 546	430 789	**135 553**	**–**	**–**	**566 342**	**566 342**
R G Jacob	509 138	1 018 161	633 100	2 160 399	**396 925**	**1 039 870**	**–**	**1 517 454**	**1 517 454**
M Z Mkhize	261 503	470 418	201 780	933 701	**138 555**	**–**	**–**	**1 072 256**	**569 581**
	770 641	1 722 822	1 031 426	3 524 889	**671 033**	**1 039 870**	**–**	**3 156 052**	**2 653 377**
Prescribed officer									
H T Molale	167 931	301 714	150 157	619 802	**117 625**	**322 612**	**–**	**414 815**	**414 815**
	167 931	301 714	150 157	619 802	**117 625**	**322 612**	**–**	**414 815**	**414 815**
Grant price	R6,91	R4,56	R6,80		R8,20				
Grant date	25.5.2011	25.2.2013	24.4.2014		23.4.2015				
Grant price		R4,01							
Grant date		27.5.2013							

Hulamin Limited Long Term Incentive Plan 2007 – With Performance Conditions

	Number of rights granted in 2013	Number of rights at December 2014	Number of rights granted in 2015	Number of rights exercised in 2015	Number of rights lapsed in 2015	Number of rights at December 2015	Rights time constrained
Executive director							
D A Austin	102 232	188 012	**59 708**	**–**	**–**	**247 720**	**247 720**
R G Jacob	381 132	618 130	**146 625**	**97 169**	**101 603**	**565 983**	**565 983**
M Z Mkhize	205 430	293 494	**61 030**	**51 515**	**53 864**	**249 145**	**249 145**
	688 794	1 099 636	**267 363**	**148 684**	**155 467**	**1 062 848**	**1 062 848**
Prescribed officer							
H T Molale	131 757	197 291	**51 811**	**33 040**	**34 547**	**181 515**	**181 515**
	131 757	197 291	**51 811**	**33 040**	**34 547**	**181 515**	**181 515**
Grant price	R4,56	R6,80	R8,20				
Grant date	25.2.2013	24.4.2014	23.4.2015				
Grant price	R4,01						
Grant date	27.5.2013						

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

32. DIRECTORS' REMUNERATION AND INTEREST continued

Interest of directors and prescribed officer of the company in share-based instruments continued

Hulamin Limited Long Term Incentive Plan 2007 – Without Performance Conditions

	Number of conditional awards granted in 2013	Number of conditional awards granted in 2014	Number of conditional awards at December 2014	Number of conditional awards granted in 2015	Number of conditional awards exercised in 2015	Number of conditional awards at December 2015	Conditional awards time constrained
Executive director							
D A Austin	179 073	28 583	207 656	**19 903**	**–**	**227 559**	**227 559**
R G Jacob	127 186	78 999	206 185	**48 875**	**66 257**	**188 803**	**188 803**
M Z Mkhize	68 476	29 355	97 831	**20 343**	**35 126**	**83 048**	**83 048**
	374 735	136 937	511 672	**89 121**	**101 383**	**499 410**	**499 410**
Prescribed officer							
H T Molale	43 919	21 845	65 764	**17 270**	**22 529**	**60 505**	**65 764**
	43 919	21 845	65 764	**17 270**	**22 529**	**60 505**	**65 764**
Grant price	R4,56	R6,80		R8,20			
Grant date	25.2.2013	24.4.2014		23.4.2015			
Grant price	R4,60						
Grant date	1.3.2013						
Grant price	R4,01						
Grant date	27.5.2013						

Hulamin Limited Deferred Bonus Plan 2007

	Number of conditional awards granted in 2012	Number of conditional awards granted in 2013	Number of conditional awards at December 2014	Number of conditional awards granted in 2015	Number of conditional awards exercised in 2015	Number of conditional awards at December 2015	Conditional awards time constrained
Executive director							
R G Jacob	24 669	32 534	57 203	**17 319**	**24 669**	**57 203**	**57 203**
	24 669	32 534	57 203	**17 319**	**24 669**	**57 203**	**57 203**
Prescribed officer							
H T Molale			–	**–**	**–**	**–**	**–**
	–	–	–	**–**	**–**	**–**	**–**
Grant price	R7,60	R4,55		R8,20			
Grant date	16.4.2012	4.3.2013		23.4.2015			

32. DIRECTORS' REMUNERATION AND INTEREST continued

Interest of directors and prescribed officer of the company in share capital

The aggregate holdings as at 31 December 2015 of those directors of the company holding issued ordinary shares of the company are detailed below:

As at 31 December 2015	Direct beneficial shares	Indirect beneficial shares	Held by associates	Shares total
Executive				
R G Jacob	**456 400**			**456 400**
M Z Mkhize	**75 668**			**75 668**
	532 068	**–**	**–**	**532 068**
Non-executive				
L C Cele	**10 000**			**10 000**
J B Magwaza	**5 760**			**5 760**
P H Staude	**91 610**			**91 610**
	107 370	**–**	**–**	**107 370**
Total	**639 438**	**–**	**–**	**639 438**

There have been no changes in the above interests between year-end and 18 February 2016.

As at 31 December 2014	Direct beneficial shares	Indirect beneficial shares	Held by associates	Shares total
Executive				
R G Jacob	128 803			128 803
M Z Mkhize	75 668			75 668
	204 471	–	–	204 471
Non-executive				
L C Cele	10 000			10 000
J B Magwaza	5 760			5 760
P H Staude	91 610			91 610
	107 370	–	–	107 370
Total	311 841	–	–	311 841

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

33. SHARE-BASED PAYMENTS

Employee share incentive schemes

Details of awards in terms of the company's share incentive schemes are as follows:

33.1 HULAMIN LIMITED SHARE APPRECIATION RIGHT SCHEME 2007

Under the Share Appreciation Right Scheme, participating employees are awarded the right to receive shares equal to the difference between the exercise price and the grant price.

The vesting of the right is conditional on the achievement by Hulamin of performance conditions over a three-year period.

Grant price	Estimated weighted average fair value per right	Expiring seven years from	Number of rights at 31 December 2014	Rights granted in 2015	Rights exercised in 2015	Rights forfeited/ lapsed in 2015	Number of rights at 31 December 2015	Rights time constrained
R6,91	R1,91	25.5.2011	4 855 773		2 152 369	–	2 703 404	–
R3,60	R0,81	22.10.2012	1 793 156		1 267 870	148 158	377 128	–
R4,56	R1,35	25.2.2013*	1 651 948		1 118 951	–	532 997	–
R4,01	R1,24	27.5.2013	3 953 853		121 638	341 424	3 490 791	3 490 791
R6,82	R2,73	24.4.2014	3 293 251		–	222 604	3 070 647	3 070 647
R8,20	R3,17	23.4.2015		2 547 357	–	196 006	2 351 351	2 351 351
			15 547 981	2 547 357	4 660 828	908 192	12 526 318	8 912 789

* *On 25 February 2013, a grant was made to a group of employees who had been excluded from the grant made on 22 October 2012. The term of the award was 32 months and vested on 22 October 2015.*

The volume-weighted average share price during the year for Hulamin shares was R6,56.

The estimated fair value of these share appreciation rights at grant date was determined using a binomial tree valuation model, based on the following significant inputs:

Share price at grant date	2015 award: R8,20 (2014 award: R6,90; 2013 awards: R4,56 (February); R4,01 (May); 2012 award: R3,60; 2011 award: R6,91)
Grant price	The grant price as noted above
Risk-free interest rate	2015 award: 7,67% (2014 award: 8,17%; 2013 award: 6,44%; 2012 award: 6,38%; 2011 award: 7,98%)
Expected volatility:	2015 award: 40,81% (2014 award: 42,22%; 2013 awards: 42,70% (February); 42,98% (May); 2012 award: 40,33%; 2011 award: 38,09%)
Expected dividends	2015 award: 0,5% (2014 award: 0,5%; 2013 awards: 4,0% (February); 4,0% (May); 2012 award: 9,85%; 2011 award: 7,56%)
Expected remaining life	2015 award: 76 months (2014 award: 64 months; 2013 award: 53 months; 2012 award: 46 months; 2011 award: 29 months)
Contractual life	84 months
Vesting conditions:	
– Time	Three years
– Non-market	An increase in Hulamin Limited headline earnings per ordinary share as determined by the Remuneration Committee
– Market	None

33. SHARE-BASED PAYMENTS continued

Employee share incentive schemes continued

33.2 HULAMIN LIMITED LONG TERM INCENTIVE SCHEME 2007 (WITH PERFORMANCE CONDITIONS)

Under the Long Term Incentive Plan, participating employees are granted conditional awards. These awards are converted into shares in Hulamin on the achievement of Return on Capital Employed (ROCE) and Total Shareholders' Return (TSR) performance conditions over a three-year period.

