HULAMIN

INTEGRATED ANNUAL REPORT
for the year ended 31 December 2012

Think Future. Think Aluminium. Think Hulamin.

AT OUR CORE – OUR VALUES

MUTUAL RESPECT

We treat each other as we would like to be treated. We respect the rights and fair expectations of others – this has particular importance in our diverse society. Developments and performance in the areas of employment equity, participation, skills development, and health are covered in the Sustainability Report.

TEAMWORK

We are all team players. We achieve more working together than the total of everyone's efforts working alone. Our logo symbolises our commitment to teamwork. The composition and details of our board of directors and Executive Committee are set out on pages 38 to 41.

HONESTY AND INTEGRITY

We behave in ways that are ethical and result in trust, openness and fairness. Developments in governance, compliance and ethics are set out on pages 42 to 58.

WORKING SAFELY AND RESPONSIBLY

Every employee has the right to work without fear or risk of personal injury and has the responsibility to work in ways that give the same right to fellow workers. Furthermore, every employee has the additional responsibility to promote zero harm to our environment. Our performance in the areas of safety and the environment are set out in the Sustainability Report.

CUSTOMER VALUE

- We strive to exceed our customers' expectations.
- We recognise that our customers have alternatives.
- We strive to be our customers' first-choice supplier.

Our stakeholders and key engagements during 2012 are covered on pages 24 to 27.

CONTENTS

ABOUT THIS REPORT

We are pleased to present our second Integrated Annual Report which sets out Hulamin's financial and non-financial performance for the year ended 31 December 2012. It covers the business activities of the group's Hulamin Rolled Products and Hulamin Extrusions operations. The report places these operations in the context of the overall business, our industry and our position in both the local and the global economy. This report also covers Hulamin's strategy and key performance drivers, opportunities, as well as risks and how we deal with them.

There have been no material changes to the structure of the business during the past 12 months.

The information provided in this report promotes an understanding of Hulamin's operations and provides an informed assessment of Hulamin's ability to create and sustain value for our stakeholders, including shareholders, investors, employees, trade unions, regulators, customers, suppliers and service providers, government, communities and civil society.

We have drawn on the guidance provided in the discussion paper "Towards Integrated Reporting" issued by the International Integrated Reporting Committee, demonstrating our ambition for continuous improvement in reporting.

This Integrated Annual Report has been compiled in line with International Financial Reporting Standards (IFRS), the JSE Listings Requirements, the King Report on Governance for South Africa 2009 and the South African Companies Act, No 71 of 2008.

Our external auditors, PricewaterhouseCoopers, have audited the financial statements included in this report. KPMG Services (Pty) Ltd has provided limited assurance on selected sustainability information. Hulamin's Broad-based Black Economic Empowerment rating is verified by AQRate, an accredited external verification agency.

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PAGE 68

The Audit Committee had oversight of the preparation of this report and recommended it for board approval, which was obtained on 21 February 2013.

This report is also available on our website at www.hulamin.co.za

2012 HEADLINES

Attributable earnings
66%
financial statements

HEPS
128%
financial statements

Cash flow positive at
R72
million
financial statements

Failure of Camps Drift hot finishing mill motor
sales impact of 11%
PAGE 31

Financial Mail
Top Empowerment Company 2012
third in resources sector and moved from 81 to 34 in overall ranking

Continued engagement on
future of slab supply.
Agreement extended to June 2013
PAGE 19, 24, 33

Agreement concluded for supply of
aluminium can body stock
and positive developments in
solar
PAGE 16

Hulamin's manufacturing excellence programme continues to yield
improvements in operational performance
PAGE 31

Rationalisations and
focus on core business
PAGE 9, 32

Best recorded Total Recordable Injury Frequency Rate
PAGE 87

Successful pension fund conversion.
R118 million impact on earnings

Market conditions remain challenging.
Pressure on margin and mix optimisation

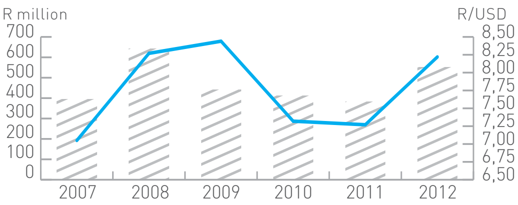
Continued improvements in enterprise development, environmental performance and skills development
sustainability report

SALIENT FEATURES

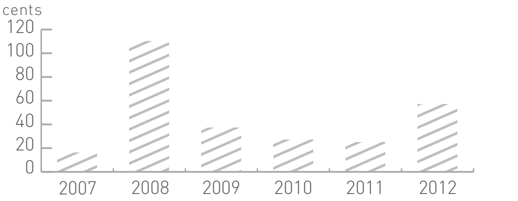
		2012	2011
Financial performance			
Revenue	(R million)	**6 542**	6 905
EBITDA[1]	(R million)	**551**	383
Operating profit	(R million)	**245**	170
Attributable earnings	(R million)	**133**	80
Headline earnings per share	(cents)	**57**	25
Return on equity[2]	(%)	**3,9**	1,7
Net borrowings to shareholders' equity	(%)	**15,5**	17,3
Net asset value per share	(cents)	**1 502**	1 473
Current ratio[3]		**3,3**	2,7
Cash flow before financing activities	(R million)	**72**	152
Capital expenditure	(R million)	**98**	152
Sales volumes			
Hulamin group sales volumes	(000 tons)	**215**	229
Rolled Products sales volumes	(000 tons)	**194**	208
Economic indicators			
Average Rand/US$ exchange rate		**8,22**	7,27
Share statistics			
Total shares in issue	(million)	**318,1**	317,1
Share price (closing)	(cents)	**321**	849
Market capitalisation	(R billion)	**1,0**	2,7
Employees			
Total number of employees		**2 087**	2 190
Employee cost to turnover	(%)	**11,4**	10,4
Skills development spend	(R million)	**14,0**	13,0
Safety			
Lost time injury frequency rate		**0,33**	0,53
Total recordable frequency case rate		**1,00**	1,31
Social and transformation			
BBBEE expenditure	(R billion)	**3,7**	3,7
CSI spend	(R million)	**1,0**	0,7
Enterprise development spend	(R million)	**1,8**	1,4
Environment			
Carbon emissions intensity[4]	(MT CO_2e/MT production)	**1,85**	1,82
Energy consumption intensity	(GJ/MT production)	**12,37**	12,18
Water consumption intensity	(Kl/MT production)	**2,86**	2,91

(1) Including impairment of property, plant and equipment
(2) Headline earnings expressed as a percentage of average equity
(3) Current assets divided by current liabilities (excluding borrowings)
(4) Using Eskom emission factor

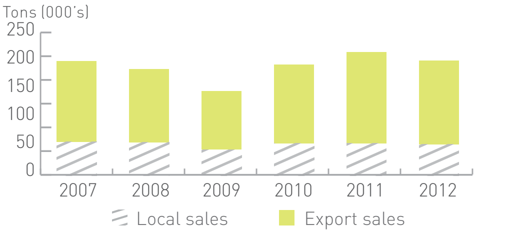
Group EBITDA[1] vs Rand/USD



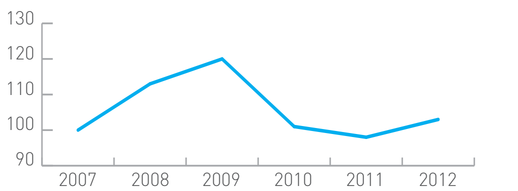
Group HEPS



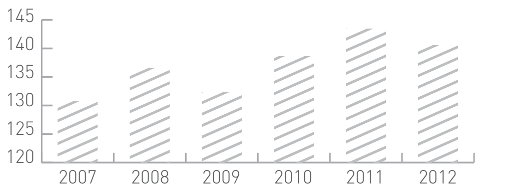
Rolled Products – sales volumes



Rolled Products – unit cost index in 2007 rands



Rolled Products – $ margin index



LETTER FROM THE CHAIRMAN

Mafika Mkwanazi, *Chairman*

DESPITE THE CHALLENGES FACED BY HULAMIN, THE IMPROVED FINANCIAL PERFORMANCE IN 2012 DEMONSTRATES THAT IT HAS ESTABLISHED A PLATFORM TO FURTHER EXPLOIT THE INCREASED CAPACITY THAT WAS PROVIDED BY RECENT INVESTMENTS.

The 2012 year was a challenging one for Hulamin, with South African manufacturing continuing to face headwinds. Not only has the Rand continued to be volatile and the international market remained weak, but manufacturing costs are a concern as they have continued to rise, maintaining their pressure on Hulamin's operating margins. Like many South African companies, Hulamin faced a more challenging industrial relations climate following the unfortunate events that unfolded in the mining industry, highlighted by the most disturbing loss of life at Marikana.

International events such as the EU sovereign debt crisis and the US fiscal cliff uncertainty have perpetuated the world economy's struggle to enter a new growth phase after the financial crisis of 2008. Hulamin, like other manufacturers exposed to international markets, has been affected by this uncertainty and the impact it has had on restricting investment in hard assets. Despite these challenges in 2012, we are pleased with the improved financial performance and look forward to an improvement in our fortunes.

CORPORATE GOVERNANCE

The directors of Hulamin are fully committed to the principles of sound corporate governance, in particular engaging with stakeholders and conducting our affairs with integrity, transparency, fairness and accountability. Corporate governance matters are covered in depth on pages 42 to 58 of this report.

STAKEHOLDER ENGAGEMENTS

Hulamin recognises that sustainable growth depends on building and maintaining strong and mutually beneficial relationships with its many diverse stakeholders, and will be responsive to their needs and expectations. In 2012, Hulamin continued to strengthen relations with all relevant stakeholders. Stakeholder engagements are covered in more detail on pages 24 to 27.

PERFORMANCE AND DELIVERY

Hulamin started 2012 maintaining its 2011 volume growth momentum. In the first four months performance was ahead of 2011, but progress was curtailed by the failure of a component of the main drive motor of the Camps Drift hot finishing mill, causing a 46-day disruption to production. Despite this setback, an improved second half performance bodes well for 2013. The board and I are reassured that management continues to focus on its manufacturing excellence programme and is well equipped to face the uncertainties and challenges of 2013. The business has invested considerable resources in this programme and the board will continue to monitor the progress of the operational performance improvement process.

SUSTAINABILITY

Hulamin remains committed to its stakeholders, recognising the interconnectedness of the organisation and its environment. Therefore, maintaining and strengthening good relations with stakeholders, who include government, the communities we operate in, capital providers and employees, remains a top priority. We continue to make good progress in improving our carbon footprint, and have achieved a range of sustainable reductions in the company's carbon impact. Sustainability is covered extensively on pages 64 to 89 of this report.

AVAILABILITY OF ROLLING SLAB AND EXTRUSION BILLET

The long-term security of local supply of rolling slab from BHP Billiton remains uncertain with the current slab supply agreement expiring at the end on June 2013. Hulamin has continued to engage with BHP Billiton and other stakeholders with the goal of finding a solution that meets the needs of all parties.

APPRECIATION

In August 2012, Gerrit Pretorius resigned from the board of Hulamin due to other business commitments. The board and I express our appreciation for the valuable contribution he made to the company during the short time he was on the board. We wish him all the best for the future.

On 28 February 2013, Charles Hughes retired as Chief Financial Officer and was replaced by David Austin. Charles will remain with company to the end of May 2013 to ensure an orderly transition and the board and I would like to express our appreciation for his contribution to the company and welcome David to the board. David has a wealth of experience in senior financial positions and we are confident he will make a significant contribution to the company and the board.

CONCLUSION

Hulamin's improved financial performance in 2012 demonstrates that it has established a platform to further exploit the increased capacity that was provided by recent investments. I would like to thank the board, management and employees for their commitment to improving Hulamin's performance and look forward to a continued improvement in performance.

OVERVIEW AND STRATEGY

HULAMIN REMAINS WELL PLACED TO CAPITALISE ON THE UNDERLYING GROWTH IN DEMAND, PARTICULARLY IN SOUTH AFRICA, FOR PRODUCTS AND APPLICATIONS MADE FROM ALUMINIUM, THE METAL OF THE FUTURE.

BUSINESS PROFILE

Hulamin is a leading, mid-stream aluminium semi-fabricator 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 60% 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 2 000 people and contributes materially to the sustainability of the local Pietermaritzburg community.

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.

The company has grown and expanded its operations to cover a full range of rolled and extruded aluminium products. The Hulamin group now comprises the following main operating segments:

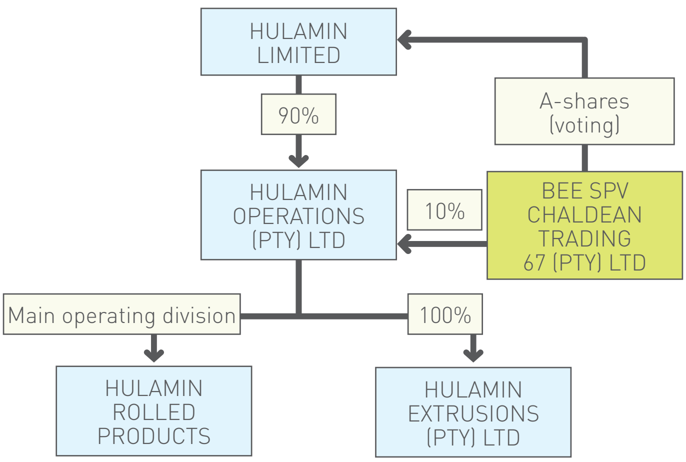
- **Hulamin Rolled Products:** Semi-fabrication of rolled aluminium products and responsible for around 90% of the group's turnover. Includes Hulamin Containers, a fabricator of rigid foil containers; and
- **Hulamin Extrusions:** Semi-fabrication of extruded aluminium products.

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, has increased capacity to 250 000 tons and the capability for higher value products, thin gauge foil and heat-treated plate.

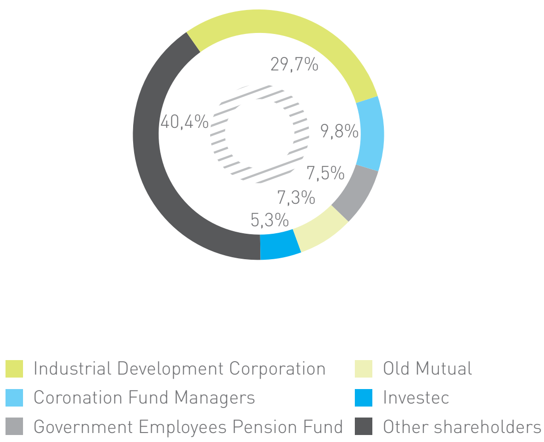
Hulamin's Rolled Products operation includes re-melting and recycling facilities, direct chill ingot casting, continuous casters, hot, cold and foil rolling mills and a range of further finishing processing lines.

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.

Structure



Shareholders as at 31 December 2012



HULAMIN ROLLED PRODUCTS

PRINCIPAL ACTIVITIES

PAGE 14

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. It 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. The Hulamin Rolled Products operation is based in Pietermaritzburg, KwaZulu-Natal.

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.

During 2012, Hulamin disposed of the Hulamin Roofing Solutions business, a leading producer of aluminium standard seam roofing and cladding systems in South Africa, in order to focus on its core business.

KEY STRATEGIC FOCUS AREA

PAGE 18

- Operational performance PAGE 31
- Rolling slab and melting ingot supply PAGE 22, 24, 33
- Local market growth PAGE 16, 23, 32
- Cost competitiveness
- Secondary metal processing

HULAMIN EXTRUSIONS

PRINCIPAL ACTIVITIES

PAGE 14

Hulamin Extrusions is a leading supplier of aluminium extrusions to the engineering and architectural markets in Southern Africa. Hulamin Extrusions, which supplies the local market with a wide range of extruded aluminium profiles in both standard and custom shapes, operates from two plants, one in Midrand, Gauteng and one in Pietermaritzburg, KwaZulu-Natal. Hulamin Extrusions' sales office in Johannesburg focuses on the supply of its products through locally established supply relationships.

During the current year, Hulamin disposed of its 50% investment in Hulamin Building Systems, a downstream business which provides advanced architectural extrusion-based systems to the construction market.

Hulamin holds a 49% share in Almin Metal Industries Limited, a Zimbabwean extrusion intensive business.

KEY STRATEGIC FOCUS AREA

PAGE 18

- Billet supply PAGE 33
- Threat from imports PAGE 23, 24, 32
- Market opportunities (primarily solar) PAGE 17, 33
- Cost competitiveness
- Secondary metal processing

BUSINESS MODEL AND VALUE CHAIN

HULAMIN'S SUPPLY BASE

Mining, refining, smelting

bhpbilliton resourcing the future

BAYSIDE

(Richards Bay, KwaZulu-Natal)

bhpbilliton resourcing the future

HILLSIDE

(Richards Bay, KwaZulu-Natal)

PRIMARY ALUMINIUM

Hulamin obtains primary aluminium (melting ingot) from the BHP Billiton Hillside smelter. This aluminium is melted at Hulamin's remelt facilities and cast into rolling slab.

IMPORT

EXTRUSION BILLET

The majority of extrusion billet is acquired via imports following BHP Billiton's decision to cease supply of billet to Hulamin from its Bayside cast house in 2009.

HULAMIN IS A MIDSTREAM PLAYER

Semi-fabrication: rolling, extruding

ROLLING SLAB

Hulamin's own production of rolling slab is supplemented primarily by the procurement of rolling slab from the BHP Billiton Bayside facility, supplying one-third of Hulamin's requirements.

MELTING

CASTING

REMELT AND CASTING

(Pietermaritzburg, KwaZulu-Natal)

Scrap from the Hulamin manufacturing processes is charged into melting furnaces together with primary aluminium and alloying elements. The molten metal is cast into rolling slabs and extrusion billet, which is the feedstock for the rolling and extruding processes respectively. Hulamin casts two-thirds of its rolling slab requirements.

Recycled process scrap

ENVIRONMENTAL FOOTPRINT

sustainability report

CO_2e emissions ($MT\ CO_2e/MT$ production)	1,85
Energy usage (GJ/MT production)	12,37
Water usage (kl/MT production)	2,86
Waste to landfill (kg/MT production)	27,90

MANUFACTURING COST

Manpower	35%
Energy	28%
Consumables	20%
Maintenance	14%
Other	3%

HULAMIN'S CORE ACTIVITY IS THE ROLLING AND EXTRUDING OF PRIMARY ALUMINIUM FOR USE IN DOWNSTREAM FABRICATION. THE HULAMIN BUSINESS MODEL CENTRES AROUND THE USE OF WORLD-CLASS INSTALLED EQUIPMENT AND TECHNOLOGIES TO BENEFICIATE LARGE QUANTITIES OF PRIMARY ALUMINIUM PRODUCED IN THE REGION, PRODUCING HIGH VALUE ALUMINIUM PRODUCTS WHICH ARE SHIPPED TO OVER 60 COUNTRIES AROUND THE GLOBE.

IN THE ALUMINIUM VALUE CHAIN

The closure of the Camps Drift hot finishing mill in May/June 2012 due to a component failure resulted in the loss of 25 000 tons of sales.

ROLLING

(Pietermaritzburg, KwaZulu-Natal)

Hulamin is a state-of-the-art 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.

194 kt sales

EXTRUDING

(Pietermaritzburg, KwaZulu-Natal and Midrand, Gauteng)

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.

20 kt sales

HULAMIN'S PRODUCTS

- Coil
- Sheet
- Plate
- Extrusions

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OTHER KEY STEWARDSHIP STATISTICS

sustainability report

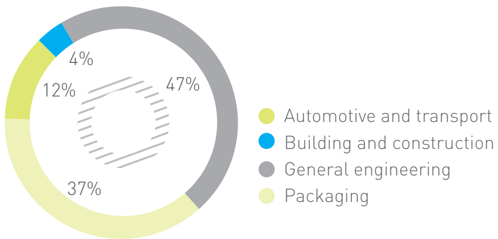
Safety: LTIFR/TRCFR	0,33/1,00
Empowerment: BBBEE expenditure	R3,7 billion
Community: Enterprise development spend	R1,8 million
Employees: Skills development spend	R14,0 million

HULAMIN'S CUSTOMERS

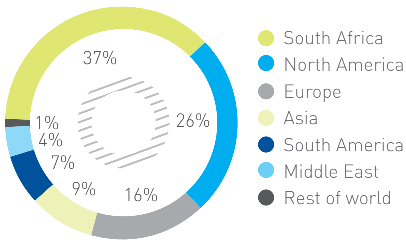
Fabrication of end-user products

PAGE 12, 13

Analysis of revenue by product market



Geographical analysis of revenue



ALUMINIUM – ESSENTIAL TO SOCIETY

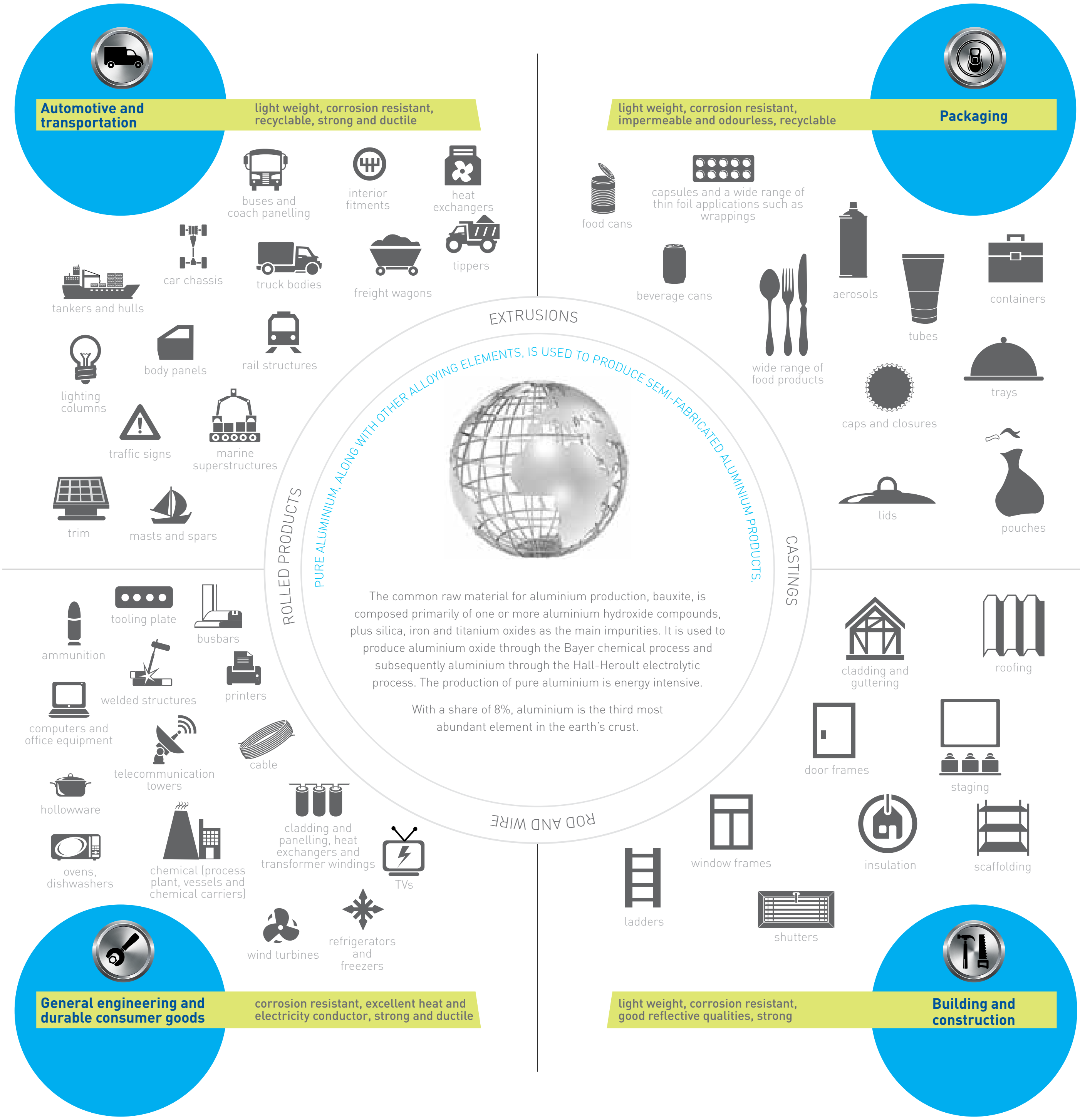
*Recycling one aluminium can saves enough energy to keep a 100-watt bulb burning for almost four hours or provides enough power to a television for three hours.

