Interim results for the half-year ended 30 June 2007

- Continuing volume growth
- Sustained improvement in underlying performance by Rolled Products
- Operating profit of R171 million before once off corporate structuring costs
- Once off corporate structuring costs of R160 million led to headline loss of R70 million
- Interim dividend of 18 cents per share

HULAMIN

Income Statement

	Note	Unaudited half-year 30 June 2007 R'000	Unaudited half-year 30 June 2006 R'000	Audited year ended 31 December 2006 R'000
Revenue		**3 296 674**	2 405 773	5 476 140
Cost of sales		**(2 950 153)**	(2 036 935)	(4 684 789)
Gross profit		**346 521**	368 838	791 351
Other operating income		**–**	–	341
Selling and marketing expenses		**(122 275)**	(119 722)	(260 891)
Administrative expenses		**(53 363)**	(59 073)	(98 374)
Operating profit before corporate structuring costs		**170 883**	190 043	432 427
Corporate structuring costs	5	**(159 927)**	–	(10 000)
Operating profit		**10 956**	190 043	422 427
Share of associate company's loss		**(424)**	–	(310)
Finance costs		**(46 634)**	(66 547)	(222 119)
(Loss)/profit before tax		**(36 102)**	123 496	199 998
Tax	3	**(34 227)**	7 936	11 379
Net (loss)/profit		**(70 329)**	131 432	211 377
Attributable to:				
Shareholders		**(70 271)**	127 540	204 072
Minority interest		**(58)**	3 892	7 305
		(70 329)	131 432	211 377
Headline (loss)/earnings				
(Loss)/profit attributable to shareholders		**(70 271)**	127 540	204 072
Add taxed loss on sale of fixed assets		**–**	–	70
Headline (loss)/earnings attributable to shareholders		**(70 271)**	127 540	204 142
(Loss)/earnings per share (cents)				
Basic		**(33)**	62	100
Diluted		**(33)**	61	99
Headline (loss)/earnings per share (cents)				
Basic		**(33)**	62	100
Diluted		**(33)**	61	99
Dividend per share (cents)		**18**	–	–
Currency conversion				
Rand/US dollar average		**7,16**	6,31	6,77
Rand/US dollar closing		**7,05**	7,15	7,00

Cash Flow Statement

	Unaudited half-year 30 June 2007 R'000	Unaudited half-year 30 June 2006 R'000	Audited year ended 31 December 2006 R'000
Cash flows from operating activities			
Operating profit	**10 956**	190 043	422 427
Interest paid	**(46 634)**	(66 547)	(224 117)
Loss on disposal of property, plant and equipment	**–**	–	70
Non-cash items:			
Depreciation	**90 605**	90 305	172 501
Other non-cash items	**140 669**	7 468	1 521
Tax payments	**–**	–	(1 448)
Change in working capital	**(134 998)**	(227 800)	(260 389)
	60 598	(6 531)	110 565
Cash flows from investing activities			
Expenditure on property, plant and equipment	**(176 528)**	(110 319)	(231 323)
Expenditure on intangible assets	**(1 452)**	(2 981)	(3 881)
Proceeds on disposal of property, plant and equipment	**–**	–	46
Investments	**(1 280)**	–	(2 074)
	(179 260)	(113 300)	(237 232)
Cash flows from financing activities			
Borrowings raised/(repaid)	**67 441**	79 394	(422 371)
Capital contribution	**40 000**	–	580 000
	107 441	79 394	157 629
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**(11 221)**	(40 437)	30 962
Balance at beginning of period	**41 559**	10 597	10 597
Cash, cash equivalents and bank overdrafts at end of period	**30 338**	(29 840)	41 559