Estimated weighted average fair value per right	Expiring three years from	Number of conditional awards at 31 December 2014	Conditional awards granted in 2015	Conditional awards exercised in 2015	Conditional awards lapsed/ forfeited in 2015	Number of conditional awards at 31 December 2015	Conditional awards time constrained
R1,10	22.102012	1 524 220		**733 332**	**790 888**	**–**	**–**
R1,97	25.2.2013*	609 746		**298 076**	**311 670**	**–**	**–**
R3,28	27.5.2013	2 350 561		**10 098**	**66 790**	**2 273 673**	**2 273 673**
R6,35	24.4.2014	2 904 192		**21 544**	**123 412**	**2 759 236**	**2 759 236**
R7,60	23.4.2015		**2 536 930**	**2 644**	**95 358**	**2 438 928**	**2 438 928**
		7 388 719	**2 536 930**	**1 065 694**	**1 388 118**	**7 471 837**	**7 471 837**

* *On 25 February 2013, a grant was made to a group of employees who had been excluded from the grant made on 22 October 2012. The term of the award was 32 months and vested on 22 October 2015.*

The volume-weighted average share price during the year for Hulamin shares was R6,56.

The estimated fair value of these conditional share awards at the grant date was determined using a Monte Carlo Simulation model, based on the following significant inputs:

Share price at grant date	2015 award: R8,20 (2014 award: R6,90; 2013 awards: R4,56 (February), R4,01 (May); 2012 award: R3,60)
Grant price	The grant price as noted above
Risk-free interest rate	2015 award: 7,13% (2014 award: 7,26%; 2013 award: 5,33%; 2012 award: 5,19%)
Expected volatility	2015 award: 43,22% (2014 award: 46,74%; 2013 awards: 45,48% (February); 46,03% (May); 2012 award: 39,11%)
Expected dividends	2015 award: 0,5% (2014 award: 0,5%; 2013 awards: 4,0% (February); 4,0% (May); 2012 award: 6,15%)
Expected remaining life	2015 award: 28 months (2014 award: 16 months; 2013 awards: 5 months (May); 2012 award: nil)
Contractual life	36 months
Vesting conditions:	
– Time	Three years
– Non-market	Return on capital employed (ROCE)
– Market	Total shareholders' return (TSR)

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

33. SHARE-BASED PAYMENTS continued

Employee share incentive schemes continued

33.3 HULAMIN LIMITED LONG TERM INCENTIVE SCHEME 2007 (WITHOUT PERFORMANCE CONDITIONS)

Under the Long Term Incentive Plan, participating employees are granted conditional awards. The vesting of the award is conditional on the employee continuing employment with the company or any other employer company until the vesting date.

Estimated weighted average fair value per right	Expiring three years from	Number of conditional awards at 31 December 2014	Conditional awards granted in 2015	Conditional awards vested in 2015	Conditional awards exercised in 2015	Conditional awards lapsed/ forfeited exercised in 2015	Number of conditional awards at 31 December 2015
R2,98	22.10.2012	508 070		499 849	8 221	–	–
R4,11	25.2.2013*	301 932		301 932	–	–	–
R4,11	1.3.2013	144 996		–	–	144 996	144 996
R3,64	27.5.2013	781 783		–	18 754	763 029	763 029
R6,82	24.4.2014	1 083 141		10 723	37 595	1 034 823	1 034 823
R8,09	23.4.2015		845 641	1 763	30 905	812 973	812 973
		2 819 922	845 641	814 267	95 475	2 755 821	2 755 821

* *On 25 February 2013, a grant was made to a group of employees who had been excluded from the grant made on 22 October 2012. The term of the award was 32 months and vested on 22 October 2015.*

The volume-weighted average share price during the year for Hulamin shares was R6,56.

The estimated fair value costing of these conditional share awards at the grant date was based on the following significant inputs:

Share price at grant date	2015 award: R8,20 (2014 award: R6,90; 2013 awards: R4,56 (February); R4,60 (March); R4,01 (May); 2012 award: R3,60)
Grant price	The grant price as noted above
Risk-free interest rate	2015 award: 7,13% (2014 award: 7,26%; 2013 award: 5,33%; 2012 award: 5,19%)
Expected volatility	2015 award: 43,22% (2014 award: 46,74%; 2013 awards: 45,48% (February); 46,03% (May); 2012 award: 39,11%)
Expected dividends	2015 award: 0,5% (2014 award: 0,5%; 2013 awards: 4,0% (February); 4,0% (May); 2012 award: 6,15%)
Expected remaining life	2015 award: 28 months (2014 award: 16 months; 2013 awards: 5 months (May); 2012 award: nil)
Contractual life	36 months
Vesting conditions:	
– Time	Three years
– Non-market	None
– Market	None

33. SHARE-BASED PAYMENTS continued

Employee share incentive schemes continued

33.4 HULAMIN LIMITED DEFERRED BONUS PLAN 2007

Under the Deferred Bonus Plan, participating employees purchase shares in Hulamin with a portion of their after-tax bonus. These pledged shares are held in escrow for a qualifying period, after which Hulamin awards the employee a number of shares in Hulamin Limited which match those pledged shares released from escrow.

Grant price	Estimated weighted average fair value per right	Expiring three years from	Number of conditional awards at 31 December 2014	Conditional awards granted in 2015	Conditional awards exercised in 2015	Conditional awards lapsed/ forfeited in 2015	Number of conditional awards at 31 December 2015	Conditional awards time constrained
R7,60	R6,91	16.4.2012	37 649		**37 649**	**–**	**–**	**–**
R4,55	R3,73	4.3.2013	54 220		**–**	**–**	**54 220**	**54 220**
R6,61	R6,74	14.3.2014	14 907		**–**	**–**	**14 907**	**14 907**
R6,84	R8,79	8.5.2015	–	**17 319**	**–**	**–**	**17 319**	**17 319**
			106 776	**17 319**	**37 649**	**–**	**86 446**	**86 446**

The volume-weighted average share price during the year for Hulamin shares was R6,56.

The estimated fair value costing of these deferred bonus share awards was based on the following significant inputs:

Share price at grant date	2015 award: R6,84 (2014 award: R6,84; 2013 award: R4,55; 2012 award: R7,60)
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected.
Expected early exercise	Early exercise is taken into account on an expectation basis.
Expected remaining life	2015 award: 29 months (2014 award: 15 months; 2013 award: 4 months)
Contractual life	36 months
Vesting conditions:	
– Time	Three years
– Non-market	None
– Market	None

The Deferred Bonus Shares were purchased by the participating employees on 20 April 2012, 13 March 2013, 26 March 2014 and 8 May 2015 in terms of the 2012, 2013, 2014 and 2015 awards respectively.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

33. SHARE-BASED PAYMENTS continued

Other incentive schemes

33.5 BEE EQUITY TRANSACTION

Strategic partners

On 22 December 2015, Hulamin concluded agreements with BEE partners (Imbewu SPV 14 (Pty) Ltd) to facilitate the acquisition of an effective 13% equity interest in Hulamin. The BEE partners consist of Eligible Employees and long-standing strategic partners.

The Strategic BEE partners subscribed for 9 018 000 B1 ordinary, 9 018 000 B2 ordinary shares, and 18 036 000 B3 ordinary shares at a total cost of R361 000. For accounting purposes the fair value of the transaction at grant date is R20 000 000, which was expensed in full in the 2015 financial year.

The fair value of the transaction was determined using a Black Scholes valuation model using the following significant inputs:

Share price at grant date	R5,49
Expected option life	Five years
Lock-in period	Three years
Risk-free rate	8,58%
Expected volatility	43,15%
Expected dividends	0,5%
Expected remaining life	59,5 months
Contractual life	60 months
Vesting conditions:	
– Time	Five years
– Non-market	None
– Market	Share price

2015 Hulamin Share Ownership Plan (ESOP)

On 22 December 2015, the ESOP trust subscribed for 4 721 600 A1 ordinary and 26 755 733 A2 ordinary shares. Under the scheme, participating employees are granted conditional awards. The vesting of the award is conditional on the employee continuing employment with the company until the vesting date and the employee must fall within stipulated Patterson Bands.