Our products are the building blocks for many of life's essentials, including building panels and frames, heat exchangers, busbars, beverage cans, pharmaceutical packaging, truck and tanker plate amongst many others.

Aluminium is the third most abundant element in the earth's crust. Once refined into alumina (aluminium oxide), it requires an energy intensive process to convert the alumina into primary aluminium. South Africa has an abundance of coal and hence an ample supply of energy to undertake this conversion process. Hulamin is in a good position to convert this primary aluminium, along with other alloying elements, into semi-fabricated aluminium products.

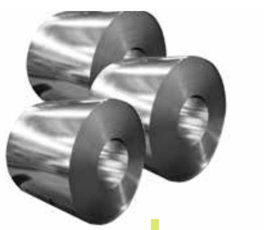
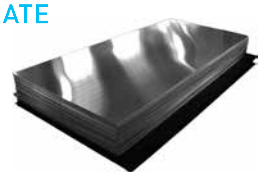
Wrought aluminium has many valuable properties including being lightweight, strong, infinitely recyclable*, it has good corrosion resistance, it is durable, ductile, easily formable and offers good electrical and heat conductivity. These properties ensure many exciting and varied applications for semi-fabricated aluminium in the automotive and transportation, packaging, building and construction and general engineering markets.

While the markets in the developed world are mature and steady or even in decline, in the developing world, with generally younger demographics and growing per capita incomes, aluminium consumption is set to grow significantly.



The common raw material for aluminium production, bauxite, is composed primarily of one or more aluminium hydroxide compounds, plus silica, iron and titanium oxides as the main impurities. It is used to produce aluminium oxide through the Bayer chemical process and subsequently aluminium through the Hall-Heroult electrolytic process. The production of pure aluminium is energy intensive.

With a share of 8%, aluminium is the third most abundant element in the earth's crust.

SEMI-FABRICATED PRODUCT	MAIN PRODUCT APPLICATIONS	PRIMARY MARKET	FINISHING PROCESSES	TYPICAL ALLOYS
COIL 	• Closure sheet • Coated can-end stock • Tabstock • Can body stock		• Coating • Lubrication • Cut to length • Slitting	3xxx 5xxx 8xxx
	• Converter foil • Household foil • Rigid container foil • Laminated foil		• Foil rolling • Foil slitting • Annealing	1xxx 3xxx 8xxx
SHEET 	• Automotive clad • Finstock • Heatshield products		• Clad lining and bonding • Slitting • Cut to length	1xxx 3xxx 9xxx
	• Painted and mill finish building coil and sheet		• Painting • Slitting	1xxx 3xxx 4xxx
	• General engineering coil and sheet and tread products • Transportation applications		• Levelling • Tension levelling • Slitting • Cut to length • Tread finish • Embossing	1xxx 3xxx 5xxx
PLATE 	• Plate, including heat-treated plate, for general engineering and transportation sectors		• Stretching • Heat treating • Cut to length • Sawing	1xxx 5xxx 6xxx
EXTRUSIONS 	• Doors, windows • Industrial applications • Components for automotive and transportation industry		• Extruding • Coating • Anodising	6xxx

HULAMIN ROLLED PRODUCTS IS A MODERN, GLOBALLY-COMPETITIVE PRODUCER OF A RANGE OF TECHNOLOGICALLY SOPHISTICATED SHEET, COIL, AND PLATE PRODUCTS. HULAMIN EXTRUSIONS IS A LEADING SUPPLIER OF ALUMINIUM EXTRUSIONS TO THE ENGINEERING AND ARCHITECTURAL MARKETS IN SOUTHERN AFRICA.

Hulamin has supplied the beverage industry with coated can-end and tab stock for more than 25 years. Hulamin also produces closure sheet for use in the manufacturing of bottle caps (wine, spirits, soft drinks, mineral water). Hulamin has, during 2012, entered into an agreement with Bevcan (a division of Nampak Limited) for the supply of aluminium can body stock, which is the entry point of Hulamin into this growth market. PAGE 16

Our foil is used in a wide variety of applications in the packaging industry, from converter foil, which is used in the production of laminated cartons and confectionary packets, to rigid containers such as pie dishes, airline food containers and other catering containers. Further uses include household foil, peel-off ends and electrical cable sheath.

Our clad tubestock and finstock is used in the manufacture of automotive heat exchangers such as radiators, charge air coolers, condensers and evaporators. Our heatshield foil, sheet and plate products are used in the manufacture of heatshields for containing heat within engine compartments. Our finstock products are also employed in the production of industrial airconditioning systems.

Our painted and mill finish building coil and sheet is used in a wide range of applications in the building and construction industry, including roofing, cladding, ceilings, gutters and downpipes.

Our general engineering coil and sheet products are used in a wide variety of general engineering applications, electronics, computers and office products, commercial vehicles and durable consumer goods such as refrigerators, freezers, ovens and dishwashers.

Our plate is extensively used in the general engineering industry. Hulamin supplies material that is used in the production of vacuum chambers for the manufacture of computer chips, distribution boards, assembly plates in keyboards, plasma displays, busbars and in numerous other applications. Due to its payload advantages, aluminium plate is widely used in the transportation industry, including in the production of truck bodies, trailers, tankers, boats and train wagons.

Our extruded aluminium sections are used in the manufacture of various household frames and other industrial applications. These include doors, windows, facades, partitions, showers, furniture, pumps, scaffolding, ladders, fridges, stoves and lights. We also supply extruded products to the engineering, transportation and automotive sectors and are developing opportunities in the solar energy market.

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GROWTH IN THE LOCAL ALUMINIUM MARKET

ALL-ALUMINIUM BEVERAGE CANS IN SOUTHERN AFRICA

Hulamin has entered into a groundbreaking agreement with Bevcan (a division of Nampak Limited) to supply aluminium coil for the manufacture of aluminium-bodied beverage cans.

South Africa's beverage cans, both soft drink and beer cans, are currently produced with a steel body and aluminium can-ends and tabs. South Africa is to follow the global trend of replacing these tin-plated steel beverage cans with aluminium-bodied cans, with the first locally-produced all-aluminium cans set to hit the market in mid-2013.

The all-aluminium can is popular worldwide and has become increasingly more attractive than steel, owing to its lightweight, corrosion-resistant features, its low cost of recycling as well as its ability to be cooled rapidly. In addition, aluminium has lower raw material and transport costs and better printing qualities. Aluminium cans are also one of the most successfully recycled packaging products internationally.

Historically, South Africa has enjoyed access to competitively priced steel, but in recent years steel prices have become increasingly volatile and less competitive.

Hulamin's volume of local can body stock sales is forecast to increase to around 15 000 tons by 2015, in addition to the local can-end and tab stock which Hulamin currently supplies. Hulamin will switch a portion of its rolled products, which have typically been exported, to the new product range destined for the local and regional market. The conversion of the can body to aluminium in Southern Africa is a significant step in growing Hulamin's local sales and the initial sales contract represents a 30% growth in its local sales of rolled products. Hulamin completed trials of the new product successfully in Europe in late 2012.

"It represents a very positive strategic change for us," says Hulamin's CEO Richard Jacob. "Benefits for Hulamin", he says, "include longer production runs, greater exposure to the more stable South African market and enhanced cash flow."

Hulamin's customer, Nampak (Bevcan) is currently installing a new can production line, and plans to convert and upgrade three of its tin-plated steel can production lines, to enable production of aluminium cans at a total project cost of R600 million to R800 million. Bevcan will initially supplement its required supply with rolled aluminium can body coil imports, while Hulamin ramps up aluminium can body coil manufacturing and deliveries.

"Our first aluminium can production line will be commissioned in April," says Nampak CEO Andrew Marshall. "The big conversion will be in the summer of 2013."

The change to aluminium cans will bring recycling spin-offs and create new job opportunities at Hulamin's Pietermaritzburg operations. Hulamin is considering an appropriate investment in recycling infrastructure to enable it to procure used beverage cans and other secondary (post-market) metal units available in South Africa and the regional market. It is planned to install a processing line to clean and shred cans, and de-coat the ink and lacquer from the metal, before melting and casting the aluminium back into rolling slabs, thereby creating a "closed loop" in the manufacturing and recycling processes.

The value of used aluminium cans is considerable – aluminium scrap is many times more valuable than steel and is able to be recycled at low cost. The impact on the local recycling market is likely to be significant. Hulamin aims to buy back the used, empty aluminium cans from scrap dealers to process and recycle them for reuse. Growth in demand for aluminium cans in the next few years could bring hundreds of millions of Rands into the economy, enabling people who survive on refuse picking to benefit from a higher price for the cans they sell to scrap metal dealers.

"The recycling rate for aluminium cans is likely to be far higher than for steel cans. Collectors will go for aluminium cans first because of their value. The latest figures from Brazil show that 98,3% of aluminium cans are recycled in that country", says Jacob.

"Typically, a scrap dealer will pay five to ten cents a can", he says. "Putting the attraction of aluminium cans into perspective: to pay for a loaf of bread a collector must sell 1 000 steel cans to a scrap merchant; fewer than 200 aluminium cans are needed to earn the same amount." The recycling infrastructure could provide a further 5 000 to 10 000 people with "a decent living" from collecting and selling used cans.

HULAMIN'S GROUNDBREAKING AGREEMENT WITH BEVCAN TO SUPPLY ALUMINIUM COIL FOR THE MANUFACTURE OF ALUMINIUM-BODIED BEVERAGE CANS REPRESENTS A SIGNIFICANT STEP IN GROWING HULAMIN'S LOCAL MARKET.

WHY AN ALUMINIUM CAN?

Recyclable: Aluminium beverage cans are able to be recycled after use again and again without quality degradation. In many markets, aluminium beverage cans are produced, filled, distributed, consumed, collected and recycled back into cans within as little as 60 days.

Superior printing qualities: With advances in printing processes it is now possible to print almost as well on aluminium cans as on paper labels.

Permanent material: The aluminium used to make beverage cans is infinitely recyclable, meaning that it is never consumed – it is a permanent resource. The aluminium drinks can is the most recycled beverage container in the world – since 1970, an estimated three trillion cans have been recycled worldwide.

Rapid cooling: Aluminium has high thermal conductivity, meaning that heat is lost and gained through the aluminium can wall very quickly – aluminium beverage cans are able to be chilled more rapidly than competing materials.

Material thickness: Due to ongoing technological enhancements, aluminium cans continue to be produced with far less material than before, yet retaining much of its strength.

Lightweight: An aluminium beverage can weighs on average less than 15 g, resulting in, among other benefits, lower transport costs and a lower carbon footprint.

Protects contents: Aluminium beverage cans have a superior ability to protect and retain the freshness of the contents. Aluminium beverage cans have a protective polymer coating applied on the inside which ensures that the contents do not come into contact with the metal.

Durability: Aluminium does not corrode easily.

Low melting point: Aluminium requires far less energy for processing and recycling than competing materials. The recycling of aluminium beverage cans avoids 95% of the emissions associated with the use of primary aluminium.

SOUTH AFRICAN SOLAR PHOTOVOLTAIC MARKET

South Africa's climate is well-suited to the utilisation of solar photovoltaic (PV) technology to contribute significantly to electricity generation in the country.

The anticipated development of the solar PV market in South Africa over the next decade offers Hulamin Extrusions exciting growth opportunities in this market.

The use of aluminium extrusions in the construction of solar equipment has proven to be ideal as a result of its physical properties – resistance to corrosion, low mass and high strength properties make it the ideal metal to use for the construction of solar panel frames and stands. Its growth internationally as the material of choice for solar PV applications has been further established by its technical capabilities, ease of fabrication, transportation and recyclability.

The South African government has, in accordance with its integrated resource plan for electricity, recently embarked on a major solar PV initiative which targets that around 20% of South Africa's electricity requirements should come from solar by 2030. Many first world countries have made significant progress in solar programmes and technology has seen significant cost improvements – there is also a growing trend in private and corporate markets to install solar solutions around the globe.

At the end of 2012, the first two phases of the government's solar tender process were adjudicated and a number of winning bidders are working with Hulamin Extrusions as a preferred local aluminium extrusions supply partner.

Hulamin Extrusions anticipates that the solar industry will grow significantly in the coming years as consumers and corporate clients seek renewable and cheaper supplies of energy. In addition to participating in the major public solar projects, our ambition is to capture a significant share of supply into the solar industry in the growing domestic residential and commercial markets.

VISION AND STRATEGY

HULAMIN STRATEGIC OBJECTIVES

Meet and exceed reasonable profit expectations	Improvement and maintenance of acceptable cash flow cycle	Contribute meaningfully to the upliftment of local socio-economic conditions	Grow sustainably

STRATEGIC PRIORITIES

1 Achieving benchmark operational performance

Hulamin is focused on a number of strategic improvement initiatives to develop sustainable competitive advantage by optimising its investment in advanced manufacturing technology and enhancing the value of its human capital. These initiatives are coordinated through Hulamin's Integrated Manufacturing Approach (IMA) and include a focus on process control and equipment performance, visual management, business process improvement, Visible Felt Leadership (VFL) interactions, improvement programmes, and performance measurement systems, such as Hulamin's Overall Equipment Effectiveness (OEE) system.

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2 Securing long-term metal supply security

Hulamin's strategic priorities for metal supply are:

- To ensure long-term security of supply of melting ingot, rolling slab and extrusion billet:
  - a five-year melting ingot agreement with BHP Billiton Hillside is currently in place (expires 2015);
  - rolling slab is produced at the Hulamin remelt (two-thirds of requirements) and supplied by BHP Billiton Bayside (one-third of requirements) on short-term agreements;
  - extrusion billet and small quantities of rolling slab are sourced internationally; and
- To ensure competitive price and conditions including credit terms, product range, etc.

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3 Local market growth and importance

A large local customer market is of fundamental importance to the sustainable success of any aluminium rolling mill and is a prerequisite in the development of a local aluminium recycling market. Key strategic initiatives include:

- The development of new products and markets (e.g. the migration from steel to aluminium cans in South Africa);
- Increased sales to existing customers who are currently importing; and
- Obtaining the re-imposition of customs duties on imported rolled and extruded products.

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4 Structural cost competitiveness

The success of Hulamin's manufacturing export-based business model is highly dependent on the establishment of globally competitively priced products which, in turn, requires the establishment of cost competitiveness in the areas of metal, paints and lacquers, electricity, manpower, and selling and distribution costs, in particular.

5 Strategic metal sourcing and secondary metal processing capability

Hulamin is focused on achieving increased capacity and improved capabilities and efficiencies in the processing of internal process scrap as well as customer and post-consumer aluminium scrap sources which will improve its metal costs, profitability and sustainability profile.

STRATEGIC FOUNDATIONS AND CAPABILITIES

Corporate governance and ethics	Health, safety and environment	Long-term funding structure/balance sheet optimisation	BBBEE strategy	Human capital management and skills development
goverance and compensation	sustainability report			PAGE 82

WE CONTINUALLY SEEK TO GROW OUR BUSINESS BY SATISFYING THE DEMANDS OF OUR CUSTOMERS AND SUPPORTING THE GROWTH OF ALUMINIUM USAGE IN OUR CHOSEN MARKET SECTORS. OUR CORPORATE SYMBOL, THE CIRCLE OF SYNERGY, ILLUSTRATES OUR COMMITMENT TO PARTNERSHIPS WITH OUR SUPPLIERS, CUSTOMERS AND THE COMMUNITIES IN WHICH WE OPERATE.

2012 DEVELOPMENTS AND ACHIEVEMENTS	FUTURE OBJECTIVES
Key operational improvements: • Hot rolling uptime/throughput • Slab casting throughput • Light gauge foil yields • Cold rolling speeds/throughput	Continued focus on the embedding of the core modules of the IMA in the business of the group, viz. process control, equipment performance and visual management, supported by continuous improvement and business system development initiatives in order to accelerate progress towards achieving benchmark targets
• Rolling slab supply agreement end date extended from December 2012 to June 2013 • Development of international supply sources and importation of rolling slab and extrusion billet • Camps Drift remelt line 3 was installed in early 2011 with the objective of improving Hulamin's ability to cast its own slab. Line 3 continues to perform below benchmark standard performance	• Continued engagement with BHP Billiton regarding: – the supply of rolling slab; and – improvement in credit terms • Ongoing development of slab supply risk mitigation strategies which include the ongoing improvement in Hulamin's own remelt capabilities and capacity • Development of reliable and price-competitive international slab and billet supply sources
• In November 2012, Hulamin entered into a three-year agreement with Bevcan (a division of Nampak Limited) to supply aluminium sheet for the manufacture of aluminium bodied beverage cans • Assisted Hendler & Hart in the installation of circle presses for the manufacture of cookware • Contributed to the successful bid of value added exports of heatshields to Brazil and China	• Focus on cementing can body supply agreement with Bevcan through the production of high quality can body stock at cost-competitive pricing • Development of new product and market opportunities, particularly in areas such as automotive and solar.
• Increase in unit cost index in 2012 • Cost pressures, particularly metal premiums, labour and energy	• Long-term focus on securing globally-competitive geographic and shape and alloy premiums from the local smelters • Ongoing reduction in remelt facility costs • Improvements in production efficiencies to reduce unit costs
• Secondary metal processing plant upgrade project launched in the second quarter of 2012	• Implementation of metal processing plant upgrade • Development of Used Beverage Can (UBC) recycling strategy

Business processes and IT systems	Capacity planning	Product and process technology	Stakeholder communication and engagement

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RISK MANAGEMENT

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's 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; and
- 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 PROCESS

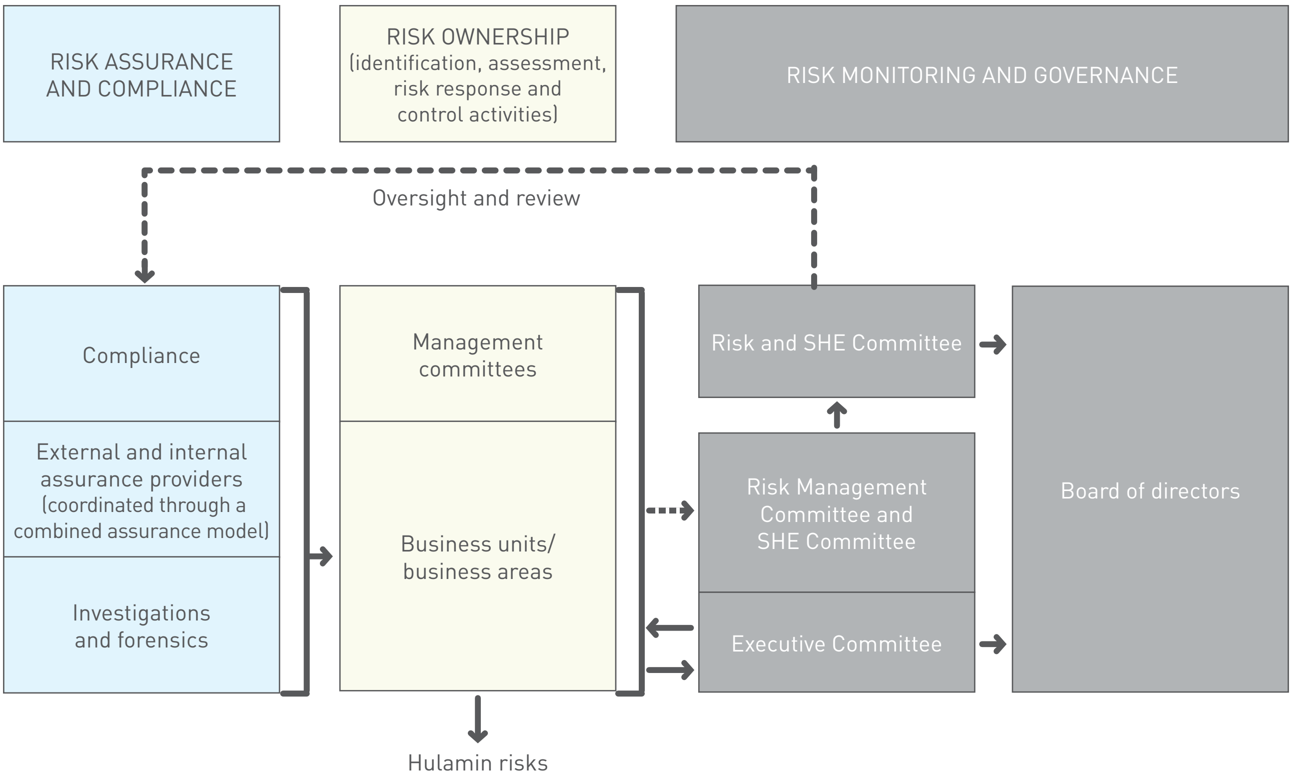
- The board of Hulamin is ultimately responsible for the governance of risk of the group and assumes overall ownership thereof.
- The board carries out its responsibilities for risk management via the Risk and SHE Committee which has oversight of the group's enterprise risk management framework, policy 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 services.

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 twice a year.