Balance Sheet

	Note	Unaudited as at 30 June 2007 R'000	Unaudited as at 30 June 2006 R'000	Audited as at 31 December 2006 R'000
ASSETS				
Non-current assets				
Property, plant and equipment		**4 026 206**	3 898 565	3 939 255
Intangible assets		**23 636**	23 348	23 212
Investments in associates		**2 621**	–	1 765
		4 052 463	3 921 913	3 964 232
Current assets				
Inventories		**930 899**	906 203	988 978
Trade and other receivables		**1 142 009**	979 652	1 050 353
Cash and cash equivalents		**78 176**	93 287	63 526
Derivative financial assets		**33 660**	52 518	67 980
		2 184 744	2 031 660	2 170 837
Total assets		**6 237 207**	5 953 573	6 135 069
EQUITY				
Share capital		**21 558**	10 000	11 100
Share premium		**967 649**	2 887	581 787
Share-based payment reserve		**174 686**	–	–
Hedging reserve		**(8 313)**	16 318	7 749
Partners' capital accounts		**–**	257 312	–
Retained income		**2 241 118**	2 361 904	2 311 389
Realised capital surpluses		**293**	293	293
Equity holders' interest		**3 396 991**	2 648 714	2 912 318
Minority interest		**38 375**	35 020	38 433
Total equity		**3 435 366**	2 683 734	2 950 751
LIABILITIES				
Non-current liabilities				
Borrowings	7	**668 828**	765 807	2 829
Deferred income tax liabilities		**886 654**	922 039	899 815
Retirement benefit obligations		**104 615**	97 526	98 632
		1 660 097	1 785 372	1 001 276
Current liabilities				
Trade and other payables		**838 524**	784 328	932 278
Borrowings	7	**241 838**	645 127	814 525
Hulamin Joint Venture	7	**–**	–	396 320
Derivative financial liabilities		**8 624**	55 015	34 549
Income tax liability		**52 758**	(3)	5 370
		1 141 744	1 484 467	2 183 042
Total liabilities		**2 801 841**	3 269 839	3 184 318
TOTAL EQUITY AND LIABILITIES		**6 237 207**	5 953 573	6 135 069
Debt to equity		**26,5%**	52,6%	41,1%
Net debt to equity		**24,2%**	49,1%	39,0%

Statement of Changes in Equity

	Unaudited half-year 30 June 2007 R'000	Unaudited half-year 30 June 2006 R'000	Audited year ended 31 December 2006 R'000
Balance at beginning of period	**2 912 318**	2 518 877	2 518 877
Net (loss)/profit	**(70 271)**	127 540	204 072
Share premium	**385 862**	–	578 900
Share capital issued	**10 458**	–	1 100
Share-based payment reserve:			
– BEE investor's share capital contribution	**40 000**	–	–
– IFRS 2 charge on introduction of BEE investors	**134 686**	–	–
– value of employee services	**11 575**	2 121	4 830
– share-based payment settled	**(11 575)**	(2 121)	(4 830)
Cash flow hedges transferred to income statement	**(7 749)**	(14 020)	(14 020)
Cash flow hedges	**(8 313)**	16 317	7 749
Partners' capital account eliminated on common control transaction	**–**	–	(355 075)
Consideration in excess of predecessor values on sale of business	**–**	–	(29 285)
Shareholders' interest	**3 396 991**	2 648 714	2 912 318
Minority interest in subsidiary	**38 375**	35 020	38 433
Balance at beginning of period	**38 433**	31 128	31 128
Share of (loss)/profit	**(58)**	3 892	7 305
Equity	**3 435 366**	2 683 734	2 950 751

Commentary

Hulamin increased its revenue by 37% to R3,3 billion in the first half of 2007 compared to the first half of 2006. Rolled Products maintained operating profits of R160 million notwithstanding the benefit from the R128 million non-recurring metal price lag in the first half of 2006. However Hulamin's operating profit before corporate structuring costs was 10% lower at R171 million following the reduced earnings contribution from Hulamin Extrusions.

Operating profit amounted to R11 million after accounting for corporate structuring costs of R160 million, which are primarily the IFRS 2 costs related to the introduction of BEE equity ownership, and this was also the underlying cause of the headline loss of R70 million.