The estimated fair value costing of these conditional share awards at the grant date was based on the following significant inputs:

Share price at grant date	R5,49
Grant price	R5,83
Risk-free interest rate	8,58%
Expected volatility	43,15%
Expected dividends	0,5%
Expected remaining life	59,5 months
Contractual life	60 months
Vesting conditions:	
– Time	Five years
– Non-market	None
– Market	Share price

Equity-settled share-based payment transaction: Isizinda

Refer to note 11 for details.

34. DETAILS OF INVESTMENTS IN ASSOCIATES, SUBSIDIARY COMPANIES AND JOINT VENTURES

The financial statements of the group include the financial statements of the company and the associates, subsidiary companies and joint ventures listed in the following table:

Name	Country of incorporation	% Equity interest 2015	% Equity interest 2014
Subsidiaries			
Hulamin Rolled Products (Pty) Ltd*	South Africa	**100**	100
Hulamin Systems (Pty) Ltd*	South Africa	**100**	100
Hulamin Operations (Pty) Ltd	South Africa	**100**	100
Hulamin Extrusions (Pty) Ltd*	South Africa	**100**	100
Hulamin North America LLC*	United States of America	**100**	100
Isizinda Aluminium (Pty) Ltd*#	South Africa	**40**	
Associates			
Almin Metal Industries Limited**	Zimbabwe	**49**	49

* *Subsidiaries of Hulamin Operations (Pty) Ltd.*

\# *Beneficial interest of 100%.*

** *Investment held by Hulamin Extrusions (Pty) Ltd.*

Almin Metal Industries Limited, an associate company, was fully impaired in prior years and at the end of the current reporting period. Therefore, information in respect of the assets, liabilities, revenues and profit or loss of this company has not been disclosed.

All the investments are unlisted.

Special purpose vehicles

The following special purpose vehicles have been consolidated:

– ESOP Trust

– Imbewu SPV 14 (Pty) Ltd.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

35. FINANCIAL RISK MANAGEMENT

35.1 FINANCIAL RISK FACTORS

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance, and uses derivative financial instruments to hedge certain risk exposures.

Hedging is carried out by a central treasury department (group treasury) under policies approved by the board of directors, and in close cooperation with the group's operating units.

MARKET RISK

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the group's functional currency, which is South African Rand. The group's risk management policy is to hedge its currency exposure related to import and export transactions, foreign currency assets and liabilities. Aluminium purchases and sales are determined with reference to the US Dollar and it is the group's policy to hedge all currency exposure on aluminium, while the value-added portion of export transactions is hedged from invoice date. The group uses foreign exchange contracts, transacted with commercial banks, to manage these risks.

For every 5% weakening or strengthening of the South African Rand against the US Dollar at 31 December, the after tax profit for the year would have been lower or higher by R12 059 000 (2014: higher or lower by R6 492 000) based on the group's exposure at the balance sheet date. The sensitivity of profits to changes in exchange rates is a result of foreign exchange gains or losses on translation of US Dollar-denominated trade receivables and payables and financial assets and liabilities at fair value through profit or loss that are offset by equivalent gains or losses in currency derivatives. Profit was no more sensitive to movements in currency exchange rates in 2015 than in 2014, as all foreign currency-denominated assets and liabilities are hedged through foreign exchange contracts. The above change in currency exchange rates would have resulted in equity being lower or higher by R56 376 000 (2014: R41 201 000). The change in equity is mainly from foreign exchange losses or gains on translation of US Dollar-denominated cash flow hedging instruments.

Commodity price risk

The group purchases and sells aluminium at prices that fluctuate with movements in prices on the London Metal Exchange and is thus exposed to commodity price risk. Due to this commodity price risk having opposing effects on cash and profit, the approach is to hedge approximately 50% of the risk using futures contracts. At 31 December 2015, 49% (2014: 51%) of the risk was hedged.

For every 5% weakening or strengthening of the price of aluminium at 31 December, after tax profit for the year would have been lower or higher by R28 314 000 (2014: higher or lower by R37 727 000) based on the group's exposure at the balance sheet date. The sensitivity of profits to changes in aluminium prices is a result of commodity price gains or losses on aluminium futures contracts that were all hedge accounted in 2015 and 2014. For this reason, profit was no more sensitive to movement in commodity prices in 2015 than in 2014. The above change in aluminium prices would have resulted in equity being lower or higher by R19 809 000 (2014: R18 272 000). The change in equity is mainly from losses or gains on translation of US Dollar-denominated cash flow hedging instruments.

Interest rate risk

The group has no significant interest-bearing assets and interest rate risk is solely related to borrowings. The group's borrowings bear interest at variable rates and it had not fixed the interest rate on any of its borrowings. Consequently, every 0,5 percentage point increase or decrease in the interest rate at 31 December would have no fair value effect on after tax profit (2014: nil) and no effect on equity (2014: nil).

The group is also exposed to future cash flow risks on borrowings. Had interest rates for the year been 0,5 percentage points higher or lower and been applied to the period end net debt, the interest expense for the year would have been higher or lower by R4 876 000 (2014: R2 170 000).

The group analyses the impact on profit and loss of defined interest rate shifts – taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. The analysis is only for liabilities that represent the major interest-bearing positions.

35. FINANCIAL RISK MANAGEMENT continued

35.1 FINANCIAL RISK FACTORS continued

CREDIT RISK

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. All deposits are held with major South African banks and all foreign exchange hedging transactions are undertaken with these banks. All aluminium futures are undertaken with a major London Metal Exchange broker which carries an A credit rating, per Standard and Poor's. Foreign currency counterparty rating of all banks transacted with, as rated by Standard and Poor's, is BBB- which equals South Africa's rating.

Hulamin's credit risk exposure to customers is mainly influenced by individual customer characteristics and there is no significant concentration of risk related to industry segments. In addition to any significant exposures arising from specific customers, credit exposures to both local and overseas customers are detailed in note 8 to the annual financial statements. The creditworthiness of new customers is assessed when credit is first extended and is reviewed on a monthly basis thereafter. The establishment and subsequent maintenance of credit limits is, in the majority of cases, based on the specific amount of credit insurance that can be secured for each new customer. The value of all trade receivables covered by insurance is detailed in note 8.

Quantitative data on credit risk is disclosed in the notes to the annual financial statements on derivative financial instruments (note 9) and trade and other receivables (note 8).

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, flexibility in funding is maintained through ensuring availability under committed credit lines. Management monitors rolling forecasts of the group's liquidity reserve, being the excess of available facilities over forecast net borrowings.

The group's facility utilisation at the period end was:

	Note	2015 R'000	2014 R'000
Working capital		**1 000 000**	1 200 000
General banking		**250 000**	250 000
Pension fund		**72 019**	71 306
Current facilities		**1 322 019**	1 521 306
Non-current facilities		**270 000**	–
Total borrowing facilities		**1 592 019**	1 521 306
Less:			
Non-current borrowings	13	**(216 000)**	–
Current borrowings	17	**(829 401)**	(686 144)
Committed undrawn facilities		**546 618**	835 162

During the year, Hulamin entered into a five-year term loan of R270 000 000 to fund the upgrade of the aluminium recycling plant. Repayments on the loan facility are repayable quarterly in arrears starting on 31 March 2016.

In addition to the term loan, Hulamin borrowing facilities also include a general short-term facility of R250 000 000, revolving working capital facilities of R1 000 million that are committed for a further nine months, and a pension fund loan facility of R72 019 000.

As R54 000 000 of the term loan is due within 12 months, this has been classified as current and the remainder is classified as non-current. Financial liabilities with maturity dates less than one year comprise current borrowings, trade and other payables, sundry accruals and derivative liabilities.