The key risks of the group, extracted from the group risk register, are shown in the table on page 22. These risks have been assessed according to materiality, likelihood and residual risk after controls.

Hulamin's risk management organisational structure



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 and Risk Committee on the effectiveness of the systems of internal financial control; and
- 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.

KEY RISKS			
	Principal risk	Existing controls/risk reduction processes	Planned mitigation actions
1.	Security of slab supply	• Ongoing engagement with BHP Billiton and other key stakeholders regarding the future of the Bayside facility • Expansion of Camps Drift slab casting and recycling capacity in 2011 and continued ramp up thereof. The availability of additional facilities at Edendale Remelt provides further flexibility	• Expand capacity of twin roll castors and optimise casting facilities • Locate additional sources of suitable imported slab • The Camps Drift facilities can be expanded further at reasonable cost to provide additional slab PAGE 18, 24, 33
2.	Disruptions to supply of LPG	• Established close contact with refinery in planning shuts • Alternative supplies of LPG are available, although at a price • Additional storage facilities have been created by suppliers	• Continue to develop alternative sources of LPG, particularly gas imported through Durban harbour • Develop alternative long-term gas supply strategy
3.	Long-term Rand overvaluation	• 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	• Vigorously pursue the existing strategies to become world class in all key activities • Grow local market users of Hulamin's product PAGE 16, 32, 33
4.	Electricity supply disruption	• Ability to accommodate peak power demand reductions • Have submitted efficiency gain application which should enable Hulamin to comply with 10% reduction requirement • Have applied for sufficient capacity to support volume growth • Implementing a plan to achieve reduction of 10% in power consumption • Have capacity to reduce demand if required during load shedding	• Continue to work with Eskom to ensure Hulamin has adequate electricity allocations

KEY RISKS continued			
	Principal risk	Existing controls/risk reduction processes	Planned mitigation actions
5.	• Increase in competition in local market from imports	• Focus on developing OEM market sectors in South Africa, particularly can body	• Re-apply for tariff protection • Enhance non-tariff barriers where possible PAGE 18, 24, 32
6.	• Profitability of current high profitability export products drop dramatically as a result of long-term increase in supply by existing and emerging competitors from low cost parts of the world	• Monitor competitor actions • Pursue manufacturing excellence and low costs • Use MP2 process to ensure we remain in profitable market sectors • Continue with progress up the profitability curve, new product development, and to "sweat the assets"	• Promote local market OEM type products, e.g. can body stock • Pursue efforts to increase volumes, mix and reduce costs PAGE 18
7.	• Major aluminium explosion in Remelt resulting in destruction of furnaces and lost casting capacity	• Furnace loading, casting and operating procedures and practices in place • Automation of casting • Insurance cover • Dry hearth charging used • Pig and sows stored under cover and are dried prior to melting • Have an established explosion risk audit process in place	• Sides of CDR facility to be enclosed • Enhanced attention to performance management via work teams, ensuring improved SOP compliance
8.	• Company unable to access funds to finance the business – the company is capital intensive and needs to be able to fund current and future investments and working capital	• Have committed funding in place for immediate needs • Ability to reduce business activity if required	• Reduce working capital through activities to improve efficiencies in inventory and debtor management • Reduce working capital by increasing local market sales, in particular can body stock • Restructure borrowings to more effectively align with changes in the LME aluminium price

STAKEHOLDERS

CONTEXT

Hulamin operates in a dynamic manufacturing environment that has many challenges and in a dynamic regulatory framework. In this setting, Hulamin interacts with various stakeholders, who have different interests and expectations. Engagements, tactics and strategies employed by Hulamin are informed by issues at hand.

HULAMIN'S STAKEHOLDERS

Stakeholders are considered to be any group that choose to have an interest in the company, can impact Hulamin's operations, or be affected by the company's operations. Stakeholders include shareholders, institutional investors, creditors, lenders, suppliers, customers, regulators, employees, unions, employees' friends and families, the media, analysts, customers, communities, auditors, potential investors and society in general. This list is not exhaustive.

HULAMIN'S OBJECTIVES

Hulamin is committed to stakeholder communication and engagement activities in order to:

- Develop stronger stakeholder relationships;
- Build brand equity and reputation;
- Generate a better understanding of stakeholder perspectives on key issues; and
- Enable informed decision making and avoid or reduce risks.

STAKEHOLDER STRATEGY

The board and the company place ethical behaviour and good corporate governance at the centre of its business and corporate culture. Stakeholder governance is therefore a fundamental requirement to ensuring the long-term sustainability of the company.

The board sets the strategic direction of the company and within this context, that of stakeholder governance. The board oversees and delegates the required authority to empower management to implement this strategy. This is a strategy for the whole organisation and is aligned with the needs of the business and its stakeholders. This strategy is realised through the delivery of the:

- Stakeholder Communication and Engagement Policy;
- Reputation Management Policy;
- Disclosure Policy; and
- Dispute Resolution Policy.

SUMMARY OF KEY ENGAGEMENTS WITH STAKEHOLDERS DURING THE YEAR

Issue	Relevance	Outcome	Further action
Rolling slab supply	Security of supply	BHP Billiton extended supply to end of June 2013	Discussions between Hulamin, BHP Billiton and other stakeholders continue PAGE 18, 22, 33
Electricity	Continued above inflation increases harming business	Unresolved	Continue supporting a united business voice
Customers	Uncertain market demand	Uncertainty continues	Continue reviewing geographical sales mix PAGE 31
Re-application for import duty increase for rolled and extruded products	Protect South African Customs Union (SACU) market from cheap imports	Unresolved	Continue engagements with Department of Trade and Industry (DTI) and International Trade Administration Commission (ITAC) PAGE 18, 23, 33
African Growth Opportunity Act (AGOA) renewal beyond 2015	Allows our products duty-free access into the USA	Unresolved	Continue lobbying DTI organs, specifically the International Trade and Economic Development Division (ITED)

Camps Drift hot line team

The table below sets out Hulamin's key stakeholders and their expectations and concerns:

KEY STAKEHOLDERS				
Stakeholder category	Means of engagement	Why stakeholder is important to us	Expectations of our stakeholders	Concerns of our stakeholders
Government (local, provincial, national) and regulatory authorities	• Personal meetings • Written correspondence • Through industry organisations such as BUSA, AFSA and Manufacturing Circle	Licenses us to operate and provides a supportive regulatory environment	Continual and responsible contribution to regional development	• Job retention and creation • Transformation and empowerment • Safer workplaces • Healthy competition amongst businesses • Energy consumption reduction
Shareholders, investment community, creditors and lenders	• Roadshows • Regular presentations • Interim and annual reports • Published results • One-on-one meetings • Written correspondence	Provides financial capital required to sustain growth	Sustainable growth and returns on investment	• Sustainable returns • Competitive currency • Supportive regulatory and business environment • Future growth for the business
Customers and potential customers	• Meetings and site visits • Business association meetings • Contract negotiations	To sustain revenue generation and growth	Reliable service, good quality products and competitive prices	• Long-term security of supply • Consistent supply of products • Improved manufacturing capability and product range
Suppliers and service providers	• Meetings and site visits. • Performance audits and reports • Contract negotiations	Safe, good quality and good value products and reliable services that support growth	Continued growth and relationships	• Long-term supply contracts • Efficient payment cycles
Media	• Media releases • Roadshows • Interviews by media	Creating and sustaining awareness about Hulamin	Responsible corporate citizenry	• Non-compliance with legislation • Growth opportunities

KEY STAKEHOLDERS continued				
Stakeholder category	Means of engagement	Why stakeholder is important to us	Expectations of our stakeholders	Concerns of our stakeholders
Employees	• Regular letter from the Chief Executive in Aluminate • Weekly plant and shop floor walkabouts by members of the executive • Internal newsletters • Interim and full year financial performance updates • Meetings with internal trade union representations • IMA briefs • Shop floor briefings • Communication boards	Develop customer centric teams	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 and NGOs	• Public and personal meetings • Community outreach programmes • Corporate social investment initiatives	Building and nurturing existing relationships, and creating a conduit to better understand community needs and interests	Responsive contribution to community interests and needs	• Support for key community developments and activities • Sponsorships and donations • Employment opportunities • Support for environmental initiatives
Business organisations	• Participation in meetings • Affiliations	To influence and drive agendas that support our business. Also to network for expertise and experience	United business voice	Workforce transformation and continued industrialisation of South Africa

PERFORMANCE

HULAMIN HAS PROVED ITS RESILIENCE IN A YEAR OF EXTERNAL UNCERTAINTY AND OPERATIONAL CHALLENGES

CHIEF EXECUTIVE OFFICER'S REVIEW

Richard Jacob *Chief Executive Officer*

financial statements

I am pleased to report significantly improved financial results in a testing year. Attributable earnings increased by 66% to R133 million, while operating profit increased from R170 million in 2011 to R245 million in 2012, an increase of 44%. Headline earnings per share increased by 128% to 57 cents, with the effect of the successful conversion of the pension fund contributing to this increase.

At the outset, I would like to thank our loyal and dedicated employees who have proved their resilience in a year of external uncertainty and operational challenges. In 2012 international markets softened, the Euro crisis continued, labour unrest grew following the Marikana shootings, and here at Hulamin operations were disrupted by the Camps Drift hot rolling mill motor repair and re-commissioning. I am particularly pleased that against the backdrop of a difficult year in 2012, there is much excitement back in the business with the arrival of the all-aluminium can in South Africa and our success in participating in this programme, as well as the first major orders for extrusion sections arising from the Renewable Energy Independent Power Producers' (REIPP) solar projects that have been placed with Hulamin Extrusions.

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Hulamin remains well placed to capitalise on the underlying growth in demand, particularly in South Africa, for products and applications made from aluminium, the metal of the future. The competitive local supply of primary aluminium provides further support for Hulamin's growth vision.

2012 was an eventful and difficult year for Hulamin, in both its local operations and in its international markets. Demand grew slowly in the first quarter, with international markets continuing to recover steadily from the 2008/2009 recession. However, the sovereign debt crisis in Europe, the debt and political uncertainty in the USA, as well as the rapid softening of the Chinese economy (by their standards), caused Hulamin's export markets to soften throughout the remainder of the year. Demand for Hulamin's automotive products slowed measurably, as Hulamin's customers and their customers are largely European. US elections, debt ceilings and fiscal cliffs together have negatively impacted on the historically healthy demand for Hulamin's products in the USA. China continued to invest in additional aluminium semi-fabricating capacity despite weakening local demand, and experienced increased trade barriers to its exports, which resulted in China targeting unprotected countries such as South Africa, with increasing imports of Chinese products into the local market, and increased competition in some international markets.

In the local market, which is Hulamin's most important, the manufacturing economy has continued to struggle, and we have again not exceeded the record local sales achieved in 2006. It is, however, pleasing that the Government continues to consult constructively with manufacturers in an effort to reverse the deindustrialisation of South Africa. In contrast, the industrial relations climate has worsened with the conflicts that arose in the mining and agricultural sectors, spilling over into employer-employee tension throughout the economy. This underlying discord was reflected in Hulamin with a new set of union and employee representatives, and we are all thankful that no days were lost in 2012 to strike action.

OPERATIONAL PERFORMANCE IN 2012

One of Hulamin's key strategies it to achieve benchmark levels in key performance areas that are under its control. These areas include safety, consumption and costs, yields, throughput, cycle times and inventory. In line with this imperative, we launched a manufacturing excellence programme in 2009, known as the Integrated Manufacturing Approach, or IMA as it is now branded. This programme includes the core competences of managing product quality through process control, maintaining equipment in optimum condition, using world class lean/six sigma problem solving techniques and team-based, bottom up performance management, known in Hulamin as IMA Visual Management.

We continue to focus on safety as one of our five values and I am pleased to report that we achieved our best ever Total Recordable Injury Frequency rate in 2012, at 1,00, and this is an achievement of which I am most proud. We still have a long way to go in preventing all injuries, and I am confident that by entrenching the more proactive programmes that we started in 2012, we will make further improvements in the year ahead.

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In late April, the Camps Drift hot finishing mill main drive motor developed a fault, as a result of the failure of a braided cable that carries current to the rotor. The resulting outage caused the loss of some 25 000 tons of sales and negatively affected the performance of the business by most measures. The trend of annually increasing sales volumes, which we started in 2009, was interrupted. Sales in 2012 totalled 215 000 tons, which was 6% lower than in 2011. Hulamin Rolled Products sales totalled 194 000 tons (2011: 208 000 tons).

We are pleased with the good progress that has been shown in improving the hot rolling uptime rate and consequently throughput, and with improved slab casting throughput, light gauge foil yields and cold rolling speeds and consequent throughput. In addition to these improvements, we are striving for greater consistency throughout our operations, to convert the many interim performance records into sustained success.

In 2012 we continued the rationalisations that were started in 2011 with the closure of the Cape Town extrusion plant. We closed Hulamin Roofing Solutions as well as our circle manufacturing operations, selling off the assets in both cases to ensure the ongoing demand for our upstream products in the local market.

Hulamin Containers continued to perform well, as it has in recent years. Hulamin Extrusions improved its performance significantly in the final quarter, when we received the first orders from the newly emerging solar market for delivery in 2013. As a consequence of the recently improved outlook, we look forward to an improved contribution from Extrusions throughout 2013.

financial statements

FINANCIAL PERFORMANCE IN 2012

Turnover declined by 5% to R6,54 billion in 2012. This was impacted by the 14 000 tons lower sales volumes, the 13% weaker Rand and the US Dollar LME aluminium price, which was some $400 lower in 2012 compared to 2011.

Operating profit before the metal price lag effect increased to R247 million, boosted by the impact of an allocation from the Hulamin Pension Fund of R164 million (R118 million after tax) pursuant to the conversion and outsourcing process, which was partly offset by the R84 million impairment of mothballed and underperforming assets. The net effect of decreasing Rand aluminium prices on metal inventories improved from a loss of R34 million in 2011 to a loss of R2 million in 2012, resulting in earnings before interest and tax improving by 44% to R245 million.

Interest paid and the effective tax rate were similar to 2011, resulting in 2012 headline earnings of R182 million (127% increase) and headline earnings per share of 57 cents.

Headline earnings excluding the employer allocation from the pension fund of R118 million, amounted to R64 million. This was an increase of 19% over the 2011 headline earnings, excluding the R26 million prior year insurance receipt, of R54 million

Funds generated by the operations decreased by R196 million to R366 million, while working capital requirements decreased by R7 million. Capital expenditure declined by R54 million resulting in a positive cash flow before financing activities of R72 million compared to R152 million in 2011.

The decrease in the price of the company's shares in 2012 has prompted a thorough evaluation of the values at which we carry our assets. Our business plan for the next five years indicates that the assets will generate returns that result in values well above their carrying values, improved by the conversion of the local beverage can market to all-aluminium cans. However, uncertain supply from the Bayside smelter and subdued financial performance in recent years introduces a higher than normal level of uncertainty into the business plan, and therefore an alternative valuation of the business has been compiled, based on adjusted cash flows to compensate for these uncertainties. These adjustments for uncertainty are material and the adjusted valuation indicates that the value of the company's assets is in line with their carrying value.

The output achieved from the Camps Drift hot mill has exceeded previous forecasts, resulting in the Edendale hot mill being mothballed and consequently this asset has been impaired by R45 million. In addition, the uncertainties related to local market conditions in the longer term have led to an impairment of the extrusion assets of R26 million. The board has decided not to declare a final dividend.

STRATEGIC PROGRESS

As one of South Africa's largest exporters of manufactured products and a significant beneficiator of locally produced primary metal, Hulamin has established its international brand as one of the leading independent aluminium rolled products producers and has strong market positions in its preferred products around the globe. At the same time, we have embarked on a comprehensive manufacturing excellence programme to ensure that operational performance matches our market positioning. While this may have been sufficient in a previous era, this is no longer sufficient to ensure success.

The historic advantage of competitive manufacturing costs in South Africa has been eroded by sharp increases, led by energy costs in particular, which have moved significantly compared to our international competitors. Electricity costs have risen by more than 100% in the past four years, while our gas costs have risen and those of many of our competitors have declined. We have thus embarked on both a new overall cost management project as well as seeking alternatives to our current gas strategy.

The proportion of export sales in Hulamin's mix of products is higher than all of our known competitors. This has resulted from our small and declining local market which has been eroded by the flood of imports of low cost products. While many countries like the USA, Australia and Europe are increasing trade barriers to prevent the loss of the local aluminium industry, South Africa is becoming increasingly vulnerable, as more and more countries become closed to Chinese products and South Africa remains "open" and without import duty. Hulamin continues to motivate for the Government to reconsider its current stance.

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When Hulamin embarked on its first major capital expansion programme in 1996, part of the justification was based on growing the local demand for aluminium beverage can stock. At that time, Rheem Can had started to produce aluminium cans in South Africa, but ceased operations prior to Hulamin establishing its capability to produce can body stock. We are therefore particularly pleased that Nampak has decided to convert its operations from steel to aluminium and to install new all-aluminium can lines. In November, we concluded a three-year agreement with Nampak for the supply of approximately 15 000 tons per year after qualification. While this is a significant first step, the volume only reflects a small

PAGE 16

portion of the forecast local demand in the coming years. As such, this represents a significant step in positioning Hulamin to benefit from opportunities in the local and regional market.

From the mid 2000s, the government has been planning to capitalise on South Africa's abundant, high quality sunlight to generate renewable, low carbon footprint energy. Aluminium is used in many solar applications, particularly in extruded sections used in framing and supporting both photovoltaic panels and various supporting systems. Solar farms require large numbers of panels and infrastructure and there is consequently a significant potential for aluminium extrusion sales. Hulamin Extrusions has secured its first sales orders and has positioned itself well as the numerous phases of contracts are awarded in the coming five years or more.

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The procurement of local supply of rolling slab and extrusion billet remains at the centre of Hulamin's strategic repositioning. There is an obvious anomaly in the greater Southern African aluminium industry. Southern Africa produces in excess of 1,3 million tons of primary aluminium each year in the three regional aluminium smelters at Hillside, Bayside and Mozal, which is approximately three times the local primary aluminium demand. This locally produced primary aluminium is mostly exported in an un-beneficiated form, with only limited production of rolling slab for Hulamin. While the upstream aluminium producers export their metal, the downstream aluminium semi-fabrication industry has to import extrusion billet, foundry alloys, rod (for the wire and overhead conductor industry), aluminium monobloc for aerosol cans as well as the balance of Hulamin's slab requirements – and this despite the assets being available at Bayside to produce these products. This anomaly, which is in excess of 100 000 tons, represents a major opportunity for the South African aluminium industry to improve its competitive position.

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The possible closure of BHP Billiton's Bayside smelter remains a threat and it would result in the curtailment of Hulamin's growth potential, as the majority of Hulamin's export sales would no longer be viable using imported rolling slab. Available alternatives could include expanding Hulamin's slab casting capacity in Pietermaritzburg or establishing a new slab facility in Richards Bay, neither of which are attractive. A more likely outcome would require Hulamin to downscale its business to supply the local market and a limited range of high value exports. Hulamin has noted the public debate around aluminium and electricity in South Africa, and has developed a range of alternatives for the future of slab supply, and which may capitalise on the anomaly described above.

PROSPECTS FOR 2013 AND BEYOND

Hulamin has frequently stated that it plans to reach full production capacity by the end of 2014. Were it not for the 25 000 tons disruption to operations as a result of the Camps Drift hot mill outage in the second quarter, this momentum would have been maintained in 2012. With the operation having settled down after this interruption, the team is focusing on achieving this objective.

In order to make it happen, Hulamin will further reinforce its manufacturing excellence programme, the Integrated Manufacturing Approach (IMA), in 2013. This programme has started to deliver improved manufacturing performance, which includes increasing volumes, improving yield, efficiency and cost competitiveness. In 2012, this improvement momentum was disturbed by the Hot Mill outage and we expect to deliver improved performance in 2013.

Cost pressures continue to mount in South Africa. For a number of years, manufacturers have faced labour and energy cost increases well in excess of inflation. Current projections see this trend continuing through 2013, which underlines the need for improved operational performance. The short-term prospects for international rolling margins appear to be weaker than they were at the outset of 2012 and thus provides downside risk to performance in 2013, in spite of increased volumes.

The value of the Rand against the US Dollar and the Euro continues to have a major impact on financial performance. The volatility and periods of weakness of the Rand during 2012 assisted in improving the business' profit performance, and this sensitivity will continue through 2013.

The conversion of the South African beverage industry to aluminium cans will commence in 2013, as Nampak commissions its new and converted can lines to aluminium sheet. This is an important project for Hulamin, which will see local sales of aluminium can body coil grow to become Hulamin's largest volume local product by 2015.

We continue to progress the initiatives to improve Hulamin's financial performance and strategic positioning and hope to resolve the rolling slab supply security during the year ahead.