Operating cash flow improved to positive R61 million on the back of tighter inventory control. Capital expenditure amounted to R178 million and included R98 million in respect of the Rolled Products expansion project. Net debt at 30 June amounted to R832 million giving rise to a net debt to equity ratio of 24%.

The implementation of employee share ownership plans in the second half of the year will result in the introduction of a further 5% BEE equity investment in the group at an estimated cost of R10 million in respect of the current year.

Rolled Products

Rolled Products' sales volumes grew by 7% to 190 000 tons annualised, due largely to an 8% growth in export sales. Having shown strong growth for the last three years, growth in local sales volumes slowed sharply to 2%. This slowdown was partly prompted by de-stocking in some sectors and second half sales are expected to improve.

International demand remains firm and the sales mix improved with sustained high growth in the high value sectors.

Although energy and packaging costs increased by 23%, the overall increase in conversion costs was limited to 8%, resulting in an increase of 2% in unit costs in nominal terms.

The price of primary aluminium on the LME was reasonably stable when compared to the first half of 2006 during which the sharp price increase gave rise to a non-recurring positive metal price lag effect of R128 million. This has been partially compensated in 2007 by the movement in the average exchange rate from R6,31 to R7,16. This exchange rate benefit, together with the effects of the improved sales volumes and product mix, has contributed to achieving an operating profit similar to that achieved in the first half of 2006.

Extrusions and Commercial Products

Hulamin Extrusions' earnings reduced sharply due to reduced margins and increased costs. Sales volumes reduced slightly as a consequence of a flat local market and increased imports. Margins in the architectural segment came under pressure from imports but this is expected to ease following the withdrawal of Chinese export rebates on aluminium extrusions with effect from 1 July. Hulamin Extrusions has also incurred considerable costs in product development and the establishment of an improved distribution infrastructure. Benefits from these actions are expected to flow through in the second half of the year.

The Commercial Products operations have also been affected by reorganisation and reflected a slight reduction in earnings.

Expansion Project

The company began work on the R950 million expansion of its Rolled Products production facilities in 2006. With over 50% of the costs having been committed and the schedule well established, it is expected that the project will be completed on time and within budget, and will begin contributing to increased sales volumes in early 2009.

Outlook

Operating profit before corporate restructuring costs in the second half of the year is expected to exceed that achieved in the first half.

Dividend declaration

Notice is hereby given that the Board has declared an interim dividend (number 1) of 18 cents per share for the half-year ending 30 June 2007 to shareholders recorded in the register at the close of business on Friday, 24 August 2007.

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

Last date to trade ordinary shares "cum" dividend	Friday, 17 August 2007
Ordinary shares commence trading "ex" dividend	Monday, 20 August 2007
Record date	Friday, 24 August 2007
Payment of dividend	Monday, 27 August 2007

Share certificates may not be dematerialised or rematerialised between Monday, 20 August and Friday, 24 August 2007, both days inclusive.

On Monday, 27 August 2007, dividends due to holders of share certificates will either be transferred electronically to shareholders' bank accounts or, in the absence of suitable mandates, dividend cheques will be posted to such shareholders. Shareholders who have not yet mandated electronic payments are encouraged to do so for all future dividends.

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

The dividend is declared in the currency of the Republic of South Africa. Dividends paid by the United Kingdom paying agent will be paid in British currency at the ruling exchange rate at the close of business on Wednesday, 22 August 2007.

For and on behalf of the Board.

Willem Fitchat
Company Secretary

Moses Mabhida Road, Pietermaritzburg, KwaZulu-Natal
23 July 2007

Notes

1. Basis of preparation

The consolidated unaudited interim financial statements of the group for the half-year ended 30 June 2007 have been prepared in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting. The accounting policies comply with International Financial Reporting Standards (IFRS) and have been applied consistently with those used in the preparation of the group's 2006 annual financial statements except for the adoption of AC 503 – Accounting for Black Empowerment Transactions (an interpretation of IFRIC 8) the impact of which is set out in note 5.