NOTES TO THE GROUP FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 DECEMBER 2015

35. FINANCIAL RISK MANAGEMENT continued

35.1 FINANCIAL RISK FACTORS continued

LIQUIDITY RISK continued

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments:

	Less than one year R'000	One to two years R'000	Two to three years R'000	Three to four years R'000	Greater than four years R'000	Total R'000
2014						
Current borrowings	686 144					686 144
Trade and other payables (excluding employee benefit payables)	888 031					888 031
Derivative financial liabilities	70 519					70 519
	1 644 694	–	–	–	–	1 644 694
2015						
Non-current borrowings	**–**	**54 000**	**54 000**	**54 000**	**54 000**	**216 000**
Current borrowings	**829 401**					**829 401**
Trade and other payables (excluding employee benefit payables)	**711 109**					**711 109**
Derivative financial liabilities	**235 650**					**235 650**
	1 776 160	**54 000**	**54 000**	**54 000**	**54 000**	**1 992 160**

Included in the above amounts payable within a period of less than one year, are financial liabilities in the amount of R1 699 million (2014: R1 527 million) which are payable within a period of three months, including trade payables in the amount of R564 097 000 (2014: R779 627 000). Trade receivables amounting to R1 071 million (2014: R745 266 000) are recoverable within a period of three months.

35.2 CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to maintain the optimum mix of liquidity and low cost of capital and to be able to finance future growth.

These objectives result in varying capital ratios, with current and future borrowings being evaluated against the group's expected operating cash flows and capital investment needs. Capital adequacy and liquidity are managed by monitoring gearing ratios, interest cover and debt service ratios.

The group's gearing ratio at the period end was as follows:

	Notes	2015 R'000	2014 R'000
Non-current borrowings	13	**216 000**	–
Current borrowings	17	**829 401**	686 144
Total borrowings		**1 045 401**	686 144
Less: Cash and cash equivalents	10	**(70 158)**	(249 106)
Net borrowings		**975 243**	437 038
Total equity		**3 854 517**	3 833 817
Total capital		**4 829 760**	4 270 855
Gearing ratio (net debt over total capital)	(%)	**20**	10

36. POST BALANCE SHEET EVENTS

On 21 February 2016, an amount of R57 044 000 was received from the Department of Trade and Industry in respect of a claim with the Manufacturing Competitiveness Enhancement Programme. This transaction is accounted for in the 2016 financial year as confirmation of the claim approval was received after 31 December 2015.

No other material changes have taken place in the affairs of the group between the end of the financial year and the date of this report.

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	2	**3 239 988**	3 203 789
Deferred tax asset	3	**17 968**	19 685
		3 257 956	3 223 474
Current assets			
Income tax asset		**1 394**	126
		1 394	126
Total assets		**3 259 350**	3 223 600
EQUITY			
Share capital and share premium	4	**1 877 597**	1 817 580
BEE reserve		**20 000**	–
Employee share-based payment reserve		**45 707**	41 411
Retained earnings		**1 251 800**	1 294 123
Total equity		**3 195 104**	3 153 114
LIABILITIES			
Non-current liabilities			
Post-retirement medical aid provision	5	**64 154**	70 287
		64 154	70 287
Current liabilities			
Trade and other payables		**92**	199
		92	199
Total liabilities		**64 246**	70 486
Total equity and liabilities		**3 259 350**	3 223 600

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 R'000	2014 R'000
Revenue		**95 422**	93 104
Administrative expenses	6	**(10 434)**	(12 359)
Operating profit		**84 988**	80 745
Taxation	7	**(23 797)**	(23 623)
Net profit for the year attributable to equity holders of the company		**61 191**	57 122

COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
Net profit for the year attributable to equity holders of the company	**61 191**	57 122
Other comprehensive loss for the year		
Items that will not be reclassified to profit or loss	**1 945**	(2 262)
Remeasurement of post-retirement medical obligation	**2 701**	(3 141)
Income tax effect	**(756)**	879
Total comprehensive income for the year attributable to equity holders of the company	**63 136**	54 860

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital R'000	Share premium R'000	Employee share-based payment reserve R'000	BEE reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 31 December 2013	35 550	1 785 620	29 720	134 686	1 100 953	3 086 529
Net profit for the year	–	–	–	–	57 122	57 122
Other total comprehensive loss for the year after tax	–	–	–	–	(2 262)	(2 262)
Ordinary shares issued	34	–	–	–	–	34
A ordinary shares redeemed (note 4.3)	(3 624)	–	–	–	–	(3 624)
Share-based payment costs on A ordinary shares redeemed (note 4.3)	–	–	–	–	3 624	3 624
Value of employee services of subsidiaries	–	–	15 156	–	–	15 156
Settlement of employee share incentives	–	–	(3 465)	–	–	(3 465)
Transfer of BEE reserve to retained earnings (note 4.3)	–	–	–	(134 686)	134 686	–
Balance at 31 December 2014	**31 960**	**1 785 620**	**41 411**	**–**	**1 294 123**	**3 153 114**
Net profit for the year	**–**	**–**	**–**	**–**	**61 191**	**61 191**
Other total comprehensive income for the year after tax	**–**	**–**	**–**	**–**	**1 945**	**1 945**
A and B ordinary shares issued	**60 017**	**–**	**–**	**–**	**–**	**60 017**
Value of employee services of subsidiaries	**–**	**–**	**16 777**	**–**	**–**	**16 777**
Settlement of employee share incentives	**–**	**–**	**(12 481)**	**–**	**–**	**(12 481)**
Share-based payment costs on 2015 BEE transaction	**–**	**–**	**–**	**20 000**	**–**	**20 000**
Dividends paid	**–**	**–**	**–**	**–**	**(105 459)**	**(105 459)**
Transfer of share premium to share capital	**1 785 620**	**(1 785 620)**	**–**	**–**	**–**	**–**
Balance at 31 December 2015	**1 877 597**	**–**	**45 707**	**20 000**	**1 251 800**	**3 195 104**

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	**84 988**	80 745
Changes in working capital	**(107)**	(183)
Movement in retirement benefit obligation	**(3 432)**	(1 023)
Employee share-based costs	**16 777**	15 156
Share-based payment costs on repurchase of A ordinary shares	**–**	3 624
BEE share-based payment costs	**20 000**	–
Income tax payment	**(24 104)**	(23 314)
Net cash inflow from operating activities	**94 122**	75 005
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments in subsidiaries	**(36 199)**	(67 950)
Net cash outflow from investing activities	**(36 199)**	(67 950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Ordinary shares issued	**60 017**	34
Settlement of employee share incentives	**(12 481)**	(3 465)
Repurchase of A ordinary shares	**–**	(3 624)
Dividends paid	**(105 459)**	–
Net cash outflow from financing activities	**(57 923)**	(7 055)
Net increase in cash and cash equivalents	**–**	–
Cash and cash equivalents at beginning of year	**–**	–
Cash and cash equivalents at end of year	**–**	–

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC interpretations, SAICA Financial Reporting Guides, the requirements of the Companies Act, No 71 of 2008, as amended, and the Listing Requirements of the JSE Limited.

The financial statements are prepared using the historical cost convention and are prepared on the going concern basis.

The financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur rather than when the cash is received.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies resulting from the initial application of a standard or an interpretation are accounted for in accordance with the transitional provisions in the accounting standard. If no such guidance is given, they are applied retrospectively.

Changes in accounting estimates resulting from new information or new developments are recognised in the income statement in the period they occur.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

1.2 JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The accounting estimates and critical judgements applied by the key management of Hulamin Limited are discussed in the group's consolidated financial statements (see note 1.37).

1.3 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied by the company are the same as those presented in note 1 to the consolidated group financial statements, to the extent that the group's transactions and balances are applicable to the company financial statements. Principally, the accounting policies which are not directly relevant to the company financial statements are those relating to consolidation accounting.

The accounting policies which are either different, or additional, to those applied by the group are stated as follows:

Subsidiaries

Subsidiaries are all entities over which the group has control, generally accompanying a shareholding of more than one half of the voting rights.

The company financial statements recognise interests in subsidiaries, which include loans granted to subsidiaries by the company, at cost, except in the case of certain limited group reorganisations where net assets are disposed. In these instances, interests in subsidiaries will be based on the carrying amount of the net assets disposed.

Interest income

Interest income comprises interest earned on loan to subsidiary. Interest income is disclosed under revenue in the income statement.

When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

	2015 R'000	2014 R'000
2. INVESTMENT IN SUBSIDIARIES		
Investment in shares in subsidiaries	**2 473 367**	2 449 071
Loan to subsidiary	**766 621**	754 718
	3 239 988	3 203 789

Included in the investment in shares in subsidiaries is an investment in cumulative redeemable preference shares of Hulamin Operations (Pty) Ltd.