Richard Jacob
Chief Executive Officer

FIVE-YEAR REVIEW

	2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
INCOME STATEMENT					
Revenue	**6 541 997**	6 905 444	5 808 667	4 499 582	7 119 973
EBIDTA[1]	**551 038**	383 333	411 132	441 707	641 805
Operating profit	**244 552**	169 945	218 233	243 974	465 451
Net finance costs	**(62 909)**	(61 910)	(116 923)	(113 813)	(118 253)
Share of profits of associates and joint ventures	**181**	1 187	2 654	383	1 111
Profit before tax	**181 824**	109 222	103 964	130 544	348 309
Taxation	**(49 276)**	(29 546)	(30 716)	(40 911)	(79 527)
Non-controlling interests	**–**	–	–	–	(610)
Net profit attributable to shareholders	**132 548**	79 676	73 248	89 633	268 172
Headline earnings attributable to shareholders	**182 216**	80 121	74 813	91 599	267 666
BALANCE SHEET					
Property, plant, equipment, intangibles and investments	**4 737 134**	5 003 167	5 074 879	5 019 615	4 802 890
Retirement benefit asset	**177 179**	37 615	73 819	–	–
Deferred tax asset	**29 560**	21 225	22 102	13 899	11 697
Current assets	**2 537 421**	2 457 088	2 186 972	1 880 688	2 855 925
Total assets	**7 481 294**	7 519 095	7 357 772	6 914 202	7 670 512
Equity holders' interest	**4 776 745**	4 669 625	4 609 534	3 744 279	3 760 146
Non-controlling interests	**–**	–	–	–	–
Borrowings: non-current and current	**772 079**	828 609	982 836	1 473 318	1 813 060
Deferred tax liability	**969 782**	940 205	941 260	912 876	926 359
Retirement benefit obligations	**192 758**	169 740	147 909	132 946	119 512
Current liabilities (excluding current borrowings)	**769 930**	910 916	676 233	650 783	1 051 435
Total equity and liabilities	**7 481 294**	7 519 095	7 357 772	6 914 202	7 670 512
CASH FLOW					
Net cash inflow/(outflow) from operating activities	**98 392**	287 074	(53 732)	724 257	(34 321)
Net cash outflow from investing activities	**(26 045)**	(135 090)	(228 010)	(351 831)	(753 041)
Net cash (outflow)/inflow from financing activities	**(62 651)**	(156 523)	241 768	(374 187)	761 390
Net cash increase/(decrease) for the year	**9 696**	(4 539)	(39 974)	(1 761)	(25 972)

		2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
RATIOS AND STATISTICS						
Earnings						
Earnings per share*	(cents)	**42**	25	26	37	110
Headline earnings per share*	(cents)	**57**	25	27	37	110
Dividend per share**	(cents)					41
Dividend cover**	(times)					3,02
Profitability						
Operating margin(2)	(%)	**3,7**	2,5	3,8	5,4	6,5
Return on capital employed(3)	(%)	**3,7**	2,6	3,4	3,8	7,7
Return on equity attributable to shareholders(4)	(%)	**3,9**	1,7	1,8	2,4	7,4
Financial						
Net debt to equity(5)	(%)	**15,5**	17,3	20,8	37,6	46,5
Current ratio(6)		**3,3**	2,7	3,2	2,9	2,7
Liquidity ratio(7)		**1,3**	1,3	1,5	1,3	1,5

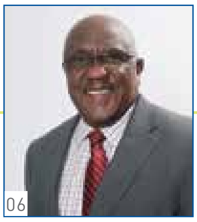
DEFINITIONS

(1) *Earnings before interest, taxation, depreciation, amortisation and impairment of property, plant and equipment.*
(2) *Operating profit expressed as a percentage of revenue.*
(3) *Operating profit 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.*
* *EPS and HEPS prior to 2010 have been adjusted for the effects of the rights issue concluded in June 2010.*
** *No dividends were declared in financial years 2009 to 2012. The 2008 dividend cover has been computed using original HEPS, prior to the adjustment for the effects of the rights issue referred to above.*

GOVERNANCE AND COMPENSATION

THE BOARD AND THE COMPANY PLACE ETHICAL BEHAVIOUR AND GOOD CORPORATE GOVERNANCE AT THE CENTRE OF ITS BUSINESS AND CORPORATE CULTURE.

DIRECTORATE



01 THABO PATRICK LEEUW (49)

Independent non-executive director
Chairman of the Audit Committee
Member of the Risk and SHE Committee and the Remuneration and Nomination 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 Worldwide Africa Investment Holdings), 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) Limited 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. He was appointed to the Hulamin board in 2007.

02 MAFIKA EDMUND MKWANAZI (58)

Independent non-executive Chairman
Member of the Remuneration and Nomination Committee and the Risk and SHE Committee
Businessman; Director of companies
BSc (Mathematics); BSc (Engineering)
Management Development Programme
Strategies of Successful Business Management

Mafika has held various business positions including chief executive officer of Metro Rail Services from 1995 to 1996, executive director of Spoornet from 1996 to 1998, managing director of Transnet from 2000 to 2003, chairman of Western Areas, Letseng Diamonds and Orlyfunt Holdings from 2003 to 2006. He was also appointed as Chairman of Transnet Limited in December 2010. Other directorships he holds include Eskom Limited, Stefanutti & Stocks and the South African Bureau of Standards. He was appointed to the Hulamin board in 2007.

03 VUSI NOEL KHUMALO (50)

Non-executive director
Member of the Remuneration and Nomination Committee
Senior manager: Industrial Development Corporation
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 is also a non-executive director of Main Street 333 (Pty) Limited, Coidlink (Pty) Limited and Ernani Investments (Pty) Limited.

04 GEOFFREY HAROLD MELROSE WATSON (61)

Independent non-executive director
Director Asian sales and China business development of United Company RUSAL
BSC (Agriculture) University of Sydney
BEcon University of New England
Graduate Australian Institute of Company Directors

Geoff was appointed in 2011, Director Asian Sales and China business development of United Company RUSAL, who 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.

05 NOMGANDO ANGELINA MATYUMZA (49)

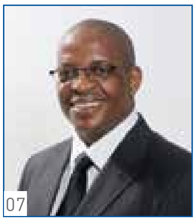
Independent non-executive director
Chairman of the Remuneration and Nomination Committee
Member of the Audit Committee and the Transformation, Social and Ethics Committee
BCom; BCompt (Hons); CA (SA); LLB;
Ordained Minister of Religion

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) Limited, Wilson Bayley Holmes-Ovcon Limited and, Cadiz Holdings Limited. She was appointed to the Hulamin board with effect from 1 March 2010.

06 JOHANNES BHEKUMUZI MAGWAZA (70)

Non-executive director
Member of the Transformation, Social and Ethics Committee and the Remuneration and Nomination Committee
Director of companies
BA (Psychology and Social Anthropology) MA (IR); Dip (IR); Dip (PM)

JB joined Hulett Sugar in 1975, becoming personnel director for Hulett Refineries in 1988. He was appointed personnel director for Hulamin in 1992 until he became an executive director of Tongaat Hulett in 1994. He retired in 2003 but remained on the board in a non-executive capacity and was appointed Chairman in 2009. His directorships include Rainbow Chickens, Richards Bay Minerals, Imbewu Capital Partners. He was appointed to the Hulamin board in 2007.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07 ZAMANI MOSES MKHIZE (51)

Executive director: Manufacturing
Member of the Risk and SHE Committee
BCom (Hons)
Higher Diploma (Electrical Engineering)

Moses joined Hulamin in July 1982, was appointed Hot Mill production manager in 1989 and Foil Mill manager in 1994. In 1997 he became a director of Hulamin Rolled Products and in 2000 he was appointed a director of Hulamin. He is also a director of SASOL Limited and of a number of subsidiaries of Hulamin.

08 CHARLES DANIEL HUGHES (57)

Chief Financial Officer
Member of the Risk and SHE Committee
BAcc; CA (SA)

Charles joined Hulamin in 1979 and has held a number of financial positions with the group, including being responsible for the supply chain and information technology functions. He was appointed financial director of Hulamin in 2003 and Chief Financial Officer in 2007. Charles is also a director of a number of Hulamin subsidiaries.

09 RICHARD GORDON JACOB (47)

Chief Executive Officer
Member of the Risk and SHE Committee, and
Transformation, Social and Ethics Committee
BSc (Engineering); MBA

After graduating with a BSc Engineering from the University of Cape Town and following a brief period as an officer in the South African Navy, Richard joined Hulamin in 1990 as an Industrial Engineer. In 1992 he was appointed Manager, Coil Coating Operation, followed by Market and Business Development Manager in 1996. In 2002, Richard was appointed to the Executive Committee and board of Hulamin, responsible for Coated Products, communication and investor relations. Richard was appointed as Chief Executive Officer in July 2010.

10 PETER HEINZ STAUDE (59)

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 Hulamin in 1978. In 1990 he became managing director of Hulamin Rolled Products and is the former chairman of Hulamin. He was appointed chief executive officer of Tongaat Hulett in 2002. Peter was chairman of the Hulamin board from 2002 to July 2007. He is also the former chairman of Trade and Investment KwaZulu-Natal.

11 LUNGILE CONSTANCE CELE (59)

Independent non-executive director
Chairman of the Transformation, Social and Ethics Committee
Member of the Audit Committee
BCom; Post Grad. Dip Tax; MAcc (Taxation)
Executive Leadership Development Programme

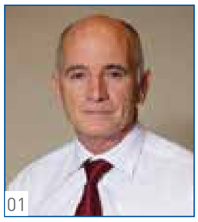
Zee practices as a professional accountant and tax consultant. She serves on the boards of Combined Motor Holdings, Efficient Group Limited, AVBOB, Harith General Partners and Trade and Investment KZN. Zee is a commercial member of the Tax Court and was a member of the Standing Advisory Committee on Company Law until March 2011. She was appointed to the Hulamin board in 2007.

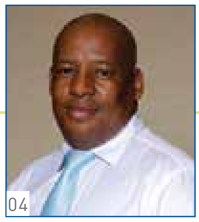
12 SIBUSISO PETER-PAUL NGWENYA (59)

Non-executive director
Member of the Transformation, Social and Ethics Committee
Executive chairman: Makana Investment Corporation
BCom (Hons)

Following his release from Robben Island in 1991, Peter-Paul joined Engen and later South African Breweries. In 1997 he joined Makana Trust, where he is a founding trustee and former chairman. He later co-founded Makana Investment Corporation of which he is the current executive chairman. Peter-Paul is the treasurer of the Ex-Political Prisoners Committee. He is also the chairman of South African Airlink, Heart 104.9 and Igagasi 99.5 radio stations and Sebenza Forwarding and Shipping Consultancy. He was appointed to the Hulamin board in 2007 as an alternate to Johannes Bhekumuzi Magwaza and a full director of Hulamin in October 2009.

EXECUTIVE COMMITTEE





01 CHARLES HUGHES (57)

BAcc; CA (SA)

Charles has been with Hulamin since 1979 and was appointed to the board in 2003 and as Chief Financial Officer in 2007. He is responsible for the financial function within the group.

02 FRANK BRADFORD (52)

BSc (Engineering);
Graduate Diploma in Engineering (GDE); MBA

Frank's career at Hulamin spans 18 years. He is responsible for marketing, sales and commercial issues in Hulamin Rolled Products. This includes responsibility for the supply chain function ranging from metal supply contracts, distribution, logistics and commercial contracts.

03 KENNETH MSHENGU (60)

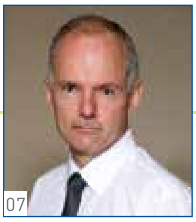
BA; HDPM;
Industrial Relations Diploma
Executive Business Programme

Kenneth's career at Hulamin started 21 years ago, in the Human Resources function, for which he now has responsibility. He is also on the board of Hulamin Extrusions, responsible for the group's corporate social investment portfolio and is a trustee of the Hulamin pension funds.

04 HECTOR MOLALE (46)

BS (Metallurgical Engineering)
Advanced Business Programme

Hector joined Hulamin in 1993, and is responsible for the corporate affairs function which includes responsibility for communications, government, shareholder, investor, stakeholder, regulatory and statutory bodies relations.



05 RICHARD JACOB (47)

BSc (Engineering); MBA

After graduating with a BSc Engineering from the University of Cape Town and following a brief period as an officer in the South African Navy, Richard joined Hulamin in 1990 as an Industrial Engineer. In 1992 he was appointed Manager, Coil Coating Operation, followed by Market and Business Development Manager in 1996. In 2002, Richard was appointed to the Executive Committee and board of Hulamin, responsible for Coated Products, communication and investor relations. Richard was appointed as Chief Executive Officer in July 2010.

06 ZAMANI MOSES MKHIZE (51)

BCom (Hons);
Higher Diploma (Electrical Engineering)

Moses started his career with Hulamin in 1982, and was appointed to the board in 2000. Moses is responsible for Rolled Products Manufacturing. Moses has held a broad range of operational management positions..

07 PIERRE TALJAARD (54)

BEng (Metallurgical) (cum laude); MEng; BCom; MBL

Pierre has been with Hulamin since 1994 and is responsible for the technology, quality assurance, production planning and information technology functions in Hulamin Rolled Products. Pierre's portfolio also includes the responsibility for performance management.

08 COLIN LITTLE (56)

BSc (Engineering); Pr Eng; MBA

Colin joined Hulamin in 1998 and served as Managing Director of Hulamin Extrusions until the end of 2011. He is now responsible for Hulamin's recycling projects, of which the primary project is aluminium can recycling.

09 DARRYL RAYMOND WEISZ (49)

BA (Industrial Psychology); PDM (HR); PDM

Darryl joined Hulamin in 2012 and is responsible for Hulamin Extrusions, and also oversees Hulamin's interest in Almin Metal Industries in Zimbabwe (a joint venture between Hulamin and IDC).

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 is shown on pages 50 to 58.

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.

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

G Pretorius resigned from the board with effect from 31 August 2012 and a formal process to fill the vacancy has commenced in terms of procedures agreed to by the Remuneration and Nomination Committee. Appointments to the board of directors follows a formal and transparent process and is a matter for the board of directors as a whole, assisted by the Remuneration and Nomination Committee.

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

Details of the directors are listed on pages 38 and 39 together with a brief résumé of each director. 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.

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.

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.

In accordance with the company's proposed Memorandum of Incorporation, to be adopted by shareholders at its annual general meeting in April 2013, executive directors in addition to non-executive directors will be 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 was amended in 2012 to require 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.

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

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

ATTENDANCE OF DIRECTORS AT BOARD AND COMMITTEE MEETINGS DURING THE YEAR ENDED 31 DECEMBER 2012						
	Board	Audit	Risk and SHE	Remuneration and Nomination	Transformation, Social and Ethics	Ad-hoc board sub-committee
Number of meetings	5	3	1	4	2	7#
Non-executive directors						
L C Cele*	5	3			2	7
V N Khumalo	5			4		
T P Leeuw*	5	3	1[2]			6
J B Magwaza	4			4	2	
N N A Matyumza*	5	1[2]		4	2	
M E Mkwanazi*	5		1	4		7
S P Ngwenya	2					
G Pretorius[1]*	3	1				
P H Staude*	5		1			
G H M Watson*	5					7
Executive Committee						
C D Hughes	5	3^	1[2]			7^
R G Jacob	5		1[2]	4^	2	7^
M Z Mkhize	5		1[2]			

* *Independent non-executive director.*
^ *Attendance by invitation.*
\# *Includes one telephone conference ad-hoc board committee meeting.*
(1) *Resigned as a director with effect from 31 August 2012.*
(2) *Appointed as a member with effect from 1 October 2012.*

The board's key responsibilities are:

- Approve corporate strategy, including business plans and budgets and to bring independent, informed and effective judgment 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 plans;
- Approval of the authorities assigned to the board, its committees and management;
- Ensure disputes are resolved as effectively, efficiently and expeditiously as possible; and

- 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' declaration of interests are tabled annually and additional or amended declaration 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.

AUDIT COMMITTEE

The group Audit Committee consists solely of independent non-executive directors. Its current members are T P Leeuw (chairman), L C Cele and N N A Matyumza. The members were re-elected at the annual general meeting held in May 2012, other than N N A Matyumza who became a member on 1 October 2012 following the resignation of G Pretorius. The Chief Financial Officer as well as V N Khumalo and representatives of the internal and external auditors attend committee meetings by invitation. The Company Secretary, W Fitchat is the secretary of this committee.

Following the 2012 annual general meeting, the Audit and Risk Committee was split into two separate board committees and a board Risk and Safety, Health and Environment Committee (SHE) was created to deal with risk, safety, health and environment matters. The Audit and Risk Committee was renamed the Audit Committee.

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 94 to 96.

RISK AND SHE* COMMITTEE

The Risk and SHE Committee consists of three independent non-executive directors and three executive directors. Its current members are P H Staude (appointed as chairman with effect from 1 October 2012 following the resignation of G Pretorius who was the previous chairman of the committee), T P Leeuw (appointed as a member with effect from 1 October 2012), M E Mkwanazi, C D Hughes, R G Jacob and M Z Mkhize.

C D Hughes, R G Jacob, and M Z Mkhize were appointed as members with effect from 1 October 2012.

A P Krull (Financial Manager) is an invitee to the Risk and SHE Committee meetings.

W Fitchat (Company Secretary) is the secretary of this committee.

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;

* *Safety, Health and Environment.*

- Report to the board information relevant to risk management and procure independent assurance regarding the effectiveness of the risk management process; and
- 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.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee consists of non-executive directors of whom three are independent directors. Its current members are N N A Matyumza (chairman) with effect from 10 October 2012 (previous chairman was J B Magwaza), V N Khumalo, T P Leeuw, J B Magwaza and M E Mkwanazi. The board appointed T P Leeuw to the committee with effect from 4 December 2012 to correct the imbalance between non-independent and independent non-executive directors serving on the committee.

The Chairman of the board serves as chairman of the committee for nomination matters.

R G Jacob, T K Mshengu (Human Resources executive), and M A Janneker (Human Resources Manager) are invited to attend meetings of the committee.

W Fitchat (Company Secretary) is the secretary of this committee. The committee normally meets four times a year. 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; and
- Recommend to the board changes in the composition of the board and the appointment and the removal of directors.

The nomination of board members to be considered at the annual general meeting of shareholders is the responsibility of the board.

TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE

To comply with the Companies Act, the terms of reference of the Transformation Committee were expanded to include those prescribed in terms of the Companies Act for a Social and Ethics Committee and the name of the committee was amended to be the Transformation, Social and Ethics Committee with effect from 1 January 2012.

The Transformation, Social and Ethics Committee in 2012 consisted of four non-executive directors of whom the Chairman is an independent non-executive director. Its members are: L C Cele (chairman), J B Magwaza, N N A Matyumza, S P Ngwenya, R G Jacob and H T Molale (Corporate Affairs Executive).

T K Mshengu (Human Resources Executive) and F B Bradford (executive for marketing and commercial activities) attend committee meetings by invitation.

M Mthembu (Communications Manager) is the secretary of this committee. The committee normally meets three times a year. The responsibilities of the committee are set out in written terms of reference, and are reviewed periodically.

The Transformation, Social and Ethics Committee's key responsibilities in 2012 were:

- 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; and
- Review policies and statements on ethical standards and on whistle-blowing.

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.

EXECUTIVE COMMITTEE

The Executive Committee consists of the executive directors and other senior executives. The current members are: R G Jacob (chairman), F B Bradford, C D Hughes, C J Little, M Z Mkhize, H T Molale, T K Mshengu, P A Taljaard and D R Weisz.

D R Weisz was appointed with effect from 1 September 2012.

The Company Secretary, W Fitchat is the secretary of this committee. The committee normally meets on a monthly basis.

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 within the organisation and approve the appointment of senior managers and the members of the group's other executive committees; and
- Approve the capital expenditure plans of the group, within the budget approved by the board.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) COMMITTEE

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

The BBBEE Committee members are drawn from the group's senior managers. The current members are:

R G Jacob (chairman), F B Bradford, M Z Mkhize, H T Molale, C D Hughes, P A Taljaard, T K Mshengu, D R Weisz, P M Lancaster, H de Villiers, A M J Omar, M Reddy, C Fisher, R Nyandeni, M W Webb, M Mthembu, M A Aldworth, S M Mabe, M A Janneker, W N Matyolo (Secretary).

The committee normally meets four times a year.

The BBBEE Committee's key responsibilities are:

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

INFORMATION TECHNOLOGY (IT) MANAGEMENT COMMITTEE

The members of the IT Management Committee are drawn from the group's senior executives. The current members are P A Taljaard (chairman), C D Hughes, L Gertenbach, P M Lancaster, E Jonker, T Hawkins, M Reddy, R Venkatsami, I Smith and D Seager (secretary).

The committee meets six times a year.

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 are responsible for the implementation of all the structure, 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; and
- Ensure appropriate reporting to the Executive Committee, and to board committees.

RISK MANAGEMENT COMMITTEE

The members of the Risk Management Committee are drawn from the group's senior executives. The current members are:

C D Hughes (chairman), F B Bradford, R G Jacob, A P Krull, D R Weisz, M Z Mkhize, H T Molale, T K Mshengu and P A Taljaard. The Company Secretary, W Fitchat is the secretary of this committee. The committee normally meets four times a year.

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 are 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;
- Identifying 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; and
- Report on its activities to the Risk and SHE Committee.

SAFETY, HEALTH AND ENVIRONMENT COMMITTEE

The Safety, Health and Environmental (SHE) Committee members are drawn from the group's senior managers. The current members are:

R G Jacob (chairman), M A Aldworth, B Henderson, D Jackson, M Z Mkhize, H T Molale, T K Mshengu, M Reddy, P A Taljaard and D R Weisz.

The Company Secretary, W Fitchat, is the secretary of this committee. The committee normally meets on a quarterly basis.

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; and
- Report to the Risk and SHE Committee.

COMPANY SECRETARY

The board is satisfied that the Company Secretary is appropriately qualified, competent and experienced for his position in a listed company. 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 board 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; and
- 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 and accordingly maintains an arm's length relationship with the board and its directors. 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-to-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 2012, 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 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. 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 Line are as follows:

Toll-free number: 080 225 5688
E-mail: Hulamin@hotline.co.za
Website: www.thehotline.co.za

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.