2. Segmental analysis

Revenue			
Hulamin Rolled Products	**2 828 365**	2 011 154	4 592 018
Hulamin Extrusions	**364 825**	310 479	671 935
Commercial Products	**103 484**	84 140	212 187
Group total	**3 296 674**	2 405 773	5 476 140
Operating profit			
Hulamin Rolled Products	**160 463**	160 513	374 079
Hulamin Extrusions	**6 230**	23 624	44 352
Commercial Products	**4 190**	5 906	13 996
Corporate structuring costs	**(159 927)**	–	(10 000)
Group total	**10 956**	190 043	422 427

3. Tax

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

Normal	**(47 388)**	(1 113)	(6 821)
Deferred	**13 161**	9 049	18 200
	(34 227)	7 936	11 379
Normal rate of taxation	**29,0%**	29,0%	29,0%
Adjusted for:			
*Non-allowable items	**(123,3%)**	0,7%	1,7%
Joint venture income not taxed	**–**	(36,1%)	(36,4%)
	(94,3%)	(6,4%)	(5,7%)

* Note that the majority of corporate structuring costs are not deductible for income tax purposes.

4. Commitments and contingent liabilities

Capital expenditure commitments			
Contracted	**452 527**	72 868	95 152
Approved but not contracted	**518 180**	101 434	984 668
	970 707	174 302	1 079 820
Operating lease commitments	**19 695**	18 851	16 464
Guarantees and contingent liabilities	**22 103**	4 057	21 980

5. Corporate structuring costs

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

The legal, tax, accounting and other costs related to the unbundling, listing and renaming of the group	**16 309**	–	10 000
Costs in respect of partial early vesting of share incentives	**8 932**	–	–
Share-based payment costs related to the introduction of broad-based BEE investors	**134 686**	–	–
	159 927	–	10 000

6. (Loss)/earnings per share

The weighted average number of shares in issue at 30 June and 31 December 2006 have been adjusted to account for the following transactions which occurred during the period ending 30 June 2007:

- The issued share capital of 11,1 million shares of R1,00 each was divided into 111 million shares of 10 cents each and,
- 104 577 344 shares were issued as a capitalisation issue out of share premium, in anticipation of the public listing of the company during June 2007.

The adjusted weighted average number of shares used is as follows:

	June 2007 Number of shares	June 2006 Number of shares	December 2006 Number of shares
Weighted average number of shares used for basic EPS	**215 578 344**	204 577 344	204 637 618
Options	**–**	3 760 849	2 141 526
Weighted average number of shares used for diluted EPS	**215 578 344**	208 338 193	206 779 144

7. Funding

The amount owed to The Hulamin Joint Venture partners of R396 320 006 was repaid on 30 March 2007. The partners subsequently subscribed for 100 R1 par value shares in Hulamin Limited for R396 320 006.

As part of the process of unbundling and listing of Hulamin Limited, the loans from the Tongaat Hulett Group and HypoVereinsbank were repaid and replaced with secured long and short-term facilities from a number of financial institutions.

Corporate information

Registration number: **1940/013924/06**
Share code: **HLM**
ISIN: **ZAE000096210**
Company Secretary: **W Fitchat**

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Email: **Hulamin@hulamin.co.za**

Securities exchange listings
South Africa (Primary), JSE Limited

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

Sponsor
Rand Merchant Bank
1 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton, 2196
PO Box 786273, Sandton, 2146

Directorate
Following the unbundling of the company from the Tongaat Hulett Group, the Hulamin Board comprises of the following directors:

Non-executive directors:
PM Baum, I Botha, LC Cele, VN Khumalo, TP Leeuw, JB Magwaza, ME Mkwanazi (Chairman), PH Staude

Alternate:
SP Ngwenya

Executive directors:
A Fourie (Chief Executive Officer), CD Hughes, MZ Mkhize

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

Non-executive directors:
LWJ Matlhape, MH Munro, CML Savage, SJ Saunders (alt), MP Zambane

Executive directors (alternates):
FB Bradford, RG Jacob, CJ Little, TK Mshengu, DF Timmerman

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