The effective interest rate on the loan to subsidiary for the year was 12,7%. No fixed repayment terms have been set, and consequently no portion of the loan is considered past due.

The loan to subsidiary is subordinated in favour of Nedbank as security for group borrowings.

3. DEFERRED TAX ASSET

	2015 R'000	2014 R'000
At beginning of year	**19 685**	19 095
Income statement		
Current year charge (note 7)	**(961)**	(289)
Deferred tax credit on other comprehensive items	**(756)**	879
At end of year	**17 968**	19 685
Deferred income tax asset analysed as follows:		
Post-retirement medical aid provision	**17 963**	19 680
Other	**5**	5
	17 968	19 685
Deferred tax asset to be recovered after more than 12 months	**17 963**	19 680
Deferred tax asset to be recovered within 12 months	**5**	5
	17 968	19 685

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
4. SHARE CAPITAL AND SHARE PREMIUM		
4.1 AUTHORISED		
800 000 000 ordinary shares of no par value		
(2014: 800 000 000 ordinary shares of 10 cents each)	–	80 000
31 477 333 A ordinary shares of no par value		
(2014: 45 000 000 A ordinary shares of 10 cents each)	–	4 500
36 072 000 B ordinary shares of 10 cents each		
(2014: 28 000 000 B ordinary shares of 10 cents each)	–	2 800
Total authorised share capital	–	87 300
The A ordinary shares consist of 4 721 600 A1 shares and 26 755 733 A2 shares.		
The B ordinary shares consist of 9 018 000 B1 shares, 9 018 000 B2 shares and 18 036 000 B3 shares.		
4.2 ISSUED		
Ordinary shares		
Opening balance: 319 596 836 ordinary shares of 10 cents each		
(2014: 319 268 492 ordinary shares of 10 cents each)	**31 960**	31 926
Issued during year: nil		
(2014: 328 344 ordinary shares of 10 cents each)	**–**	34
Transfer from share premium	**1 785 620**	–
Closing balance: 319 596 836 ordinary shares of no par value		
(2014: 319 596 836 ordinary shares of 10 cents each)	**1 817 580**	31 960
A ordinary shares		
Issued during year: A1 and A2 ordinary shares		
(4 721 600 A1 ordinary shares of no par value, 26 755 733 A2 ordinary shares of no par value)	**59 656**	–
B ordinary shares		
Issued during the year: B1, B2 and B3 ordinary shares		
(9 018 000 B1 ordinary shares of no par value, 9 018 000 B2 ordinary shares of no par value, 18 036 000 B3 ordinary shares of no par value)	**361**	–
Total issued stated/share capital	**1 877 597**	31 960
Share premium		
Opening balance	**1 785 620**	1 785 620
Transfer to share capital	**(1 785 620)**	–
Stated capital/share capital and share premium	**1 877 597**	1 817 580

4.3 UNISSUED

Under option to employees

Details of the employee share incentive schemes including the share options outstanding at the end of the year, the range of exercise prices and the weighted average contractual lives related thereto, are set out in the group financial statements.

Under the control of the directors

At 31 December 2015, 6 801 529 unissued ordinary shares (2014: 6 801 529) were under the control of the directors, for the purpose, *inter alia,* of existing employee share incentive schemes.

5. POST-RETIREMENT MEDICAL AID BENEFITS

The company has undertaken to contribute to the medical aid costs after retirement of employees engaged prior to 30 June 1996. The obligation is unfunded.

	2015 R'000	2014 R'000
Amounts recognised in the balance sheet are as follows:		
Present value of unfunded obligations	**64 154**	70 287
Liability in the balance sheet	**64 154**	70 287
The liability can be reconciled as follows:		
Balance at beginning of year	**70 287**	68 169
Total expense accrued	**5 589**	3 716
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	**(4 160)**	1 402
Actuarial losses arising from changes in experience adjustments	**1 459**	1 739
Benefit payments	**(9 021)**	(4 739)
Balance at end of year	**64 154**	70 287
Amounts recognised in the income statement are as follows:		
Interest costs	**5 849**	5 021
Settlement gain (note i)	**(260)**	(1 305)
	5 589	3 716
Amounts recognised in other comprehensive income are as follows:		
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	**(4 160)**	1 402
Actuarial losses arising from changes in experience adjustments	**1 459**	1 739

Principal risks

Through its PRMA subsidy benefit, the group is exposed to a number of risks, principally changes in:

- Financial assumptions:
  - Discount rate, which is set having regard to the market yield on suitable government bonds taking into account the estimated duration of the liability
  - Long-term price inflation rate, which is measured by the relationship between the yields of conventional and inflation-linked government bonds, taking into account the estimated duration of the liability
  - Medical inflation rate
- Demographic assumptions:
  - Post-retirement mortality
  - Family statistics.

The demographic assumptions used in the valuation of the liability are consistent with those of the prior year.

Changes in the principal financial assumptions are detailed below.

		2015	2014
Principal financial assumptions:			
Discount rate	(%)	**10,85**	8,80
Future company subsidy rate – in service	(%)	**8,85**	7,15
Future company subsidy rate – pensioners	(%)	**9,15**	7,90

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 R'000	2014 R'000
5. POST-RETIREMENT MEDICAL AID BENEFITS continued		
Sensitivity of future medical inflation rate		
1% increase in future medical inflation rate – effect on the aggregate of the service and interest costs	**585**	540
1% increase in future medical inflation rate – effect on the obligation	**5 389**	6 132
1% decrease in future medical inflation rate – effect on the aggregate of the service and interest costs	**(515)**	(471)
1% decrease in future medical inflation rate – effect on the obligation	**(4 751)**	(5 362)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity the same method has been applied as when calculating the liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The average duration of the benefit obligation at 31 December 2015 is 8,6 years (2014: 8,9 years).

	2015 R'000	2014 R'000
Estimated benefits payable by the group in the next financial year	**6 003**	5 926

		2015 R'000	2014 R'000
6. ADMINISTRATIVE EXPENSES			
Post-retirement medical aid costs		**5 589**	3 716
Auditors' remuneration (note 6.1)		**150**	145
Share-based payment costs on A ordinary shares redeemed		**–**	3 624
Other costs		**4 695**	4 874
		10 434	12 359
6.1 AUDITORS' REMUNERATION			
Audit fees		**141**	137
Expenses		**9**	8
		150	145
6.2 DIRECTORS' EMOLUMENTS			
Non-executives			
Fees		**3 866**	4 246
		3 866	4 246
7. TAXATION			
South African normal taxation:			
Current			
Current year		**22 836**	23 334
Deferred			
Current year (note 3)		**961**	289
		23 797	23 623
Normal rate of taxation	(%)	**28,0**	28,0
Adjusted for:			
Items of a capital nature	(%)	**–**	1,3
Effective rate of taxation	(%)	**28,0**	29,3
8. RELATED PARTY TRANSACTIONS			
During the year the company, in the ordinary course of business, entered into the following related party transactions:			
Interest received from subsidiary		**90 465**	87 916
Agency fees received from subsidiary		**104**	80
Management fees received from subsidiary		**4 853**	5 108
Transactions with non-executive directors are detailed in the group annual financial statements.			
The following balances were outstanding at the end of the reporting period:			
Loan balance owing by subsidiary (note 2)		**766 621**	754 718

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ANALYSIS OF ORDINARY SHAREHOLDERS