KING III PRINCIPLES – COMPLIANCE SUMMARY				
	King III principle	Application status	Commentary	Cross reference
1.	ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP			
1.1	The board should provide effective leadership based on an ethical foundation	Yes	The board takes responsibility for strategic direction based on a set of values through interaction with the group executives	Corporate Governance Report
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	Yes	The group believes its focus extends beyond considering the group's financial performance	Sustainability Report
1.3	The board should ensure that the company's ethics are managed effectively	Yes	Transformation, Social and Ethics Committee established with effect from 1 January 2012. The group has a zero tolerance policy towards unethical behaviour	Corporate Governance Report
2.	BOARDS AND DIRECTORS			
2.1	The board should act as the focal point for and custodian of corporate governance	Yes	The board has adopted a charter setting out its responsibilities which includes being custodian of corporate governance	Corporate Governance Report
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	Yes	The board directs and approves the formal business plans and that the strategy takes into account the value drivers of the business and its stakeholders	Corporate Governance Report
2.3	The board should provide effective leadership based on an ethical foundation	Yes	Refer to principle 1.1	
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Yes	Refer to principle 1.2	
2.5	The board should ensure that the company's ethics are managed effectively	Yes	Refer to principle 1.3	
2.6	The board should ensure that the company has an effective and independent audit committee	Yes	Refer to item 3 – Audit committees	
2.7	The board should be responsible for the governance of risk	Yes	Refer to item 4 – Governance of risk	
2.8	The board should be responsible for information technology governance	Yes	Refer to item 5 – Governance of information technology	
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Yes	Refer to item 6 – Compliance with laws, rules, codes and standards	
2.10	The board should ensure that there is an effective risk-based internal audit	Yes	Refer to item 7 – Internal audit	

KING III PRINCIPLES – COMPLIANCE SUMMARY				
	King III principle	Application status	Commentary	Cross reference
2.	BOARDS AND DIRECTORS continued			
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	Yes	Refer to item 8 – Governing shareholder relationships	
2.12	The board should ensure the integrity of the company's integrated report	Yes	Refer to item 9 – Integrated reporting and disclosure	
2.13	The board should report on the effectiveness of the company's system of internal controls	Yes	Refer to items 7 and 9 – Internal audit and Integrated reporting and disclosure	
2.14	The board and its directors should act in the best interests of the company	Yes	Board members disclose potential conflicts of interest	Corporate Governance Report
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Yes	Noted – not been necessary to date. The board considers the group's solvency and liquidity through the Audit Committee	Report of the Audit Committee
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	Yes	The board deems the Chairman to be independent and free of conflict. Succession plan for the Chairman is addressed by the Remuneration and Nomination Committee	Corporate Governance Report
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority	Yes	The board approves all senior executive appointments and a defined authority framework has been approved by the board	Corporate Governance Report
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Yes	Hulamin has a unitary board consisting of three executive directors and ten non-executive directors of whom seven are independent. Currently there is a vacancy on the board for an independent non-executive director	Corporate Governance Report
2.19	Directors should be appointed through a formal process	Yes	The Remuneration and Nomination Committee identifies suitable members for the board, following a formal process	Corporate Governance Report
2.20	The induction and ongoing training and development of directors should be conducted through formal processes	Yes	Newly appointed directors are introduced to the group via a formal induction programme and are updated on legal and regulatory and other developments on a regular basis	Corporate Governance Report

KING III PRINCIPLES – COMPLIANCE SUMMARY continued				
	King III principle	Application status	Commentary	Cross reference
2.	BOARDS AND DIRECTORS continued			
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	Yes	The Company Secretary is appointed by the board. The Company Secretary has a formal arm's length relationship with the board and is not a director of any company in the group, provides guidance to the board and has qualifications fit for the purpose	Corporate Governance Report
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	Yes	Annual evaluations alternate between internal and external evaluations	Corporate Governance Report
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	Yes	Formal approved terms of reference are in place for each committee of the board	Corporate Governance Report
2.24	A governance framework should be agreed between the group and its subsidiary boards	Yes	All policies, processes or procedures approved by Hulamin's board and its committees relate to the group as a whole	
2.25	Companies should remunerate directors and executives fairly and responsibility	Yes	Remuneration is benchmarked against current market remuneration for similar roles and individual performance	Remuneration Report
2.26	Companies should disclose the remuneration of each individual director and prescribed officer	Yes	Refer to the Remuneration Report	Remuneration Report
2.27	Shareholders should approve the company's remuneration policy	Yes	The current remuneration policy was approved by shareholders at the annual general meeting held on 7 May 2012	Notice of Annual General Meeting

KING III PRINCIPLES – COMPLIANCE SUMMARY				
	King III principle	Application status	Commentary	Cross reference
3.	AUDIT COMMITTEES			
3.1	The board should ensure that the company has an effective and independent audit committee	Yes	The group Audit and Risk Committee became the Audit Committee with effect from October 2012	Corporate Governance Report
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	Yes	The board and Remuneration and Nomination Committee believe this to be the case	Corporate Governance Report
3.3	The audit committee should be chaired by an independent non-executive director	Yes	The chairman of the Audit Committee is an independent non-executive director	Corporate Governance Report
3.4	The audit committee should oversee integrated reporting	Yes	The Audit Committee reviews the Integrated Annual Report	Audit Committee Report
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Yes	Evaluated on an annual basis	Audit Committee Report
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	Yes	Done annually	Audit Committee Report
3.7	The audit committee should be responsible for overseeing of internal audit	Yes	The Audit Committee is regularly updated on internal audit matters	Audit Committee Report
3.8	The audit committee should be an integral component of the risk management process	Yes	The Audit Committee regularly reviews the process and the consequences for financial reporting	Audit Committee Report
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Yes	A responsibility of the Audit Committee	Audit Committee Report
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	Yes	Performed at board meetings and within the integrated report	Audit Committee Report

KING III PRINCIPLES – COMPLIANCE SUMMARY continued				
	King III principle	Application status	Commentary	Cross reference
4.	THE GOVERNANCE OF RISK			
4.1	The board should be responsible for the governance of risk	Yes	A separate Risk and SHE Committee was established effective October 2012 which oversees risk management in the company. Prior to October 2012, this was the responsibility of the Audit and Risk Committee	Corporate Governance Report
4.2	The board should determine the levels of risk tolerance	Yes	Risk tolerance levels are included in the risk management framework which has been approved by the Risk and SHE Committee	Corporate Governance Report
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	Yes	Refer to commentary for principle 4.1 above	Corporate Governance report
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	Yes	Management represented on the Risk Management Committee are responsible for integrating risk in the day-to-day activities of the company	Corporate Governance Report
4.5	The board should ensure that risk assessments are performed on a continual basis	Yes	Risk assessment is ongoing within the group. The Risk Management Committee is responsible for effecting risk assessments, which are reviewed by the Risk and SHE Committee	Corporate Governance Report
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Yes	A formal risk identification process is in place to identify unpredictable risks, which process is undertaken at every Risk Management Committee meeting	Corporate Governance Report
4.7	The board should ensure that management considers and implements appropriate risk responses	Yes	This is reviewed by the Risk and SHE Committee	Corporate Governance Report
4.8	The board should ensure continual risk monitoring by management	Yes	This has been addressed in the risk management framework	Corporate Governance Report
4.9	The board should receive assurance regarding the effectiveness of the risk management process	Yes	Written assurance from internal audit is obtained on the effectiveness of the risk management process which is a responsibility of the Risk Management Committee	Corporate Governance Report
4.10	The board should ensure that there are processes in place enabling complete, timely, accurate and accessible risk disclosure to stakeholders	Yes	The board's view on the effectiveness of the risk management process is included in the risk management report in the 2012 integrated report. Material undue, unexpected or unusual risks will be disclosed where these occur	Risk Management Report

KING III PRINCIPLES – COMPLIANCE SUMMARY				
	King III principle	Application status	Commentary	Cross reference
5.	THE GOVERNANCE OF INFORMATION TECHNOLOGY			
5.1	The board should be responsible for information technology (IT) governance	Yes	The board deals with the strategic fit of IT to the business needs and the appropriateness of Hulamin's IT efforts as part of the strategic and business plans. The Audit Committee assists the board with its IT governance responsibilities	Corporate Governance Report
5.2	IT should be aligned with the performance and sustainability objectives of the company	Yes	As above	Corporate Governance Report
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	Yes	The IT Management Committee is responsible for the implementation of structures, processes and mechanisms for the IT governance framework	Corporate Governance Report
5.4	The board should monitor and evaluate significant IT investments and expenditure	Yes	The board has delegated this to the IT Management Committee	Corporate Governance Report
5.5	IT should form an integral part of the company's risk management	Yes	IT risks are reviewed by the Risk and SHE Committee. A formal disaster recovery plan was approved by the IT Management Committee and there are regular update reports on the progress and improvements thereof. Actions have also been taken by the IT Management Committee to address compliance with IT rules, codes, standard and leading practices	Corporate Governance Report
5.6	The board should ensure that information assets are managed effectively	Yes	This is managed through the IT Management Committee	Corporate Governance Report
5.7	A risk committee and audit committee should assist the board in carrying out its responsibilities	Yes	This is performed by the Risk and SHE Committee. The IT Management Committee reports to the Risk and SHE Committee (previously the Audit and Risk Committee) on a regular basis	Corporate Governance Report

KING III PRINCIPLES – COMPLIANCE SUMMARY continued				
	King III principle	Application status	Commentary	Cross reference
6.	COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS			
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Yes	A compliance policy and framework has been adopted by the Risk and SHE Committee and the implementation thereof is work in progress. The board fully appreciates that compliance is non-negotiable	Corporate Governance Report
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Yes	The board is informed of relevant laws, rules, codes and standards, including changes by the company's legal advisors and its sponsors	Corporate Governance Report
6.3	Compliance risk should form an integrated part of the company's risk management process	Yes	Risk of non-compliance is identified, assessed, and responded to through the risk management process	Corporate Governance Report
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	Yes	Refer to comment 6.1 above	Corporate Governance Report
7.	INTERNAL AUDIT			
7.1	The board should ensure that there is an effective risk-based internal audit	Yes	This is the responsibility of the Audit Committee. An internal audit charter approved by the Audit Committee has been adopted	Audit Committee Report
7.2	Internal audit should follow a risk-based approach to its plan	Yes	Key developments in the business and external environment and changes in key risks are incorporated in the internal audit plan	Audit Committee Report
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	Yes	Provision for these assessments was made in the approved 2012 internal audit plan	Audit Committee Report
7.4	The audit committee should be responsible for overseeing internal audit	Yes	The internal audit plan is approved annually by the Audit Committee who also evaluate the internal audit function by discussion with management and external auditors	Audit Committee Report
7.5	Internal audit should be strategically positioned to achieve its objectives	Yes	Hulamin has considered it appropriate to outsource the internal audit function, combined by strong oversight of the internal audit effort by the Hulamin financial manager responsible for internal audit	Audit Committee Report

KING III PRINCIPLES – COMPLIANCE SUMMARY				
	King III principle	Application status	Commentary	Cross reference
8.	GOVERNING STAKEHOLDER RELATIONSHIPS			
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	Yes	Key shareholders of the company have been identified and relationships managed by various officers and executives in the company. The reputation of the company and its linkage with stakeholder relationships is frequently dealt with by the board	Stakeholder Engagement Report
8.2	The board should delegate to management to proactively deal with stakeholder relationships	Yes	Management have developed a strategy and formulated policies for the management of relationships with each stakeholder grouping	Stakeholder Engagement Report
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	Yes	The board gives consideration to the legitimate interests and expectations of its stakeholders	Stakeholder Engagement Report
8.4	Companies should ensure the equitable treatment of shareholders	Yes	Management deem that the treatment of all holders of the same class of shares issued is equitable and the board ensures minority shareholders are protected	Stakeholder Engagement Report
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Yes	Management believes it provides complete, timely, relevant, accurate, honest and accessible information to its stakeholders whenever items of communication are required	Addressed via the Integrated Annual Report 2012 and SENS announcements
8.6	The board should ensure disputes are resolved as effectively, efficiently and expeditiously as possible	Yes	The board has adopted a dispute resolution policy to address internal and external disputes	Stakeholder Engagement Report

KING III PRINCIPLES – COMPLIANCE SUMMARY continued				
	King III principle	Application status	Commentary	Cross reference
9.	INTEGRATED REPORTING AND DISCLOSURE			
9.1	The board should ensure the integrity of the company's integrated report	Yes	Controls are in place to verify and safeguard the integrity of the Integrated Annual Report and the Audit Committee is empowered to evaluate sustainability disclosures	Audit Committee Report
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Yes	The company publishes an Integrated Annual Report which recognises the diverse needs of its shareholders	Integrated Annual Report
9.3	Sustainability reporting and disclosure should be independently assured	Yes	As mentioned in 9.1 above, the Audit Committee assists the board by reviewing the Integrated Annual Report to ensure the information is reliable and the Audit Committee oversees the provision of assurance over sustainability issues	Audit Committee Report

REMUNERATION REPORT

REMUNERATION PHILOSOPHY AND POLICY

INTRODUCTION

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 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 is 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.

GUARANTEED PAY

Employees' guaranteed pay generally consists of basic salary plus company contributions towards retirement funding and health benefits. Regular benchmark exercises are conducted to compare the guaranteed pay of Hulamin employees with selected appropriate companies.

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 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

Executive directors and senior managers participate in the company's performance bonus scheme. There were 155 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 at 65% for the Chief Executive Officer, 50% for executives, between 30% and 40% for senior management and 20% for middle management employees.

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. In respect of the executives, a weighting of 70% is applied to the achievement of financial targets and 30% to individual performance. For senior and middle management employees, an equal weighting of 50% is applied to both the financial and the individual performance 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 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.

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.

Hulamin's executive performance bonuses for the financial year 2012 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 2012 financial year were calculated as follows:

CEO POSITION				
Target	% Weighting	Target points	Actual points achieved for 2012	Maximum bonus as a % of cash salary
EBIT	35,00	23,00	10,35	
ROCE and HEPS	35,00	22,50	10,51	
Total	**70,00**	**45,50**	**20,86**	**65,00**

EXECUTIVES				
Target	% Weighting	Target points	Actual points achieved for 2012	Maximum bonus as a % of cash salary
EBIT	35,00	17,50	7,88	
ROCE and HEPS	35,00	17,50	8,18	
Total	**70,00**	**35,00**	**16,06**	**50,00**

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.

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

LONG-TERM INCENTIVES

The company's long-term incentives consist primarily of share incentive schemes.

The variable component of Hulamin's remuneration packages are structured to include long-term incentives for executives and senior management that are in line with the market, aligned to company performance and takes 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 which are based on international best practice in the form of a Share Appreciation Right Scheme (SARS), a performance-based Long Term Incentive Plan (LTIP) and a Deferred Bonus Plan (DBP).

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.

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

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 PLANS.

percentage of their annual bonus to purchase company shares. If the employees 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.

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.

The unbundling and listing of Hulamin in 2007 created an opportunity to conclude a Black Economic Empowerment (BEE) transaction and agreements were concluded to facilitate a 15% interest in Hulamin by the BEE partners, of which 5% is in respect of the Hulamin employee share ownership plan (ESOP) and the Hulamin management share ownership plan (MSOP).

The ESOP and MSOP schemes matured on 1 August 2012. The ESOP scheme delivered no value to participating Hulamin employees and the MSOP scheme delivered some value to participating management employees.

Prior to the listing and unbundling of Hulamin in 2007, selected executives and managers were participants of Tongaat Hulett administered share option and right schemes. Post unbundling, Hulamin is obliged to settle all benefits held by Hulamin participants in the Tongaat Hulett share option and right schemes using Hulamin shares. This has been covered in more detail in note 31 to the annual financial statements.

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.

There is no automatic severance compensation to executives in the case of retrenchment due to a change of control.

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 2013 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 163 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.

SUSTAINABILITY

WE RECOGNISE THAT OUR ONGOING OBLIGATION TO SUSTAINABLE DEVELOPMENT IS FUNDAMENTAL TO ACHIEVING OUR LONG–TERM STRATEGIC OBJECTIVES AS A COMPANY.

SUSTAINABILITY REPORT

MESSAGE FROM THE CHIEF EXECUTIVE

At Hulamin we recognise that our ongoing obligation to sustainable development is fundamental to achieving our long-term strategic objectives as a company. It is this realisation that inspires our commitment to understanding and responding to the concerns and hopes of our stakeholders, and to partnering with them in finding lasting solutions to the pressing sustainability challenges we face.

We recognise that challenges in the economic, social, and environmental spheres in which we operate continue to increase, predominantly in the areas of safety, climate change, air and water quality, energy and water usage, transformation and socio-economic development.

Our goal is to make Hulamin a company that delivers long-term value to shareholders and employees and a positive association with all stakeholders. In 2012 we have continued to seek solutions that make sense to our customers, investors, employees, government and other key stakeholders but also recognise that sustainability challenges will not be easily resolved.

We have positioned Hulamin to better benefit from the opportunities that arise out of our responses to these challenges.

Hulamin's priorities for the 2013 financial year impact a number of key areas of our business, and include safety, operational, growth, stakeholder and transformation objectives.

We continue using Global Reporting Initiatives (GRI) G3.1 as a guideline for the drafting of this report. Our sustainability key performance indicators are reported and measured using internally developed guidelines.

We have obtained external independent limited assurance covering selected key performance indicators.

CEO Richard Jacob congratulates Rafique Balliram who won Best Health and Safety Representative in December 2012

REPORT PROFILE

This report provides an overview of Hulamin's sustainability performance during the 2012 financial year, with reference to, and comparison with, previous years.

We have worked continuously to reduce the negative impacts of our environmental footprint. We have made a positive impact on the socio-economic conditions in our region, stimulating job creation, contributing to skills development, investing in the community, and promoting broad-based black economic empowerment (BBBEE).

Where available, targets are covered in this report. Where targets are absent, notably in the environmental section, this is due to the complexity in determining what is feasible in our unique circumstances. The overriding difficulty in setting environmental targets relates to the wide range of products manufactured by Hulamin and the dynamic nature of our product mix (which changes according to market demand over which Hulamin has limited control).

VERIFICATION IN LINE WITH DTI BBBEE CODES

Hulamin's BBBEE scorecard elements are verified by an independent and accredited verification agency, AQRate.

INDEPENDENT ASSURANCE

We have obtained external independent limited assurance covering selected key performance areas in the 2012 year. These include selected:

- Environmental indicators; and
- Health and Safety indicators.

Please refer to the full list of specific indicators for which assurance was obtained in 2012 in the assurance letter of KPMG Services (Pty) Limited (KPMG) on page 68.

In 2010 and 2011, KPMG provided assurance on a wider range of performance areas, which also included the following areas:

- Social Indicators
  - CSI Spend;
  - Enterprise development spend;
  - BBBEE spend;
  - Skills development spend; and
- Employment equity indicators

As these social and employment equity indicators are assured by AQRate, a business decision was taken not to duplicate the assurance process. Hence, KMPG were not requested to provide assurance on these indicators in 2012.

SCOPE AND BOUNDARIES

Apart from sales offices in Europe and North America, Hulamin is located entirely in South Africa. All reporting takes place within the South African regulatory and socio-economic context, with consideration for international standards.

REPORTING BOUNDARIES	
Entity	Notes
Hulamin Rolled Products	Hulamin Rolled Products is the group's largest division and most of the data in this report pertains to this entity. The Hulamin Rolled Products plants stretch across two adjacent sites in Pietermaritzburg, which makes it easier to monitor and report more fully on environmental, safety and health issues in particular
Hulamin Extrusions	The report partially covers Hulamin Extrusions. Hulamin Extrusions is located at two separate sites: the Pietermaritzburg (Edendale site) and Midrand plants. Being a multi-site operation poses challenges in aggregating indicators such as emissions and waste management. Certain data which is not aggregated or reported on in this report is still, however, being collected and monitored. The Pietermaritzburg plant is most fully reported on
Hulamin Building Systems (50% ownership with Mazor Limited)	Hulamin sold its share of this operation during 2012 and consequently it is no longer reported on
Hulamin Containers	Hulamin Containers is remote from the main Hulamin site. Certain data which is not aggregated or reported on in this report is still, however, being collected and monitored
Hulamin Roofing Solutions	The Hulamin Roofing Solutions business was sold during 2012 and consequently no longer reported on

PARAMETER BOUNDARIES	
Parameter	Boundary
Employment equity	All Hulamin, except Hulamin Building Systems
Preferential procurement	All Hulamin – corporate
CSI	All Hulamin – corporate
Enterprise development	All Hulamin – corporate
Skills development	All Hulamin, except Hulamin Containers and Roofing Solutions
Water usage	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Effluent discharged	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Direct energy	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Indirect energy	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Carbon footprint	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Waste – general, low, high	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Waste – recycled	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
LTIFR	All Hulamin
TRCFR	All Hulamin
Fatalities	All Hulamin
Health – HIV costs	All Hulamin
Health – NIHL cases	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Health – dermatitis cases	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Value added analysis	All Hulamin
Environmental training	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Air quality	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Energy saved due to efficiency and conservation efforts	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Employee participation	All Hulamin
HIV testing	All Hulamin
Health education/awareness	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Occupational health training	Pietermaritzburg operations of Hulamin Rolled Products and Extrusions
Goal oriented learning	Hulamin Rolled Products
Learnerships	Hulamin Rolled Products
Talent management	Hulamin Rolled Products
Pipeline management programmes	Hulamin Rolled Products and Hulamin Extrusions
Total skills development spend	All Hulamin
Investment in employee training and development as a percentage of leviable amount	All Hulamin
Average learning hours per employee	All Hulamin
Investment in bursary scheme	Hulamin Rolled Products
Employees in company sponsored education programmes	Hulamin Rolled Products

Note: Once the structures and resources are in place for improved monitoring and collection of data, and the complexity of reporting on multiple sites has been dealt with, those entities that do not currently report fully will start to report on their parameters in more detail.

STAKEHOLDER ENGAGEMENT

PAGE 24

Our key stakeholder categories are as follows:

EMPLOYEES

Effective communication with employees is essential to the ongoing functioning of the business. We communicate with employees through many different channels, including:

- Weekly shop floor walkabouts by senior management;
- Weekly coaching reviews and Visual Management team meetings;
- Regular letters from the Chief Executive Officer;
- Internal newsletters;
- Communication boards;
- Employee relations meetings;
- Shop-floor briefings; and
- Interim and full-year financial performance updates.

We continually seek ways for further engagement with employees.

GOVERNMENT

We establish and maintain direct relations with a number of government departments and through a range of agencies at national, provincial and local levels. We constantly seek to engage constructively and align with government policy and growth objectives in our growth planning.

PROVIDERS OF CAPITAL

Our bankers, shareholders and the broader investment community are constantly updated on our financial results and other topical issues through regular presentations, briefings and discussions with bankers, investment analysts, fund managers and journalists. We regularly brief the media in order to inform the broader investment public by way of publications in newspapers and journals, and radio and television broadcasts.

SUPPLIERS AND CUSTOMERS

We work closely with our contractors, service providers and our customers to understand and address their concerns and requirements on material issues. Frequently, customer and supplier communication is formally recorded, while other regular contact is informal.

LOCAL COMMUNITIES AND NON-GOVERNMENTAL ORGANISATIONS

We engage with the communities where we operate to better understand their concerns and interests, giving us an opportunity to participate appropriately. We contribute widely in corporate social investment activities with the immediate communities.

THE MEDIA

We remain engaged with the media in sharing information that seeks to promote Hulamin, its activities and products.

OTHER STAKEHOLDERS

We continue to engage cooperatively with our peers through industry associations which also provide a conduit for communication with government.

Please see pages 24 to 27 for more detail on our Stakeholder engagement.

STATEMENT OF VERIFICATION

All content and qualitative data included in this report has been reviewed and approved by Hulamin management. Particular emphasis has been placed on ensuring that the report reflects a complete and fair picture of sustainability issues impacting the company in terms of the reporting boundaries. KPMG has provided limited assurance over selected KPIs. Their independent assurance report is on page 68.

INDEPENDENT ASSURANCE REPORT

ON SELECTED SUSTAINABILITY INFORMATION

To the directors of Hulamin Limited

We have undertaken a limited assurance engagement on selected sustainability information, as described below and presented in the Sustainability Report included in the 2012 Integrated Report of Hulamin Limited (Hulamin) for the year ended 31 December 2012 (the Report).

Independence and expertise

We have complied with the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multidisciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting.

Subject matter and related assurance

We are required to provide limited assurance on the following key performance indicators prepared in accordance with Hulamin's internally developed guidelines and marked with a "LA" on the relevant pages on the Report:

- Environmental Indicators (for Pietermaritzburg operations only of Hulamin Rolled Products and Hulamin Extrusions) – 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; Number of environmental incidents;
- Health and Safety Indicators (for Hulamin) – HIV/AIDS spend (expressed in Rands); Employee and contractor lost time injury frequency rate (LTIFR); Employee and contractor total recordable frequency case rate (TRFCR); Number of fatalities; and
- Health and Safety Indicators (for Pietermaritzburg operations only of Hulamin Rolled Products and Hulamin Extrusions) – New noise induced hearing loss (NIHL) cases for year; New dermatitis cases for the year.