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HULAMIN SHARE PRICE

shareholders' information

ANALYSIS OF ORDINARY SHAREHOLDERS

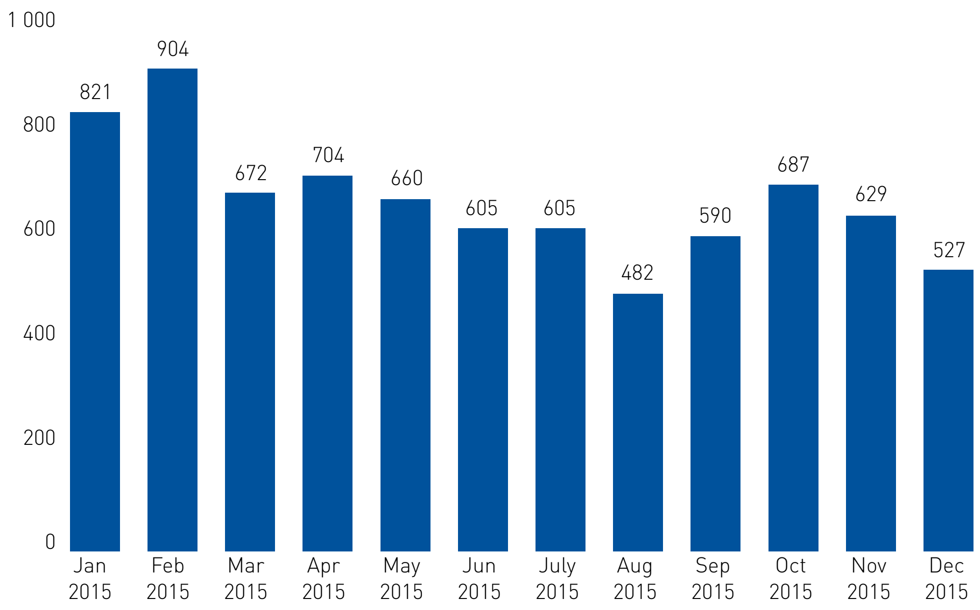
AS AT 31 DECEMBER 2015

	Number of ordinary shareholders	Percentage of total	Number of shares	Percentage of issued shares
SIZE OF HOLDINGS				
1 – 1 000	2 459	51,63	641 990	0,20
1 001 – 10 000	1 543	32,40	6 198 520	1,94
10 001 –100 000	581	12,20	18 390 515	5,75
100 001 – 1 000 000	135	2,83	43 579 074	13,64
Over 1 000 000 shares	45	0,94	250 786 737	78,47
	4 763	100,00	319 596 836	100,00
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	7	0,15	95 278 603	29,82
Directors of the company	5	0,11	639 438	0,20
Industrial Development Corporation	1	0,02	94 587 954	29,60
Hulamin Management Share Ownership Trust	1	0,02	51 211	0,02
Public shareholders	4 756	99,85	224 318 233	70,18
Total listed shareholders	4 763	100,00	319 596 836	100,00
BENEFICIAL SHAREHOLDERS HOLDING MORE THAN 5% OF SHARE CAPITAL				
Industrial Development Corporation			94 587 954	29,60
Coronation Fund Managers			21 848 040	6,84
Government Employees Pension Fund			19 234 370	6,02
Investec			17 053 704	5,34
Total			152 724 068	47,80

HULAMIN SHARE PRICE

AS AT 31 DECEMBER 2015

HULAMIN VOLUME WEIGHTED AVERAGE SHARE PRICE BY MONTH (cents per share)



SHAREHOLDER DIARY

Financial year-end			31 December
Annual general meeting			April
Reports and profit statements	Interim results		July
	Annual results and final dividend declaration		February
	Annual financial statements		March
Dividends	Interim	Declared	July
		Paid	August
	Final	Declared	February
		Paid	March

NOTICE OF ANNUAL GENERAL MEETING

HULAMIN LIMITED

Incorporated in the Republic of South Africa
Registration number: 1940/013924/06
Share code: HLM
ISIN: ZAE000096210
("Hulamin" or "the company" or "the group")

Notice is hereby given that the 76th annual general meeting of shareholders will be held at the company's offices, Moses Mabhida Road, Pietermaritzburg, KwaZulu-Natal on Thursday, 21 April 2016 at 15:00, to conduct the business set out below and to consider and, if deemed fit, adopt, with or without modification, the ordinary and special resolutions set out in this notice. Note that all special resolutions, in terms of the Companies Act, No 71 of 2008, as amended ("the Companies Act"), require 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at this meeting, to be cast in favour of the resolution for it to be adopted and all other resolutions require the support of the majority being more than 50% (fifty percent) of votes cast by shareholders present or represented at this meeting in order for them to be adopted, unless otherwise noted.

1. To receive, consider and adopt the annual financial statements of the company for the year ended 31 December 2015, including the reports of the directors, the independent auditors and the Audit Committee contained therein.

2. To authorise the directors to reappoint PricewaterhouseCoopers as the independent registered auditors of the company and to re-appoint Mr H Govind as the individual designated auditor who will undertake the audit for the company for the ensuing year.

   The group Audit Committee has evaluated the performance of PricewaterhouseCoopers and has recommended their reappointment as independent registered auditors of the company.

3. To re-elect the following directors who retire by rotation in accordance with Article 33.11 of the company's Memorandum of Incorporation and who, all being eligible, offer themselves for re-election. Motions for re-election will be moved individually (Mr V N Khumalo, Mr P H Staude and Mr G H M Watson). The profiles of the directors up for re-election appear below.

   VUSI NOEL KHUMALO (53)
   - Non-executive director
   - Member of the Transformation, Social and Ethics Committee
   - Senior manager: Industrial Development Corporation of South Africa Limited
   - BCom; BCompt (Hons); CA (SA); Global Executive Development Programme

   Vusi, a senior manager at Industrial Development Corporation of South Africa Limited, is responsible for managing IDC's investment portfolio. He served articles at Ernst & Young and has held various financial management positions in Anglo American Corporation of South Africa Limited and Edcon Limited. He is also a non-executive director of Main Street 333 (Pty) Ltd, Coidlink (Pty) Ltd, Naledi Foundry of the RSA (Pty) Ltd and Ernani Investments (Pty) Ltd. He was appointed to the Hulett Aluminium board in 2006 and to the board of Hulamin in 2007.

   PETER HEINZ STAUDE (62)
   - Independent non-executive director
   - Chairman of the Risk and SHE Committee
   - Chief Executive Officer: Tongaat Hulett Limited
   - BSc (Ind Eng) (Hons) (cum laude); MBA

   Peter lectured at the University of Pretoria before joining Hulett Aluminium in 1978. In 1990 he became Managing Director of Hulamin Rolled Products and in 1996 Managing Director of Hulett Aluminium. He was appointed Chief Executive Officer of Tongaat Hulett in 2002. Peter was chairman of the Hulett Aluminium board from 2002 to 2007 and he was appointed to the board of Hulamin in 2007. He is also the former chairman of Trade and Investment KwaZulu-Natal.

GEOFFREY HAROLD MELROSE WATSON (64)

- Independent non-executive director
- Member of the Remuneration and Nomination Committee
- Director Asian sales and China business development of United Company RUSAL
- BSc (Agr) University of Sydney, BEcon University of New England, Graduate Australian Institute of Company Directors

Geoff was appointed, in 2011 as Director Asian Sales and China business development of United Company RUSAL, which is the world's largest producer of aluminium. Geoff has held numerous senior executive positions in the aluminium and steel industries. He was an executive associate of Seema International in 2010 and CEO of Steelforce Australia in 2009 and held numerous positions at Alcoa Rolled Products from 1976 to 2008 which included Vice President China, General Manager Alcoa Bohai, China, Director of Operations, Alcoa Kaal, Australia and General Manager Asian Business Development. He was appointed to the Hulamin board with effect from 1 August 2011.

4. To elect the following independent non-executive directors as independent members of the group Audit Committee and to appoint Mr T P Leeuw as chairman of the group Audit Committee. Motions for election will be moved individually.

Ms L C Cele

Mr T P Leeuw (Chairman)

Ms N N A Matyumza

The profiles of the directors up for re-election appear below:

THABO PATRICK LEEUW (52)

- Independent non-executive director
- Chairman of the Audit Committee and Member of the Risk and SHE Committee
- Executive director: Thesele Group
- BCom (Accounting); BCompt (Hons); Management Advancement Programme

Thabo is the executive director and founder shareholder of Thesele. He served articles at Deloitte & Touche, and has held financial management positions in Afric Oil (a subsidiary of Pembani Group), Oceana Fishing, National Sorghum Breweries and Old Mutual Employee Benefits. He joined Cazenove SA in 1998 as a research analyst, in 2002 he became a director of Cazenove SA and in 2004 became a director of Cazenove Group Plc. He is also the chairman of ICAS Southern Africa (Pty) Ltd and a non-executive director of Prudential Portfolio Managers SA and a member of the Eskom Pension and Provident Fund's Strategic Investment Committee.

He was also appointed a director of Vodacom Life Assurance Company and Vodacom Insurance Company with effect from December 2012 and of Rhodes Food Group with effect from August 2014. He was appointed to the Hulamin board in 2007.

LUNGILE CONSTANCE CELE (63)

- Independent non-executive director
- Chairman of the Transformation, Social and Ethics Committee and a Member of the Audit Committee
- BCom; Post Grad. Dip Tax; MAcc (Taxation) Executive Leadership Development Programme

Zee practices as a professional accountant and tax consultant. She serves on the boards of Combined Motor Holdings, Efficient Group Limited, AVBOB, Harith General Partners and Trade and Investment KZN. Zee is a commercial member of the Tax Court and was a member of the Standing Advisory Committee on Company Law until March 2011. She was appointed to the Hulamin board in 2007.

NOTICE OF ANNUAL GENERAL MEETING
CONTINUED

NOMGANDO ANGELINA MATYUMZA (52)

- Independent non-executive director
- Chairman of the Remuneration and Nomination Committee, and a member of the Audit Committee.
- Ordained Minister of Religion
- BCom; BCompt (Hons); CA (SA); LLB

Nomgando has held various positions in financial and general management and was employed between 1994 and 2004 at Transnet Pipelines, firstly as financial manager and then as deputy CEO. From 2004 to 2008 she was employed at Eskom Distribution as general manager for the Eastern Region. Nomgando is presently an ordained Minister of the African Methodist Episcopal Church at Umlazi, KwaZulu-Natal. She is a director on a number of boards, including Ithala Limited, KZN Growth Fund Managers (Pty) Ltd, Wilson Bayley Holmes-Ovcon Limited, Cadiz Holdings Limited and SASOL Limited. She was appointed to the Hulamin board with effect from 1 March 2010.

Note: Ages quoted for all board members are at 31 December 2015.

5. APPROVAL OF NON-EXECUTIVE DIRECTORS' FEES
Directors' fees were approved at the annual general meeting in 2015 and are applicable for the 12-month period ending 31 July 2016.

The board, on the recommendation of the Remuneration and Nomination Committee, proposes that the directors' fees for the period commencing 1 August 2016, be as set out below.

		Present fees to 31 July 2015		Proposed fees from 1 August 2016	
		Retainer per annum R	Attendance per meeting R	Retainer per annum R	Attendance per meeting R
HULAMIN BOARD					
Chairman		380 697	32 633	**405 823**	**34 786**
Non-executive directors		139 105	11 923	**148 286**	**12 710**
AUDIT COMMITTEE					
Chairman		100 114	14 302	**106 721**	**15 246**
Non-executive directors – member		58 171	8 310	**62 011**	**8 858**
– invitee			8 310		**8 858**
RISK AND SAFETY, HEALTH AND ENVIRONMENT COMMITTEE					
Chairman		69 131	9 876	**73 694**	**10 528**
Non-executive directors – member		37 938	5 420	**40 442**	**5 778**
– invitee			5 420		**5 778**
REMUNERATION AND NOMINATION COMMITTEE					
Chairman		69 131	9 876	**73 694**	**10 528**
Non-executive directors – member		37 938	5 420	**40 442**	**5 778**
– invitee			5 420		**5 778**
TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE					
Chairman		69 131	9 876	**73 694**	**10 528**
Non-executive directors – member		37 938	5 420	**40 442**	**5 778**
– invitee			5 420		**5 778**
AD HOC BOARD COMMITTEE					
Chairman		69 131	9 876	**73 694**	**10 528**
Non-executive directors – member		37 938	5 420	**40 442**	**5 778**
– invitee			5 420		**5 778**
THE FEES FOR THE INTERNATIONAL DIRECTORS ARE IN EURO					
Hulamin board – International directors					
Non-executive directors	(Đ)	29 921	2 563	**30 220**	**2 589**

SPECIAL RESOLUTION NUMBER 1

"Resolved as a special resolution that the proposed fees, set out below, payable to non-executive directors for their services as directors on the board and on board committees and as invitees to board committees, when invited by the chairman of the board committee to attend a meeting as an invitee, for the 12-month period commencing 1 August 2016, be and are hereby approved."

As regards the attendance fee, the board of directors typically holds five meetings a year and there are normally four meetings for the Remuneration and Nomination Committee a year and three meetings for each of the other sub-committees of the board.

Shareholder approval is also requested to remunerate non-executive directors who participate in a specially constituted *ad hoc* board sub-committee as detailed in the table above, and to remunerate non-executive directors who attend a board sub-committee meeting as an invitee at the request of the chairman of the board sub-committee.

6. FINANCIAL ASSISTANCE
   In terms of the Companies Act, the board may authorise the company to provide financial assistance to a related or inter-related company or corporation, provided such assistance is approved by way of a special resolution of the shareholders adopted within the previous two years and certain requirements as set out in the Companies Act are met, amongst others, that the company meets the solvency and liquidity test. The board seeks such approval from shareholders in order to provide financial assistance to the company's subsidiaries from time to time.

SPECIAL RESOLUTION NUMBER 2

"Resolved as a special resolution, subject to the provisions of the Companies Act, that the provision of any financial assistance by the company to any company or corporation which is related or inter-related to the company (as defined in the Companies Act), on the terms and conditions which the directors may determine, be and is hereby approved."

7. REMUNERATION POLICY – NON-BINDING ADVISORY VOTE
   King III recommends that, at each annual general meeting, shareholders consider and endorse, as a non-binding advisory vote, the group's remuneration policy. The principles and key elements of the group's remuneration policy are set out on pages 82 to 85 of the integrated annual report.

   The Hulamin Remuneration and Nomination Committee has considered the remuneration policy and recommends that shareholders approve the following resolution:

   "Resolved that the Hulamin remuneration policy, set out on pages 82 to 85 of the integrated annual report and which is deemed to be part of the annual general meeting notice, be endorsed."

8. Report back from the Transformation, Social and Ethics Committee on social and ethics matters pertaining to the company, which is attached hereto as Annexure A.

9. To transact such other business as may be transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING
CONTINUED

VOTING AND PROXIES

The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the company for purposes of being entitled to receive the notice is Friday, 11 March 2016.

The record date on which shareholders must be recorded as such in the register maintained by the transfer secretaries of the company for the purposes of being entitled to attend and vote at the annual general meeting, is Friday, 15 April 2016. The last day to trade for the purposes of being entitled to attend and vote at the annual general meeting is therefore Friday, 8 April 2016.

Any shareholder who holds certificated ordinary shares in the company or who holds dematerialised ordinary shares in the company through a Central Securities Depository Participant (CSDP) and who has selected "own name" registration, may attend, speak and vote at the annual general meeting or may appoint any other person or persons (none of whom need be a shareholder) as a proxy or proxies, to attend, speak and vote at the annual general meeting in such shareholder's stead.

Should any shareholder who holds dematerialised ordinary shares in the company and has not selected "own name" registration, wish to attend, speak and vote at the annual general meeting, such shareholder should timeously inform his CSDP or broker for the purposes of obtaining the necessary letter of representation from such shareholder's CSDP or broker to attend the annual general meeting or timeously provide such shareholder's CSDP or broker with such shareholder's voting instruction in order for the CSDP or broker to vote on such shareholder's behalf at the annual general meeting.

On a show of hands, every shareholder of the company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the company shall have one vote for every share held in the company by such shareholder.

A proxy form is enclosed for use by shareholders holding certificated ordinary shares in the company or dematerialised ordinary shares in the company through a CSDP and who have selected "own name" registration. Such proxy form, duly completed, must be forwarded to reach the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 15:00 on Tuesday, 19 April 2016. Any forms of proxy not lodged by this time may be handed to the chairperson of the annual general meeting immediately prior to its commencement. The completion of a proxy form will not preclude a shareholder from attending the annual general meeting.

Shareholders are encouraged to attend the annual general meeting. All meeting participants (including proxies) will be required to provide identification reasonably satisfactory to the chairman of the meeting. Acceptable forms of identification include valid identity documents, passports and driver's licences.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

Should any shareholder (or any proxy for a shareholder) wish to participate in the annual general meeting by way of electronic participation, that shareholder should make application in writing (including details as to how the shareholder or its representative (including its proxy) can be contacted) to so participate to the transfer secretaries, at their address below, to be received by the transfer secretaries by no later than 15:00 on Monday, 11 April 2016 in order for the transfer secretaries to arrange for the shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or its representative) with details as to how to access any electronic participation to be provided. The company reserves the right to elect not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the company will be borne by the shareholder (or its representative or proxy). It should be noted, however, that voting will not be possible via the electronic facilities and shareholders wishing to vote their shares will need to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in the annual general meeting notice.