Directors' responsibilities

The directors are responsible for the selection, preparation and presentation of the sustainability information, the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance, and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived, and for such internal control as the directors determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The Directors are also responsible for the selection and application of the criteria, which are Hulamin's internally developed guidelines, to the selected sustainability information.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the selected sustainability information based on our work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected information is free from material misstatement.

Our procedures and the extent of our procedures depend on our judgement including the risks of material misstatement of the selected sustainability information. In making our risk assessments, we considered internal control relevant to Hulamin's preparation of the Report. In a limited assurance engagement, the evidence gathering procedures are less than where reasonable assurance is expressed. We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Summary of work performed

Our work included the following evidence gathering procedures:

- Interviewing management to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Inspecting supporting documentation and performing analytical procedures; and
- Evaluating whether the information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at Hulamin.

Conclusion

Based on our work performed, nothing has come to our attention that causes us to believe that the selected sustainability information set out above for the year ended 31 December 2012 is not prepared, in all material respects, in accordance with Hulamin's internally developed guidelines.

Other matter

The maintenance and integrity of Hulamin's website is the responsibility of Hulamin management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent assurance report that may have occurred since the initial date of presentation on the Hulamin website.

Limitation of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the Directors of Hulamin in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Hulamin, for our work, for this report, or for the conclusion we have reached.

KPMG Services (Pty) Limited

Per PD Naidoo, *Director*

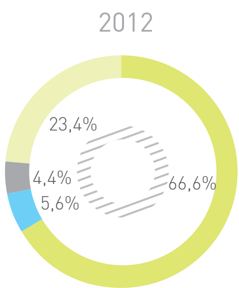
Johannesburg 16 February 2013

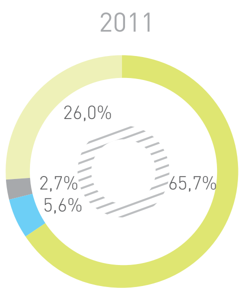
1 Albany Road, Parktown 2193, South Africa

ECONOMIC VALUE

VALUE ADDED ANALYSIS

R'000	2012	2011
Turnover	6 541 997	6 905 444
Bought-in materials and services	5 423 491	5 803 444
Value added by operations	1 118 506	1 102 000
Applied as follows:		
To pay employees		
Salaries, wages and benefits	744 692	723 581
To pay providers of capital	62 909	61 910
Interest on borrowings	62 909	61 910
Dividends to ordinary shareholders	–	–
Taxation	49 276	29 546
Re-invested in business	261 629	286 963
Depreciation	222 429	209 698
Retained earnings	39 200	77 265
	1 118 506	1 102 000





- Employees
- Providers of capital
- Tax
- Re-invested in business

SOCIAL RESPONSIBILITY

ENTERPRISE DEVELOPMENT

Philosophy and why it is important

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

Responsibilities

Hulamin's BBBEE Review Committee coordinates enterprise development and preferential procurement activities, and reports to the Transformation, Social and Ethics Committee, which is a sub-committee of the board. AQRate, an accredited verification agency, verifies records of ED activities.

Approach

ED development strategies and activities are mandated by the BBBEE Review Committee at quarterly review meetings, where feedback is provided on ED performance against targets and resources are allocated. While ED is a core element of Hulamin's BBBEE efforts, the company recognises the specialist skills required to support these activities. Hulamin has therefore developed a long-term partnership with the Business Support Centre (BSC), a non-governmental organisation which is well equipped to facilitate ED, providing a far broader impact than Hulamin can achieve on its own. Hulamin supported the BSC to the extent of R500 000 in 2012, with a cumulative total of R2 million since 2006.

Targets for 2012

- Establish five black business enterprises to provide Hulamin with goods and services; and
- Provide business support to existing Hulamin contractors to maintain or increase business with Hulamin.

2012 Performance

Five enterprises were established or further developed in 2012 with Hulamin's support, viz:

- Reshebile Aviation and Protection Services (Pty) Limited;
- Ubuciko Twines and Fabrics (Pty) Limited (suppliers of duffle bags);
- Vuma-Nala Dry Cleaning Services;
- Flins Truck and Car/Edlomodlomo (fleet maintenance); and
- H_20 Cleaning Car and Valet.

These entities generate annualised revenues of around R5 million.

- Reshebile Aviation and Protection Services was established in 2003. The company, which is a wholly African–owned enterprise, provides aviation, industrial, commercial and residential security. The Hulamin contract will enable the company to retain 40 jobs.
- Ubuciko Twines and Fabrics was formed in 2004, employing 95 full-time people. Its main business is woven polypro packaging bags and twine.
- Vuma-Nala Dry Cleaning Services, a wholly African woman-owned enterprise, was formed in 2011 as a joint ED project between Hulamin and Somta Tools. This enterprise is responsible for steam cleaning industrial overalls for the entire Somta plant as well as over 50% of Hulamin's departments. It provides employment for five full-time employees.
- Flins Truck and Car/Edlomodlomo are in the vehicle service and maintenance business. This joint venture has experience in fleet management and accredited within the automotive sector. This vehicle maintenance contract is designed to improve Hulamin's control of servicing and maintenance of its passenger vehicle fleet.
- H_20 Cleaning Car and Valet was established in 2012 as a dedicated car wash and valet service on-site at Hulamin for the benefit of Hulamin employees. It is operated by one of Hulamin's previous employees and employs five people.

In 2012, Hulamin developed, or continued to nurture and mentor, 20 wholly African-owned enterprises whose collective turnover was R41 million, an increase from R32 million in 2011. These enterprises employ 275 workers on a permanent basis.

Hulamin's procurement spend with ED beneficiaries has trended upwards in recent years, reaching a level of over 91% of Hulamin's total procurement spend from wholly African-owned enterprises as depicted in the table below. Hulamin's cumulative spend with wholly African-owned enterprises has reached approximately R216 million since 2005.

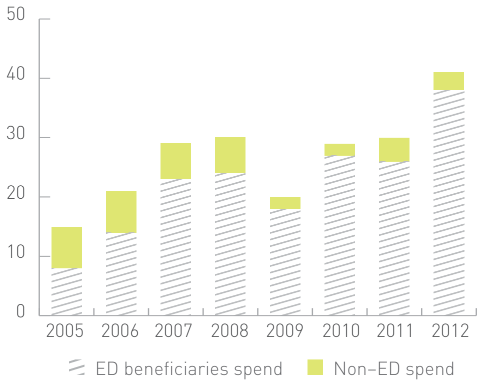
GROWTH IN SPEND WITH WHOLLY AFRICAN-OWNED ENTERPRISES

Year		05	06	07	08	09	10	11	12
ED*	Rm	7	14	23	24	18	27	28	**38**
Non-ED**	Rm	7	7	6	6	2	2	4	**3**
Total spend	Rm	14	21	29	30	20	29	32	**41**
ED percentage of total spend	%	53	67	82	79	87	94	88	**91**

* *African enterprises from whom Hulamin procures goods and services which were established with Hulamin's help and are still supported in their business development and management by Hulamin.*

** *Non-ED African enterprises from whom Hulamin procures goods and services, which were not established with Hulamin's help nor supported in their business development and management by Hulamin.*

African spend 2005 to 2012 (R million)



Business Support Centre's 2012 achievements

Hulamin has played a key role in the establishment of the Business Support Centre (BSC) which has made a significant contribution to the development of entrepreneurs as well as job creation in the region. Since its inception in 1997, the BSC has provided business skills training to approximately 12 000 SMMEs and to 90 000 aspirant entrepreneurs. Currently, the BSC registers approximately 75 new businesses per annum, as well as mentoring these new enterprises and integrating them into Hulamin's supplier chain programme. In 2012, the BSC coordinated in excess of 60 BEE Verification Certificates for SMMEs to support Hulamin's Preferential Procurement requirement. Since 2005 the BSC has been instrumental in creating more than 2 000 jobs.

Enterprise development spend

The total expenditure incurred on enterprise development in 2012 amounted to R1 821 112 (2011: R1 405 951[LA]). These figures include the qualification of the benefit arising where Hulamin pays qualifying emerging enterprises within seven days of invoice to assist with cash flow, senior management time spent on ED support, and BSC financial support.

LA *Limited assurance provided by independent assurance provider, refer page 65.*

PREFERENTIAL PROCUREMENT

Philosophy and why it is important

Hulamin's future and the future growth of South Africa are dependent on growing the economic involvement in main stream business, on a sustainable basis, of all previously disadvantaged groups. Hulamin promotes the economic empowerment of black South Africans and encourages business relationships with other companies, which actively pursue sound employment equity and black economic empowerment programmes. These objectives are achieved through the preferential procurement programme.

Responsibilities

The Procurement Review Committee, chaired by an executive director, oversees the company's progress in preferential procurement. The committee is responsible for strategy and planning, approving suitable supply opportunities, reviewing results and supplier performance, approving additional suppliers and any preferential terms.

Quarterly reviews are held at which progress and achievements related to preferential procurement and enterprise development opportunities are reviewed and plans to increase BBBEE spend and enterprise development are discussed. The reviews are used as a platform to discuss and resolve issues or obstacles related to achieving Hulamin's BBBEE targets.

Approach

Hulamin promotes the development of black-owned businesses, and in particular wholly African-owned entities or majority African-owned entities that are also operated and managed by Africans, as preferred suppliers. Expenditure with these businesses is tracked over time, targets are set and performance is managed.

To achieve its preferential procurement objectives, Hulamin ensures that:

- Black businesses are sought as suppliers of choice;
- Hulamin subsequently works closely with these suppliers to assist them to achieve their goals;
- All suppliers are encouraged to improve their own BBBEE ratings to achieve higher BBBEE procurement recognition levels; and
- All suppliers are also encouraged to seek opportunities to create partnerships or other interactions, in order to effect a skills and knowledge transfer to BBBEE enterprises.

In addition to its objective of developing black business in general, Hulamin actively seeks African entrepreneurs who have the potential to grow into successful suppliers.

All contracts with preferred suppliers, including African Small and Medium Enterprises (SMEs), are concluded on regular commercial terms, ensuring that all suppliers meet Hulamin's requirement for the best value package, comprising price, quality, service, delivery performance, payment terms and safety, health and environmental concerns.

In order to achieve the objective of developing African SMEs, Hulamin commits to the following:

- In assessing competing suppliers, Hulamin gives preference to African SMEs which present a value package that is equivalent to non-African SMEs. This applies particularly to African SMEs from communities within which Hulamin operates;
- Hulamin actively seeks out African SMEs and encourages them to become suppliers to Hulamin. This is achieved through a database of potential suppliers, as well as working through organisations such as the Business Support Centre in Pietermaritzburg;
- Hulamin seeks to work closely with African SME suppliers who would benefit from exposure to Hulamin's technical and management skills, with the goal of encouraging skills transfer and a more competitive supplier base; and
- Hulamin encourages the formation of willing partnerships between African entrepreneurs and established suppliers where such partnerships permit the transfer of business skills, knowledge and experience, so empowering the African entrepreneurs, and over time enabling them to take over the business or to establish their own competitive businesses.

Hulamin's objective of developing African SMEs is pursued through the involvement of all Hulamin's employees. The procurement department consults broadly in all areas in identifying and structuring supply opportunities that will suit African SMEs and in the further development of these suppliers.

Consultation takes many forms: from employees identifying and communicating opportunities they see to management arriving at a decision to outsource a non-core function. Examples over the past years include the outsourcing of the printing department, box-making department, and canteen, and contractual agreements with ex–employees now rendering cleaning services to the company.

Performance 2012

Due to the nature of its business, Hulamin sources over 60% of its purchases by value in the form of aluminium metal from the local aluminium smelter, BHP Billiton. This amounted to R3,3 billion, during 2012.

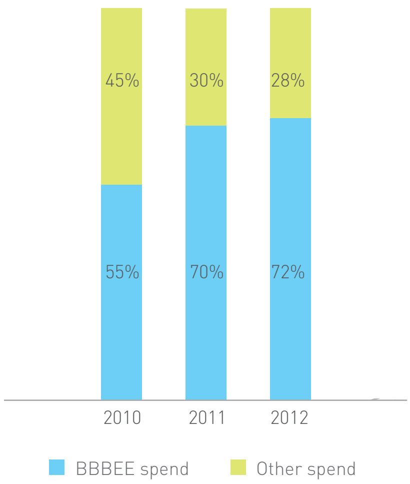
Year on year, Hulamin's overall BBBEE spend value has increased from just below 70% to 72,2% of Hulamin's total expenditure.

During 2012 Hulamin spent R3,68 billion in total with BBBEE enterprises. Of this total, R159 million was spent with Qualifying Small Enterprises (QSEs) and Emerging Micro Enterprises (EMEs), R305 million on black enterprises (greater than 50% black-owned), and R24 million with black women-owned businesses (greater than 30% black women-owned).

BBBEE expenditure now represents 72,2% of total expenditure for the period after exclusions such as imported goods and services and VAT.

Hulamin met and slightly exceeded the targeted spend of R35 million with wholly African-owned entities for 2012 with a final spend of R41 million.

Growth in BBBEE expenditure (as a % of total)



CORPORATE SOCIAL INVESTMENT

Philosophy and why it is important

Hulamin considers itself an integral part of the community in which if operates and is committed to using its available resources to improve the quality of life for its people within the region, with particular focus on historically disadvantaged communities. It is imperative to make a difference by adding value to the development of these communities.

The organisation continues to prioritise education, health, development of community skills, welfare, environment and crime prevention in its Corporate Social Investment (CSI) activities.

Responsibilities

The Human Resources Executive leads the Socio-Economic Development (SED) portfolio, which includes CSI, and reports to the Chief Executive Officer, who is ultimately responsible for SED.

As one of the elements of the BBBEE scorecard, SED is verified by AQRate, an independent and accredited verification agency.

Approach

Stakeholders of the CSI programme include the Hulamin board, communities and employees. Hulamin consults with all potential beneficiaries to evaluate their needs and the impact on the community as well as to ensure that their requests are feasible, aligned to business priorities and fall within the Hulamin CSI strategy.

As an element of the BBBEE scorecard, activities relevant to SED are monitored by the Transformation Committee. The objective of this committee is, *inter alia,* to facilitate the implementation of SED and CSI strategies, set targets, review progress and make recommendations to the board. The Transformation and Social and Ethics Committee is chaired by a non-executive director. These meetings take place three times per year.

A target of 1% of net profit for CSI expenditure has been set and progress against the target is monitored through the above-mentioned structures.

2012 Achievements and key projects

A total of R987 779 was spent by the group on CSI initiatives during 2012. In addition, Hulamin spent R1 359 000 on employee transport subsidies as well as R17 500 per month on cafeteria subsidies.

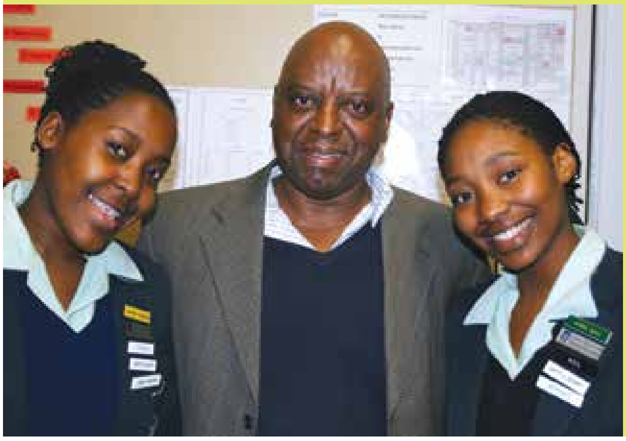
The 2012 CSI spend is comprised as follows:

	R	% of total spend
Welfare	312 150	32
Education	535 629	54
HIV/AIDS specifically	105 000	11
Conservation/environment	35 000	3
	987 779	100

MODERN COMPUTER FACILITY FOR RUSSELL HIGH SCHOOL

Early in the year Hulamin invested in a modern computer laboratory (lab) for Russell High School, a Pietermaritzburg-based public school for girls. Established in 1879, the school is of historical significance to the city and is attended predominantly by learners from previously disadvantaged communities. Hulamin conducted the initial project investigation and inspection, in association with Gijima AST, Hulamin's information technology (IT) service provider. The computer lab was rewired, and new seating and flat screen monitors were supplied and installed. The project succeeded in transforming the school's existing facility from outdated and somewhat obsolete to a modern up-to-date IT facility. The refurbished computer lab was officially opened on 31 October 2012 by Hulamin's Human Resources Executive, Mr Kenneth Mshengu.

HR Executive, Kenneth Mshengu, officially opened the new IT facility. With him are Nomonde Mbanjwa (left) chairlady for 2013 and Ayanda Ngalo, deputy chairlady (right).



LIFE SKILLS TRAINING FOR LEARNERS

Hulamin continues to support the iThemba Trust, a faith-based, non-profit organisation located in Sweetwaters near Pietermaritzburg. More specifically, Hulamin provides funding towards the provision of life skills training to learners in grades 7 and 8 at four schools in the area. The life skills training addresses issues such as HIV/AIDS, drugs, abuse, self-image, death and relationships and teaches these children essential life lessons in an effort to help them make the right decisions. Most of the children involved have no positive adult role models. Hulamin has part-funded this project since 2010 and the children participating have proven to be exceptionally responsive and show a strong desire to learn. Hulamin intends to continue this commitment towards the iThemba Trust in the longer term.

Nokulunga Zuma from Nobanda Primary School is one of the beneficiaries of life skills training supported by Hulamin through its partnership with iThemba Trust.

ENVIRONMENT

Philosophy and why it is important

Hulamin continues to entrench its commitment to responsible environmental stewardship across all its operations.

Hulamin has observed, with growing concern, the global impact of climate change on our environment. As a result, we have committed to act in a manner that will support mitigation of the causes of climate change. Since Hulamin is an appreciable user of energy in the local context, we aim to reduce our use of non-renewable energy sources as far as possible.

Responsibilities

The continued assessment of environmental issues is maintained throughout the group. The Safety, Health and Environmental Committee meets quarterly where all issues of concern are addressed to form part of an ongoing action plan. This information is relayed to appropriate levels in the business (including the Executive Committee) in order to achieve continual environmental progress and to comply with relevant legislation. Environmental representatives from all departments are trained and provided with environmental checklists and are encouraged to report and document all environmental concerns. Environmental awareness amongst all employees is stimulated through regular internal publications.

Approach

To improve our environmental sustainability, we improved our measuring and monitoring systems for carbon footprint and energy consumption (differentiating energy by type, primarily, electricity and LPG) in 2011. This has assisted us to identify areas for improvement in environmental and energy efficiencies. These criteria continue to be monitored on a monthly basis and the information is distributed to key personnel including the Executive Committee. During 2012, Hulamin carried out a study to benchmark our energy consumption and carbon emissions against global manufacturers and we are pleased to report that we compare reasonably well against our global peers, particularly when one considers the high emission factor of electricity in South Africa.

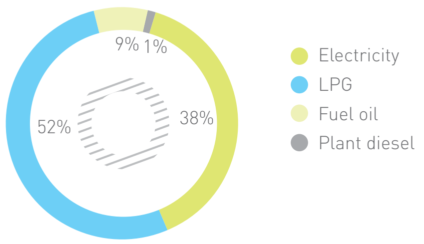
Improving our response to environmental concerns is a key aspect of our business strategy and this includes the issues of water consumption and waste generation. We continuously investigate means to reduce water consumption and are currently working on a number of projects to reduce or recycle specific waste streams. We believe Hulamin is accountable to all our stakeholders for responsible environmental stewardship.

2012 Achievements

The ISO 14001 environmental management system has been maintained to promote and support continued environmental commitment and certification.

In an effort to reduce our carbon footprint Hulamin has chosen to use LPG over electricity where possible.

Energy consumption by source – 2012

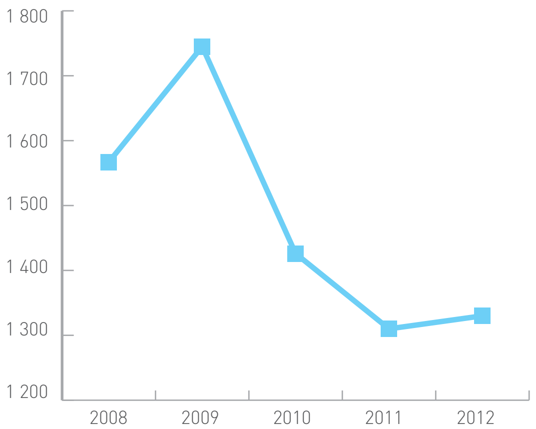


The recycling of aluminium reduces the reliance on primary metal in the production of rolling slab and billet, resulting in significant energy savings across the industry. Hulamin is responding to this opportunity by ensuring all relevant scrap metal available locally is used for remelting, including customer and end-user scrap. Hulamin expects that the recycling of aluminium will continue to increase and has planned major investments in plant and equipment to accommodate this expectation.

ENERGY FOOTPRINT

Hulamin's total direct energy consumption (LPG, fuel oil, plant diesel and fuels consumed by our fleet vehicles) in 2012 was 1 585 921 GJ[LA], which is lower than in 2011 (1 663 657 GJ[LA]). The total indirect energy consumption (electricity) in 2012 was 1001 177 GJ[LA], which is likewise lower than in 2011 (1 050 955 GJ[LA]). This reduced consumption of energy in 2012 was due mainly to the hot line breakdown in the middle of the year with a concomitant loss in production. This event resulted in overall energy intensity worsening (approximately 1%), however, due to loss of efficiency, mainly in terms of heat loss from the stop/start nature of interrupted production and base load requirements for electricity and heating of furnaces. Although overall energy intensity was poorer, it was contained by continued improvements in electricity efficiency in spite of the negative effects of the mid-year breakdown.

Electricity intensity (kWh/MT production)



Energy efficiency progress

During the course of 2012, an energy audit was conducted by a third party energy management service provider. The resultant report has indicated the necessity of establishing a formal management system for energy. As a means of guiding Hulamin to appropriately manage energy and improve efficiencies from every aspect of our business, a decision was taken to adopt the principles of ISO 50001. The adoption of this system is currently in progress to ensure short and long-term considerations of energy management.

We are currently evaluating a formal energy policy, identifying key roles for energy management and establishing a formal procedure to enable all aspects of energy use to be presented for evaluation. This includes monitoring of energy performance, options for alternative energy sources, legal aspects of energy supply, energy supply constraints, interaction and cooperation with industry peers, allocation of resources for energy management and training for energy efficiency and new energy technologies. As a result of this process, Hulamin should be in an improved position to set realistic targets for reduction of energy consumption.