By order of the board

Willem Fitchat
Company Secretary

Registered office
Moses Mabhida Road
Pietermaritzburg
KwaZulu-Natal

Transfer Secretaries
Computershare Investor Services (Pty) Ltd
70 Marshall Street,
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

ANNEXURE A

THE CHAIRMAN OF THE TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE FEEDBACK REPORT

The Chairman of the Transformation, Social and Ethics Committee, Ms L C Cele, advised that the following, *inter alia*, were discussed at the Transformation, Social and Ethics Committee meetings held during 2015.

- The terms of reference incorporating the responsibilities prescribed for a Social and Ethics Committee in terms of the Companies Act and the annual work plan
- Strategy on how Hulamin will achieve its transformation, social and ethics goals
- Employment equity targets and the progress made in achieving same
- Hulamin's BEE scorecard report and the impact of the new B-BBEE codes on Hulamin's score
- Environmental sustainability matters and Hulamin's carbon footprint
- Report on employee engagement survey
- Report on disputes and stakeholder engagement issues
- Report on Hulamin's contribution to the greater Pietermaritzburg area and Hulamin's granting of sponsorships, donations and charitable giving's
- Report on the progress made with the implementation of the executive succession plan
- Report on the educational development of employees
- Report on labour regulatory compliance
- Assurance from the Risk and Safety, Health and Environment Committee that appropriate safety, health and environment policies are implemented
- Review of the following codes and policies:
  - Stakeholder engagement policy
  - Code of ethics incorporating code of conduct and ethics pertaining to the procurement staff
  - Code of conduct for suppliers and service providers
  - Corporate compliance policy
  - Whistle blowing policy
  - Crimes involving dishonesty
  - Conflict of interest and gifts policy
- Noting the fraud policy and fraud prevention strategy approved by the Audit Committee.

In addition, the committee, whose terms of reference include the functions to be performed by a Social and Ethics Committee, as prescribed by the Companies Act of 2008, wishes to confirm that:

1. Compliance by the group with the United Nations Global Compact Principles and the OECD recommendations is mandatory, which in essence relate to: social, labour, environmental and anti-corruption standards. Any non-compliance is therefore not tolerated by the group.
2. The group complies with the Employment Equity and Black Economic Empowerment Acts, although specific targets have been set for the company to increase its levels of compliance with these Acts over the short to medium term.
3. The group complies with its Code of Ethics. The Code of Ethics of the group requires all directors and employees to be committed to fair dealing, honesty and integrity in the conduct of its business. The Code of Ethics has been endorsed by the board and distributed to all employees in the group. Compliance by all employees to the high moral, ethical and legal standards of the Code is mandatory, and if employees become aware of, or suspect, a contravention of the Code, they must promptly and confidentially report it in the prescribed manner.

FORM OF PROXY

HULAMIN

HULAMIN LIMITED

Incorporated in the Republic of South Africa
Registration number: 1940/013924/06
Share code: HLM
ISIN: ZAE000096210
("Hulamin" or "the company" or "the group")

Note: All beneficial shareholders that have dematerialised their shares through a CSDP or broker, other than those which are in "own name", must not complete this form.

Instead, they must either provide the CSDP or broker with their voting instructions, or alternatively, should they wish to attend the annual general meeting themselves, they may request the CSDP or broker to provide them with a letter of representation in terms of the custody agreement entered into between themselves and the CSDP or broker.

Completed forms of proxy must be received at the office of the company's transfer secretaries, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 15:00 on Tuesday, 19 April 2016. Any forms of proxy not lodged by this time may be handed to the chairperson of the annual general meeting immediately prior to its commencement.

A shareholder entitled to attend and vote at the meeting mentioned below is entitled to appoint a proxy or proxies to attend, speak and, on a poll, to vote in his stead. A proxy need not be a shareholder of the company.

I/We (name in block letters)

of (address in block letters)

being the holder/holders of ordinary shares in Hulamin do hereby appoint

1. of (or failing him/her)

2. of (or failing him/her)

3. the chairman of the annual general meeting as my/our proxy to attend and speak and to vote for me/us at the annual general meeting of the company to be held at 15:00 on Thursday, 21 April 2016, for the purpose of considering and, if deemed fit, passing, with or without modification, all the resolutions to be proposed thereat, or at any adjournment thereof, as follows:

RESOLUTION		FOR	AGAINST	ABSTAIN
1.	Adoption of annual financial statements			
2.	Confirmation of appointment of auditors – retaining the services of PricewaterhouseCoopers and to re-appoint H Govind as the designated auditor			
3	Re-election of directors retiring by rotation:			
3.1	V N Khumalo			
3.2	P H Staude			
3.3	G H M Watson			
4.	Appointment of group Audit Committee members and T P Leeuw as chairman of the group Audit Committee:			
4.1	L C Cele			
4.2	T P Leeuw as chairman			
4.3	N N A Matyumza			
5.	Special resolution number 1: Approval of non-executive directors' fees			
6.	Special resolution number 2: Provision of financial assistance			
7.	Non-binding advisory vote – remuneration policy			

Signed at on this day of 2016

Signature:

NOTES TO THE FORM OF PROXY

1 Shareholders' instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the annual general meeting as he/she deems fit. A shareholder may instruct the proxy to vote less than the total number of shares held by inserting the relevant number of shares in the appropriate box provided. A shareholder who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all the shareholder's votes exercisable at the annual general meeting.

2. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by the company's share registrar or waived by the chairman of the annual general meeting.

3. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

4. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the share registrars of the company.

5. The chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if the chairman of the annual general meeting is satisfied as to the manner in which the shareholder wishes to vote.

SUMMARY IN TERMS OF SECTION 58(8)(B)(I) OF THE COMPANIES ACT, 2008, AS AMENDED

Section 58(8)(b)(i) provides that if a company supplies a form of instrument for appointing a proxy, the form of proxy supplied by the company for the purpose of appointing a proxy must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act, 2008, as amended, which summary is set out below:

- A shareholder of a company may, at any time, appoint any individual, including an individual who is not a shareholder of that company, as a proxy, among other things, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder
- A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder
- A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person
- A proxy appointment must be in writing, dated and signed by the shareholder; and remains valid only until the end of the meeting at which it was intended to be used, unless the proxy appointment is revoked, in which case the proxy appointment will be cancelled with effect from such revocation
- A shareholder may revoke a proxy appointment in writing
- A proxy appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder
- A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.

CORPORATE INFORMATION

HULAMIN LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 1940/013924/06
Share code: HLM
ISIN number: ZAE000096210
Founded: 1940
Listed: 2007
Sector: Industrial Metals and Mining

Business address and registered office

Moses Mabhida Road
Pietermaritzburg, 3201

Postal address

PO Box 74, Pietermaritzburg, 3200

Contact details

Telephone:+27 33 395 6911
Facsimile:+27 33 394 6335
Website: www.hulamin.co.za
E-mail: hulamin@hulamin.co.za

Securities exchange listing

South Africa (Primary), JSE Limited

Transfer secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg, 2001
PO Box 61051, Marshalltown, 2107

Corporate information and investor relations

H T Molale
E-mail: hector.molale@hulamin.co.za

Auditors

PricewaterhouseCoopers
34 Richeford Circle
Ridgeside Office Park
Umhlanga Rocks, 4319
PO Box 1274, Umhlanga Rocks, 4320
Practice number: 905178E
Telephone: +27 31 271 2000
Facsimile: +27 31 815 2000
Website: www.pwc.com/za

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
L C Cele*
S M G Jennings*#
V N Khumalo
T P Leeuw*
J B Magwaza
N N A Matyumza*
M E Mkwanazi, Chairman*
S P Ngwenya
P H Staude*
G H M Watson*

* *Independent non-executive directors*
\# *Resigned 30 September 2015*

Executive directors
R G Jacob, Chief Executive Officer
D A Austin, Chief Financial Officer
M Z Mkhize, Manufacturing Director

Company Secretary

W Fitchat
E-mail: willem.fitchat@hulamin.co.za