In addition to the above, there were a number of specific efforts to reduce energy consumption in 2012, including the appointment of an LPG specialist (who has worked with burner experts) and the training of maintenance staff to improve LPG burner efficiencies.

Currently, a feasibility study is being carried out to determine if furnace loading can be automated to improve energy efficiency. Consideration is also being given to replacing all conventional ablution geysers with heat pumps; it is expected that these will be installed in the first quarter of 2013.

Improved measurement of electricity has allowed for individual management areas to become more reactive to their own consumption which is clearly resulting in reduced active energy charges. The monthly overall key performance indicators have also been of value to enable senior management to make better-informed strategic decisions regarding energy use.

CARBON FOOTPRINT

The improving efficiency of electricity usage at Hulamin has supported a downward trend of Scope 2 greenhouse gas emissions (indirect emissions) according to the current Eskom emission factor. However, the international emission factor for electricity in South Africa was re-evaluated in 2012 at a significantly higher level, and is now in closer agreement with the Eskom emission factor. This has consequently resulted in higher carbon footprint intensities than expected at the start of the new year as expressed by the international emission factor. Lower production volumes during the hot mill breakdown mid-year exacerbated the higher intensities. Improved carbon footprint intensities were regained later in the year, mainly from reducing electricity consumption. In fact, Hulamin posted their best ever carbon footprint intensity level in September 2012 (1,57 MT CO_2e per MT production, using the Eskom emission factor for electricity). The overall absolute Hulamin carbon footprint for 2012 was lower than expected due to the reduced energy consumption during the hot mill breakdown.

LA *Limited assurance provided by independent assurance provider, refer page 65.*

GREENHOUSE GAS EMISSIONS				
	Eskom emission factor 0,99 kg CO_2/kWh		IEA* emission factor 0,926 kg CO_2/kWh	
Year	MT CO_2	CO_2 intensity	MT CO_2	CO_2 intensity
2012	**386 420**LA	**1,85**	**368 622**	**1,76**
2011	404 420LA	1,82	365 009	1,64
2010	414 872LA	2,04	368 121	1,81

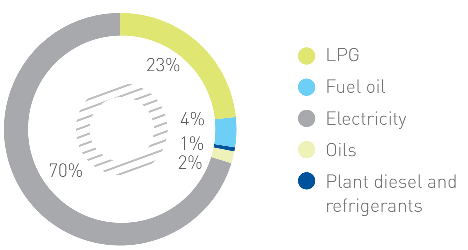
** International Energy Agency*

Hulamin's carbon footprint comprises of the following:

- Scope 1 (GHG Protocol) direct emissions from fuels and refrigerant consumption
- Scope 2 (GHG Protocol) indirect emissions from electrical consumption
- Scope 3 (GHG Protocol) lubricant consumption

98% of the total Hulamin carbon footprint arises from the consumption of energy. It is evident therefore that a reduction in Hulamin's energy consumption (and in particular, electricity) will greatly impact Hulamin's carbon footprint. Hulamin has thus adopted the strategy of focusing on the reduction of energy as the main means of achieving the desired reduction in greenhouse gas emissions.

Carbon footprint 2012 (MT CO_2e)



Reduction of lubricant consumption (Scope 3) continues, and a further reduction of 638 MT CO_2e from 2011 to 2012 was realised. Refrigerants (Scope 1) are also contributing less to the Hulamin carbon footprint by an ongoing programme with suppliers to replace refrigerant gases with alternative products with lower global warming potential.

AIR QUALITY

Air quality measurements indicate that there are no significant risks related to air pollution. Hulamin is in the process of converting the old Scheduled Process Permits to Air Quality Licences.

LOGISTICS AND CARBON EMISSIONS

Hulamin has historically outsourced local transport of metal. During 2011 a project was initiated to investigate alternative road transport options that would not only reduce the cost of local road haulage but would also have a positive impact on carbon emissions. At that stage, Hulamin was using the services of a dedicated transport company which meant that return loads were running empty. Consideration was given to making the transporter responsible for securing return loads, but ultimately it was recognised that in order to make a significant change, a completely new approach was required. This resulted in the identification of Unilever and Mondi as road haulage partners as they were transporting materials on the returning route. A new road haulage contractor had to be engaged to offer the service of transporting different types of loads.

Following substantial engagement between these companies, shuttle agreements were negotiated and commenced in January 2012. The success of the agreement and ability to deliver the expected benefits has been achieved through co-operation and commitment by all parties. The result has been that transport costs have reduced significantly and that there has been a substantial reduction in carbon emissions. The Hulamin logistics carbon footprint from diesel consumption was reduced from 9 877 MT in 2011 to 5 115 MT in 2012, a saving of 4 761 MT carbon emissions.

The logistics carbon emissions savings have not yet been subjected to external assurance and are thus not yet reported in our total carbon footprint reflected in the adjacent table.

LA *Limited assurance provided by independent assurance provider, refer page 65.*

WATER CONSUMPTION AND EFFLUENT

WATER CONSUMPTION		
	Total kilolitres	Intensity, kilolitres per MT production
2012	**598 172[LA]**	**2,86**
2011	647 813[LA]	2,91
2010	774 930[LA]	3,81

Despite the reduction in mid-year production Hulamin was still able to achieve a lower water usage per unit production in 2012 than in 2011.

WATER EFFLUENT DISCHARGE	
	Effluent discharge, kilolitres
2012	**153 732[LA]**
2011	169 181[LA]
2010	193 485[LA]

With reducing water consumption, we have recorded a continuing downward trend with water effluent discharge.

WATER QUALITY

Quality of waste water has improved with greater emphasis placed on controlling the pH level.

WASTE MANAGEMENT

The total solid waste sent to landfill by Hulamin in 2012 was 5 836 MT, an increase of around 237 MT from 2011, which has been a disappointing result for Hulamin. However, one of our waste projects is nearing completion and has the potential to reduce our waste to landfill volumes by 10%. It is hoped that this waste stream could be diverted to recycling processes by mid 2013.

DISPOSED WASTE VOLUMES 2012	
Waste stream	Volume (MT)
General	**1 171[LA]**
Low hazardous	**4 663[LA]**
High hazardous	**1,8[LA]**
Recycled	**897[LA]**
Total solid waste	**5 836**

There were six[LA] environmental incidents in 2012, all of which were classified as level 1 in nature.

EMPLOYMENT EQUITY

Philosophy and why it is important

Hulamin regards employment equity as a special intervention required to address the situation resulting from black people having been previously disadvantaged in South Africa.

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

- The elimination of unfair discrimination within the workplace; and
- The implementation of affirmative action measures to achieve equitable representation of designated groups across all occupational levels within the organisation.

Responsibilities

The Chief Executive Officer (CEO) is ultimately responsible for employment equity within the organisation and the Human Resources Executive is the appointed senior employment equity manager to drive the implementation thereof.

As one of the elements of the BBBEE scorecard, employment equity is verified by AQRate, an independent and accredited verification agency.

Approach

The Hulamin board, Executive Committee, employee representatives and employees are the stakeholders of employment equity programme.

Over and above the annual consultation process required by law, issues of employment equity are considered on a quarterly basis by the following committees:

- Employment Equity Committees, which exist at a strategic and at an operational level, continue to monitor and evaluate progress on employment equity issues;
- The Transformation, Social and Ethics Committee which is chaired by a non-executive director;
- The Hulamin Broad-based Black Economic Empowerment Committee which is chaired by the CEO.

Targets are set according to a three-year horizon. Targets were set in 2008 to be achieved by 31 December 2010. New targets have been set for the period 1 January 2011 to 31 December 2013. These targets have been further broken down into annualised targets for each year within the three–year period.

LA *Limited assurance provided by independent assurance provider, refer page 65.*

The following measures are in place to ensure targets are reached:

- Training and development initiatives;
- Talent and performance management;
- Mentorship and coaching programmes;
- Career development programmes;
- Development programmes for technologists;
- Development plans for women;
- Diversity management programmes;
- Targeted recruitment and selection for people from designated groups;
- Targeted promotion for people from designated groups;
- Learnership programmes for people with disabilities;
- Strategic partnerships with universities and universities of technology to recruit people from disciplines relevant to our business; and
- Retention strategies.

Progress is monitored through the various employment equity structures.

2012 Achievements

- A concerted effort continues to be applied to increasing female representation at all levels within the organisation, particularly technologists. Much success has been achieved in developing a strong talent pool of female technologists, most of who have been appointed through the in-service training programme. The recruitment of in-service trainees will continue to be biased towards women to ensure a well developed pipeline of female technologists with key skills required by the business.
- There were 162 women at shop floor level at the end of September 2012, compared with 151 in January 2009. Training programmes are in place to enhance the development of women at shop floor level so as to have a pool of technically qualified women from which apprentices can be sourced and to advance female operators into senior operator positions.
- Three women who previously occupied shop floor positions have been appointed into team leader positions. In addition, six female operators have advanced into senior operator positions.
- Since the inception of the apprentice training programme, 19 women have qualified as artisans and have been placed into permanent positions. Currently there are two female apprentices out of a total of 16, which needs to be corrected with the future apprentice intake. Plans are being worked on to accelerate the development of female artisans into senior artisan roles. Some of the strategies that will be employed include: coaching, mentoring, on-the-job training, specialised technical training and inter-departmental rotation.
- Good progress has been achieved in improving the representation of persons with disabilities. From the second group of eleven persons with disabilities who completed their learnership programme at Hulamin in 2011, six have been able to secure permanent employment. Of these six learners, one has recently been appointed into a credit control position at Group Five in Durban, three were appointed into administrative positions at a local motor dealership, one has been appointed into a clerical position at St Anne's Hospital and one has recently taken up an administrative position at the local Business Support Centre. Three of these learners were appointed into limited duration contracts with Hulamin which were concluded on 30 June 2012. The remaining two learners have not managed to secure employment as yet. Given the success achieved in this learnership programme, an additional 11 people with disabilities commenced a learnership programme with Hulamin in September 2012.
- During the forthcoming years, increased attention will be placed on improving the training and development of employees with disabilities in order to improve their skill sets as well their employment prospects.
- Black representation at management level is 60% and 91% at skilled and supervisory level.

Data submitted to the Department of Labour

In accordance with the Employment Equity Act, No 55 of 1998, employment equity reports are submitted to the Department of Labour on an annual basis.

In terms if section 22 of the Act, Hulamin is required to publish a summary of its employment equity report in Hulamin's Integrated Annual Report. The table following reflects Hulamin's employee profile as at 31 May 2012:

EMPLOYEE PROFILE 2012 AS AT 31 MAY 2012											
	Male				Female				Foreign		
Occupational levels	A	C	I	W	A	C	I	W	M	F	Total
Top management	3	0	0	5	0	0	0	0	0	0	8
Senior management	10	2	16	31	2	1	1	2	2	0	67
Professionally qualified and experienced specialists and mid-management	33	8	58	45	10	3	6	11	11	0	185
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	372	52	284	50	58	11	24	21	2	0	874
Semi-skilled and discretionary decision making	604	93	149	10	112	19	16	0	0	0	1 003
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	0
Total permanent	1 022	155	507	141	182	34	47	34	15	0	2 137
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
Grand total	1 022	155	507	141	182	34	47	34	15	0	2 137

Key: A = African, C = Coloured, I = Indian, W = White.
Note: Employee profile as at 31 May 2012 above has been assured by AQRate.

The employee turnover for the 2012 calendar year was 278 employees (70 females and 208 males).

PERFORMANCE AGAINST TARGETS AS AT 31 DECEMBER 2012				
Criterion	Target %	Status % 2012	Number of people 2012	Number of people 2011
Black representation at senior management	45	54	32	31[LA]
Black representation at middle management	69	69	117	125[LA]
Black representation at skilled and supervisory level	91	95	784	791[LA]
Women at senior management	12	10	6	6[LA]
Women at middle management	21	16	27	32[LA]
Women at skilled and supervisory level	14,5	13	108	118[LA]
People with disabilities	1,5	1	21	24[LA]

LA *Limited assurance provided by independent assurance provider, refer page 65.*

EMPLOYEE PARTICIPATION

Philosophy and why it is important

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.

Responsibilities and structures

Responsibility for employee relations lies jointly with the Human Resources executive and line management.

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.

Policies and procedures

Grievance and disciplinary policies and procedures are in place. These are guidelines for both employees and management when dealing with disciplinary and grievance procedures in the workplace and a disciplinary code is given to all employees on commencement of employment.

73% 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 2012.

SKILLS DEVELOPMENT

Philosophy

Hulamin strives to develop skilled and motivated employees through an outcomes-based approach to development that endorses personal growth, individual responsibility and a culture of lifelong learning.

Training and development initiatives draw on the technological, operational and process knowledge that exists within the business, and uses this to guide employees into developing innovative solutions for real business challenges. This further builds organisational learning while maximising the potential of individual employees within the working environment.

Hulamin 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.

Responsibilities

To ensure a consistent approach, the Human Resources (HR) Executive is given overall responsibility for training and development strategies. Line managers are responsible for leading the training and development efforts within each manufacturing area. They are supported by training and development specialists who report to the HR Executive. Engagement at shop floor level takes place through quarterly training committee meetings that include union representatives. Training progress is monitored quarterly at the Hulamin Learning and Development Review, attended by line management and executives.

Approach

The learning programmes are based on a blended approach, which combines class-based programmes with on-the-job training, participation in projects and task teams as well as e-learning. Hulamin has intensive training programmes in place, including but not limited to the following:

- Integrated Manufacturing Approach Visual Management;
- Learnerships – portability of skills;
- Talent management; and
- Traineeship Development Programme.

Performance management remains the key driver in our talent management approach. All staff employees are subject to biannual performance reviews. The review process has been aligned to Hulamin's accountability matrix whereby an employee must be assessed by his/her manager, a team member and a relevant specialist and includes consolidated performance feedback to the employee. This multiple perspective process provides a broader view of employee capabilities.

IMA VISUAL MANAGEMENT

From October 2011 to the end of September 2012, 2 008 employees have completed the frontline training which assists employees in setting up mini-business units. To date 156 frontline teams and 145 mini-business units have been established.

During the remainder of 2012, the emphasis was on accelerating the activities required to consolidate the implementation of Module 1, such as formalising the coaching review process, and establishing level 2 and 3 meetings.

Module 2 training which deals with the 5S practices, which aims to create a pleasant, organised and productive workplace in which everything is visually clear and controlled, will commence in 2013.

LEANERSHIPS – PORTABILITY OF SKILLS

In 1999, Hulamin introduced the Skills Based System (SBS) which is a multi-skilling framework and aims to create a multi-skilled workforce performing a wider and more flexible set of tasks. This is achieved through providing operators with maintenance skills to enhance their level of machine breakdown reporting and perform first line maintenance related tasks.

During 2012, 109 mill operators were trained in maintenance related tasks and are now capable of performing at least two jobs at the same level and one job at a higher level.

Hulamin has aligned its training offering towards the National Qualification Framework (NQF), ensuring national recognition for successful learners.

The benefit to employees is that skills acquired through accredited programmes provide them with nationally recognised skills. The company benefits through having standardised programmes with external competency assessment processes. The programmes create more skilled and flexible employees, which enables the business to be more competitive.

Progress in 2012 includes:

- Business Administration: Eleven people with disabilities began a learnership with Hulamin in September 2012. During the forthcoming years, increased attention will be placed on improving the training and development of employees with disabilities in order to improve their skills sets as well their employment prospects; and
- Team leader skills programme: Thirty two shift leaders form Hulamin Extrusions underwent the team leader training.

SHIFT LEADER DEVELOPMENT MODEL

It is recognised that shift leaders play a pivotal junior management role and there is a need to strengthen the competence at this level. Plans are underway to develop a shift leader development programme which is aimed at providing shift leaders with a career path and development opportunities.

A competency model has been developed, which outlines the technical and behavioural competencies in terms of knowledge, skills and experience required at various shift leader levels. During the upcoming years, the next phases that will be worked on include a review of the shift leader positions within the organisation to determine the appropriate levels for these positions, an assessment of shift leader competence against the competency model to determine the gaps and a compilation of development plans for individuals to bridge these gaps.

The competency model will also be used to profile shift leader positions for improved recruitment and selection decisions.

This process is planned to be implemented in respect of other job clusters.

TALENT MANAGEMENT

At Hulamin the term "talented people" refers to employees who perform well above expectations and who have the potential to grow into leadership roles such as senior manager positions or specialist roles.

During 2012, the focus has been on career discussions with our talented/high potential employees, including the development of formalised and structured individual career development plans. This has been driven by the respective employees' managers strongly supported by the Organisation Development Manager.

In addition, plans are in place to develop a forum that will be tasked to ensure that Hulamin intensifies the development and retention initiatives for technologists and specialists, particularly Africans and women, in order to ensure that the right skills are in place to meet the ongoing business needs. Some of the actions that this forum will work on include: career development, providing challenging tasks, competitive salaries, career paths for technologists and specialists and pipeline development.

PIPELINE MANAGEMENT PROGRAMMES

Another critical component of the talent management strategy is the pipeline management. Hulamin's approach is to focus on bursars, apprentices and in-service trainees. These programmes ensure a continuous flow of talent into Hulamin. Over the last four years, six bursars, 23 apprentices and 20 in-service trainees were recruited as engineers, technicians and artisans into various areas of the business.

PIPELINE MANAGEMENT PROGRAMMES OVER THE LAST THREE YEARS

Year	Apprentice	In-service trainees	Bursars
2010	20	28	20
2011	16	0	14
2012	**11**	**8**	**12**

IN-SERVICE TRAINEE PROGRAMME

The 2012 in-service trainee intake comprises 11 trainees in the following disciplines: metallurgical engineering, industrial engineering, electrical engineering and mechanical engineering. The trainees are currently undergoing a one-year structured training programme. The training includes a six-month interpersonal skills training programme and specific on-the-job assignments supported by their mentors. This programme has proven to be highly successful as a means of recruiting technologists and Hulamin will continue to use this programme to recruit and develop technologists to meet the organisation's needs.

SKILLS DEVELOPMENT			
Key indicators		2012	2011
Investment in employee training and development as percentage of leviable amount	(%)	**4,2**	2,4
Total skills development spend	(R)	**13 974 143**	13 030 703
Proportion of the above focused on black employees	(%)	**85,7**	85,7
Percentage of employees trained	(%)	**82**	86
Average learning hours per employee		**17**	17
Investment in pipeline management programmes	(R)	**3 299 409**	3 282 286
Employees currently in learnership programmes		**45**	84
Investment in bursary scheme	(R)	**980 194**	1 072 734
Employees in company-sponsored education programmes		**270**	174

ENGINEER-IN-TRAINING PROGRAMME

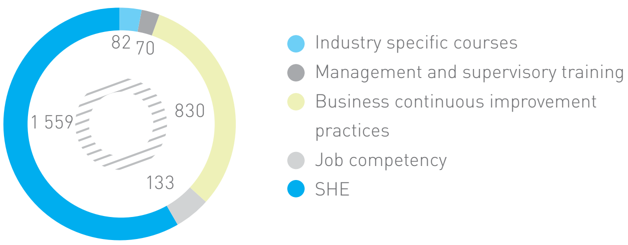
A structured Engineer-in-Training Programme has been implemented which incorporates a comprehensive 24-month modular-based programme that covers all the Hulamin specific technology, the development of technical, managerial and personal competencies. The training takes place through on-the-job assignments, projects and rotation to different manufacturing areas within the business. The trainees are assigned mentors and undergo quarterly performance reviews. There are currently four trainees on the programme in the following disciplines: industrial engineering, metallurgical engineering and mechanical engineering.

During the next few years, efforts will be focused on extending this programme to technicians and engineers.

OTHER TRAINING INTERVENTIONS

There are, in addition to the targeted training and development programmes detailed above, a number of other training and development initiatives which our employees participate in, as illustrated in the following pie chart.

Number of employees trained in other training interventions – 2012



SAFETY

Philosophy and why it is important

Hulamin is committed to the wellbeing of employees and providing a safe working environment that ensures that the business continues to function effectively.

Hulamin has embedded a culture of safety in the organisation to ensure that its manufacturing 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 with industry best practice.

Approach

The Hulamin Executive Committee is accountable for safety in the organisation. There are formal structures in place to identify, evaluate, and control operational risks. The Hulamin Safety, Health and Environment Committee meets quarterly to formulate policy, entrench standards, assess risks and ensure visibility at shop floor level.

Employees are expected to take ownership of their own safety, however, management provides structured direction aimed at inculcating a culture of safe behaviour. Line management is responsible for safety in their respective areas and is centrally supported by the Safety, Health and Environment team. Hulamin is audited for verification and compliance in line with the OHSAS 18001 Standard annually. All management structures are involved in the Visible Felt Leadership processes, which involve a walkabout on the shop floor to discuss progress and identify barriers and constraints to improving performance.

Hulamin is currently developing the "Hulamin Way" with respect to health and safety. This strategy approach will align the behaviour based safety (BBS) and the IMA Visual Management programmes. It will also focus on the development and implementation of critical standards to entrench a culture of compliance and benchmarking to international best practice. The ISO 14001 and OHSAS 18001 management system requirements will be incorporated into the strategy.

The concept of shop floor ownership is entrenched through visual management at mini-business unit level by monitoring and measuring the proactive and reactive indicators such as injuries, near misses and risk behaviours. This approach ensures both occupational and process safety systems are adhered to in order to ensure good safety performance.

These systems include:

Occupational safety systems

- Critical standards (e.g. hand protection);
- A permit to work system for all contractors;
- Critical task risk assessment process;
- Planned job observation methodology;
- Reporting of near misses;
- Conducting formal safety talks; and
- Effective tools for incident investigation.

Process safety systems

- High level explosion and fire risk assessments;
- Auditing of explosion risks in the remelt environment; and
- Abatement systems for toxic gas release (e.g. Chlorine).

2012 Performance

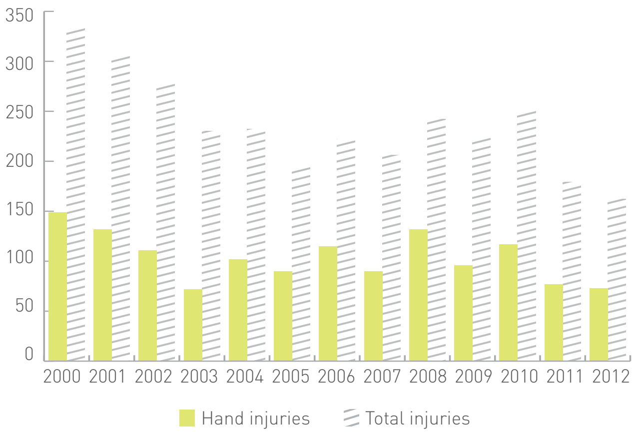
Hand injuries contribute to approximately 45% of all injuries and therefore remain a focus area of the safety programme. Hulamin has developed a hand protection standard based on the South African National Standards (SANS) 1340 part 4, which is aligned to European Standard EN 420:2003. Most of the hand injuries are related to cuts, therefore emphasis is being placed on the selection of the most suitable gloves relating to mechanical risks as per European Standard EN 388: 2003 requirements. A formal risk assessment approach has been adopted to identify which machine centres require approved cut resistant gloves based on the tasks, frequency of exposure and injury profile.

The following bar chart shows a significant reduction in total injuries over the last 12 years, but the percentage of hand injuries in relation to total injuries has remained relatively consistent.

SAFETY PERFORMANCE				
	Target		Actual	
Indicators	Rate	Number of incidents	Rate	Number of incidents
2012 LTIFR	**0,20**	**7**	**0,33LA**	**9**
2012 TRCFR	**0,90**	**30**	**1,00LA**	**27**

COMPARATIVE TABLE					
	Rate	Number of incidents		Rate	Number of incidents
2012 LTIFR	**0,33LA**	**9**	**2012 TRCFR**	**1,00LA**	**27**
2011 LTIFR	0,53LA	15	2011 TRCFR	1,31LA	37
2010 LTIFR	0,33LA	10	2010 TRCFR	1,81	55
2009 LTIFR	0,31	10	2009 TRCFR	1,16	37

Hand injuries – 2000 to 2012



Although total injuries are decreasing, lost time injuries remain high. This year the most common cause of serious injuries was related to operations that required two persons and communication between both parties. Communication channels have been improved and engineering modifications have been applied to reduce the risk through the use of interlocking devices such as pressure mats and limit gates.

LA *Limited assurance provided by independent assurance provider, refer page 65.*

Hulamin uses two measures to report safety performance. The Lost Time Injury Frequency Rate (LTIFR) and the Total Recordable Case Frequency rate (TRCFR).

There were nine lost time injuries (LTIs) in 2012. The incidents experienced encompassed the following:

- Caught by moving equipment – five injuries;
- Burns – one injury;
- Cut by revolving machinery – two injuries; and
- Falling object – one injury.

There were noLA fatalities in 2012.

Hulamin has introduced the behaviour-based safety Visual Process Auditing (VPA) chart as a means to identify critical at risk behaviours. This has replaced the formal PACT observation and reinforcement system as the charts are updated daily and the "meaningful discussions" are part of the "eight minute" daily mini-business unit level one-process meetings. This ensures that the safety information is integrated into the IMA Visual Management process and is no longer operating independently. This has largely also created a paperless system for the BBS process.

The SABS conducted a surveillance audit on compliance with OHSAS 18001: 2007 and ISO 14001 Standards and the findings are being resolved through a formal action plan system.

HEALTH

Philosophy and why it is important

Hulamin believes that the good health of employees is essential for employee motivation, capability and productivity. To this end, we offer health benefits for employees and their families. 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 health care facilities in order for employees to best manage their own health.

Responsibilities

The Human Resource Executive leads the employee health portfolio, and reports to the CEO, who in turn reports to the board of directors.

The South African Bureau of Standards conducts an annual audit of the Health Care Centre, to ensure compliance with ISO 14001 (Environmental Management System) and the OHSAS 18001 (Health and Safety Management System).

Approach

A broad range of stakeholders are involved in employee health matters, including the Hulamin board, management, employee representatives, employee families, health practitioners and the employees themselves. Hulamin is dependant on its workforce for valuable skills and experience, and thus the consequence of poor health affects Hulamin's performance across all indicators.

Progress is monitored through the reviews conducted by the Safety Committee, Health and Environment Committee, Risk Management Committee and the Health Care Centre.

Hulamin sees there being three components to managing health in a workplace:

- Occupational health;
- Occupational medicine; and
- Occupational hygiene.

Occupational health is the promotion and maintenance of physical, mental and social wellbeing of employees to control risks, and the adaption of work to people and people to their jobs. It deals with the prevention and treatment of diseases and injuries at work:

- Injuries on duty;
- Occupational asthma; and
- Noise induced hearing loss.

Several health care programmes are in place which include occupational health risk assessment and control measures.

Occupational health training is typically centred around level two first aid requirements.

Primary health care is a basic programme directed at the promotion of health, early diagnosis of diseases or disability and the prevention of diseases, such as:

- Audiogram – noise induced hearing loss;
- Lung function – respiratory problems;
- Vision screening – eye tests;
- Health risk profiles linked to ergonomics;
- HIV/AIDS;
- Hypertension;
- Blood sugar levels; and
- Cholesterol.

As part of the programme, full medicals are conducted for those employees continuously exposed to hazardous chemicals and heat stress. The health and wellness education programmes form a vital component of primary health care. Such programmes are also linked to wellness days which are held biannually. The key elements of these programmes include health and lifestyle education, and personal health assessment, including Voluntary Counselling and Testing (VCT). Vision screening, specifically for forklift and crane operators, is also conducted.

Occupational hygiene is the identification, recognition, evaluation and control of biological, chemical, physical and/or other occupational hazards, including:

- Noise;
- Air contamination; and
- Heat stress.

Hygiene surveys and medical surveillance programmes (which comprise, inter alia, lung function tests, audiograms and eyesight tests) are conducted. Biological monitoring is also conducted where appropriate. The objective of these surveys is to assist with determining whether the various concentration levels conform to legal requirements.

The sources of the hazards are addressed through engineering methods to eliminate or significantly reduce the risk. If this is not feasible, then suitable personal protective equipment is provided based on the assigned protection factor for respiratory equipment or noise reduction rating for ear protection.

A Health Care Centre is manned by employees with the appropriate skills, competencies and qualifications in the field of medicine and occupational health nursing practices to manage these three components.

2012 results/achievements

In total, 899 employees went through the VCT programme in 2012 compared to 725 in 2011. A total cost of R458 860[LA] has been spent on HIV/AIDS management.

At the end of 2012, 233 employees were known to be HIV positive and of these employees, 61 are receiving antiretroviral (ARV) support from Hulamin.

There were no[LA] noise induced hearing loss (NIHL) cases for 2012.

Hulamin, in conjunction with IEMAS, provides financial assistance to all employees operating forklifts and cranes to obtain prescription glasses based on the need to operate such equipment safely.

There were two[LA] new cases of dermatitis reported in 2012.

LA *Limited assurance provided by independent assurance provider, refer page 65.*

Occupational health practitioner, Sister Futhi Malembe, is the latest member to join the team of medical professionals at the Hulamin health care centre.

FINANCIAL STATEMENTS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DANGER

FINANCIAL STATEMENTS
for the year ended 31 December 2012

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 and applicable legislation, under the supervision of the Chief Financial Officer, Mr C D Hughes CA (SA).

In preparing the 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 financial statements fairly present the financial position of the company and the group at 31 December 2012 and the results of their operations 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 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 are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The opinion of the directors is supported by the Audit Committee.

The company's independent external auditors, PricewaterhouseCoopers, have audited the financial statements and their unqualified report appears on page 100.

The annual financial statements as set out on pages 110 to 177 were approved by the board of directors on 21 February 2013 and are signed on its behalf by:

Mafika Mkwanazi
Chairman

Richard Jacob
Chief Executive Officer

Pietermaritzburg, KwaZulu-Natal

21 February 2013

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88 of the Companies Act, No 71 of 2008, 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 2012, 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

21 February 2013

REPORT OF THE AUDIT COMMITTEE

INTRODUCTION

The Audit Committee (formerly Audit and Risk 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.

The committee has conducted its affairs in compliance with a board-approved terms of reference, and has discharged its responsibilities contained therein.

MEMBERSHIP

Details of membership of the committee and attendance at committee meetings is set out in the Corporate Governance section.

ROLE AND RESPONSIBILITIES

The role and responsibilities of the committee include statutory duties per the Companies Act, 2008, and further responsibilities assigned to it by the board. The committee executed its duties in terms of the requirements of King III.

Following the 2012 annual general meeting, the Audit and Risk Committee was split into two separate board committees and a board Risk and Safety, Health and Environment Committee was created to deal with risk, safety, health and environment matters. The Audit and Risk Committee was renamed the Audit Committee.

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, Interim Reports and other financial announcements, including the accounting principles and policies adopted therein and compliance to JSE regulations;
- Monitor the performance and effectiveness of the external auditors and evaluate the qualifications, expertise, resources, fees, scope of work and independence of the external auditors prior to recommending their appointment to the board and shareholders;
- Approve the internal audit work plan and oversee the conduct of the internal audit and the implementation of internal control enhancements;
- Approve 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;
- Approve the appointment of an external assurance provider in respect of the sustainability report;
- Perform statutory duties in terms of the Companies Act, No 71 of 2008, as amended (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; and
- Ensure 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 it complied with its legal, regulatory and other responsibilities.

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, 2008, 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, 2008, and any other legislation relating to the appointment of auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the 2012 year as disclosed in note 17.3 of the financial statements of the group and note 5.1 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 pre-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 Govind as the designated auditor responsible for performing the functions of auditor, for the 2013 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 is satisfied that they are appropriate and comply with International Financial Reporting Standards.

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, nothing has come to the attention of the committee which indicates that, in all material aspects, Hulamin's system of internal financial controls were 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 93. The committee supports the opinion of the board in this regard.

WHISTLE-BLOWING

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.

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 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 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, internal and external assurance providers.

The committee has, at its meeting held on 18 February 2013, recommended the 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 and has made 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 93.

GOVERNANCE OF RISK

The board previously assigned oversight of the company's risk management function to the committee but, as from October 2012, this function has been reassigned to the Risk and Safety, Health and Environment Committee. For the period during which the committee retained responsibility for the oversight of the company's risk management function, the committee was satisfied that the following areas were appropriately addressed: 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, which has been updated, is in place which defines the function, responsibility and authority of the group's internal audit activity. The internal audit function's 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, 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 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.

Thabo Leeuw
Chairman of the Audit Committee

18 February 2013

DIRECTORS' STATUTORY REPORT

Dear shareholder

The directors have pleasure in presenting their annual report for the year ended 31 December 2012.

NATURE OF BUSINESS

The Hulamin group consists of two 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 2012 amounted to R132 548 000 (2011: R79 676 000). This translates into a headline earnings per share of 57 cents (2011: 25 cents) based on the weighted average number of shares in issue during the year.

The financial statements on pages 110 to 177 set out the financial position, results of operations and cash flows of the group and company for the financial year ended 31 December 2012.

DIVIDENDS

No interim or final dividends for the year ended 31 December 2012 were declared.

SHARE CAPITAL

There were the following changes in the authorised share capital of the company in the year ended 31 December 2012:

- The Hulamin Limited Management Share Ownership Plan (MSOP) and Employee Share Ownership Plan (ESOP) which were implemented in August 2007, matured at the end of August 2012. Hulamin exercised its right to repurchase from the respective MSOP and ESOP trusts all the issued B1 ordinary shares (10 196 256) and all the issued B2 ordinary shares (2 509 569) and 114 846 issued B3 ordinary shares. Share premium was applied to repurchase the shares at one cent per share. The remaining issued B3 shares (786 799) became unrestricted ordinary shares, with a par value of 10 cents each.
- During the year, 245 465 (2011: 323 665) ordinary par value shares of 10 cents each were issued in terms of employee share schemes which existed at the time of the unbundling of the company from Tongaat Hulett Limited (no shares were issued to directors). This resulted in the total issued ordinary share capital (including A ordinary shares) rising to R35 437 652 or 354 376 521 ordinary par value shares of 10 cents each.

Details of the unissued ordinary shares and the group's share incentive schemes are set out in notes 10 and 31 of the group financial statements.

The authorised share capital at 31 December 2012 consisted of 800 000 000 ordinary par value shares of 10 cents each, 45 000 000 A ordinary par value shares of 10 cents each, 15 000 000 B1 ordinary par value shares of 10 cents each, 10 000 000 B2 ordinary par value shares of 10 cents each, and 3 000 000 B3 ordinary par value shares of 10 cents each.

EMPLOYEE SHARE SCHEMES

Shareholders will be asked to consider an ordinary resolution at the forthcoming annual general meeting to adopt amendments to the Hulamin Share Appreciation Right Scheme 2007, the Hulamin Long Term Incentive Plan 2007 and the Hulamin Deferred Bonus Plan 2007.

The amendments to the share schemes, which have been approved by the JSE, are being made to increase the overall company limit and the individual limit to take cognisance of the increased issued share capital following the 2010 rights offer, when an additional 100 000 000 shares were issued.

SUBSIDIARY COMPANIES

The principal subsidiaries of the group are reflected in note 32 of the group financial statements.

SPECIAL RESOLUTIONS ADOPTED BY SUBSIDIARIES OF HULAMIN LIMITED DURING 2012

Hulamin Extrusions (Pty) Ltd

(Registration number: 1996/017023/07)

The following resolution was passed effective 15 October 2012:

The Memorandum of Incorporation laid before the meeting be adopted and substituted for the company's existing Memorandum and Articles of Association.

Hulamin Rolled Products (Pty) Ltd

(Registration number: 1969/0159 59/07)

The following special resolution was passed effective 15 October 2012.

The Memorandum of Incorporation laid before the meeting be adopted and substituted for the company's existing Memorandum and Articles of Association.

Hulamin Systems (Pty) Ltd

(Registration number: 1965/004 255/07)

The following special resolution was passed effective 15 October 2012.

The Memorandum of Incorporation laid before the meeting be adopted and substituted for the company's existing Memorandum and Articles of Association.

DIRECTORATE

Brief curricula vitae of the directors appear on pages 38 and 39. Details of directors' remuneration appear on pages 144 to 147 of this report.

Mr G Pretorius resigned from the board of directors effective 31 August 2012.

Non-executive 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 22 November 2012, recommended that they be re-elected and, all being eligible, offered themselves for re-election.

DIRECTORS' AND PRESCRIBED OFFICERS' SHAREHOLDINGS

At 31 December 2012, the present directors and prescribed officer of the company beneficially held a total of 269 401 ordinary par value shares, equivalent to 0,08 percent in the company (2011: 185 983 ordinary par value shares, equivalent to 0,059 per cent, were held by directors). Their associates also held a total of 36 700 ordinary par value shares equivalent to 0,01 percent in the company (2011: 11 700 ordinary par value shares equivalent to 0,004 per cent were held by associates of the directors). Details of the directors' and prescribed officers' shareholdings and interests in the share incentive schemes are set out on pages 148 to 153.

There has been no change in the directors' and prescribed officers' shareholdings between 31 December 2012 and 21 February 2013.

HOLDING COMPANY

Hulamin Limited has no holding company at 31 December 2012.

AUDITORS

PricewaterhouseCoopers continued as auditors of Hulamin Limited and its subsidiaries. At the annual general meeting of 18 April 2013, shareholders will be requested to appoint PricewaterhouseCoopers as auditors of Hulamin Limited for the 2013 financial year and it will be noted that Mr H 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 on the inside back cover.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The directors have considered the key assumptions, estimates and judgements employed in the Rolled Products cash-generating unit value in use computation, as set out in note 18.1 of the group financial statements, and are satisfied as to their reasonableness and that no impairment of the carrying value of these assets is required.

POST BALANCE SHEET EVENTS

The directors are not aware of any 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 110 to 177 have been approved by the board.

Signed on behalf of the board of directors by:

Mafika Mkwanazi
Chairman

Richard Jacob
Chief Executive Officer

Pietermaritzburg, KwaZulu-Natal

21 February 2013

REPORT OF THE INDEPENDENT AUDITORS

to the shareholders of Hulamin Limited

We have audited the consolidated and separate financial statements of Hulamin Limited set out on pages 110 to 177, which comprise the statements of financial position as at 31 December 2012, and the income statement, 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 2012, 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 2012, 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.

PricewaterhouseCoopers Inc.
Director: H Ramsumer
Registered Auditor

Durban
21 February 2013

ACCOUNTING POLICIES OF THE GROUP AND COMPANY

BASIS OF PREPARATION

1. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The group (consolidated) and company financial statements are prepared in compliance with IFRS, interpretations of those standards and applicable legislation.

Standards and interpretations in issue and effective

Hulamin has not adopted any new and revised accounting standards in the current year which have affected the amounts or impacted the disclosures reported in the current year group and company financial statements.

There are also no new and revised accounting standards and interpretations, which are effective in the current year, which are anticipated to affect the accounting for future transactions or arrangements or disclosures in the financial statements.

Standards and interpretations in issue not yet effective

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

- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) (effective from 1 January 2013)
- IFRS 9 – Financial Instruments (effective from 1 January 2015)
- IFRS 10 – Consolidated Financial Statements (effective from 1 January 2013)
- IFRS 11 – Joint Arrangements (effective from 1 January 2013)
- IFRS 12 – Disclosure of Interests in Other Entities (effective from 1 January 2013)
- IFRS 13 – Fair Value Measurement (effective from 1 January 2013)
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) (effective from 1 July 2012)
- IAS 19 – Employee Benefits (amended 2011) (effective from 1 January 2013)
- IAS 27 – Separate Financial Statements (2011) (effective from 1 January 2013)
- IAS 28 – Investments in Associates and Joint Ventures (2011) (effective from 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective from 1 January 2014)
- Improvements to IFRSs (issued May 2012) (effective from 1 January 2013)

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 the amended IAS 19 standard.

IAS 19 eliminates the option to defer the recognition of actuarial gains and losses. These re-measurements will be required to be presented in other comprehensive income in full.

2. UNDERLYING CONCEPTS

The 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 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.

BASIS OF PREPARATION continued

2. UNDERLYING CONCEPTS continued

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 currently legally enforceable right to set off 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.

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 with on the following pages.

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.

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 or cancelled or has expired.

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.

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. 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 or exercised when, for cash flow hedges, the forecast transaction 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 the line item hedged (refer to note 16 of the group financial statements).

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.

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.

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.

11. SUBSIDIARIES

Subsidiaries are all entities (including special-purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated 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.

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.

BASIS OF PREPARATION continued

12. ASSOCIATES

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.

13. JOINT VENTURES

The group accounts for joint ventures using the equity method of accounting 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.

14. BUSINESS COMBINATIONS

Business combinations – IFRS 3

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.

Business combinations – common control transactions

Common control transactions are accounted for using the predecessor values method. Application of the predecessor values method results in the recording of the transaction and the results of operations as if it had taken place at the beginning of the earliest period presented.

The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the controlling shareholder's consolidated financial statements. The predecessor values are adjusted to ensure uniform accounting policies.

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

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.

Gains and losses on disposals are recognised within other income/expenses in the income statement.

16. INTANGIBLE ASSETS

The group's only intangible asset is computer software. Research costs are expensed when incurred. Software license and development costs are capitalised, provided that all the asset recognition criteria are met, and amortised over their useful lives.

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 costs to sell 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

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, being 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.

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.

ASSETS continued

20. FINANCIAL ASSETS

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

Financial assets classified as at 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.

Financial assets classified as held-to-maturity financial assets are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Loans and receivables, which include trade receivables, are measured at amortised cost less impairment losses, which are recognised in the income statement. The fair value of loans and receivables approximate their carrying value.

Available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted. Cumulative gains and losses, including that deferred in equity, are recognised in the income statement on impairment. Any reversal of impairment losses on equity instruments is recognised directly in equity.

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.

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.

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.

22. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents includes cash on hand and deposits held with banks. In the balance sheet and cash flow statement bank overdrafts are included in borrowings.

23. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities are not recognised, although contingent liabilities are disclosed.

EQUITY AND LIABILITIES

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.

25. CONSOLIDATED SHARES

Consolidated shares represent the A class ordinary shares issued to the BEE investors and, in respect of the comparative period, the B class ordinary shares issued to the ESOP and MSOP share trusts.

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.

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 operating income.

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.

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.

28. EMPLOYMENT BENEFIT OBLIGATIONS

Pension obligations

The group provides retirement benefits to employees in the form of defined contribution plans. The group's former defined benefit pension fund plan was converted to a defined contribution plan during the course of the current year, although certain benefits to employees retain the nature of a defined benefit obligation. 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. Actuarial gains and losses, at the beginning of the year, are recognised in the income statement over the lesser of ten years or the employees' average remaining working lives.

The defined benefit asset or liability recognised in the balance sheet comprises the present value of the defined benefit obligation, as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets. The value of an asset recognised is restricted to the sum of the unrecognised past-service costs and unrecognised actuarial losses and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions.

EQUITY AND LIABILITIES continued

28. EMPLOYMENT BENEFIT OBLIGATIONS continued

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 benefit 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.

29. SHAREHOLDERS FOR EQUITY DIVIDENDS

Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity. Secondary tax on companies 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.

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

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 goods. 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, and is shown net of returns, rebates and discounts, and after eliminating sales within the group.

Management and agency fees are recognised as the services are performed. Interest income is accrued on a time basis using the effective interest rate method.

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 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.

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 by the reporting date.

34. SHARE-BASED PAYMENTS

The group's employee share incentive schemes, including the Employee Share Ownership Plan and the Management Share Ownership Plan, 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 Black-Scholes and binomial tree valuation models, and these estimates are reviewed annually.

For those schemes where the group purchases shares (or where in the past Tongaat Hulett has purchased shares) in order to settle the benefit granted, any cost in excess of the fair value of the benefit granted is recognised in equity.

The transaction for the introduction of broad-based BEE investors will result in the participants acquiring Hulamin Limited shares and is accounted for as an equity-settled share-based payment. The fair value of the transaction at the grant date was expensed in 2007. Fair value was determined using a Monte Carlo valuation model.

ESTIMATES AND ASSUMPTIONS

35. SOURCES OF ESTIMATION UNCERTAINTY

The key 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 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 31 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 2 to 4 of the group financial statements, and note 1 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 18 of the group financial statements.

GROUP BALANCE SHEET
as at 31 December 2012

	Notes	2012 R'000	2011 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	**4 673 697**	4 915 087
Intangible assets	3	**63 437**	47 499
Investments in associates and joint ventures	4	**–**	40 581
Retirement benefit asset	25	**177 179**	37 615
Deferred tax asset	5	**29 560**	21 225
		4 943 873	5 062 007
Current assets			
Inventories	6	**1 515 612**	1 306 702
Trade and other receivables	7	**945 223**	1 069 739
Derivative financial assets	8	**46 990**	60 747
Cash and cash equivalents	9	**29 596**	19 900
		2 537 421	2 457 088
Total assets		**7 481 294**	7 519 095
EQUITY			
Share capital and share premium	10	**1 817 434**	1 727 643
BEE reserve		**174 686**	174 686
Employee share-based payment reserve		**101 099**	105 750
Hedging reserve		**(8 898)**	8 322
Retained earnings		**2 692 424**	2 653 224
Total equity		**4 776 745**	4 669 625
LIABILITIES			
Non-current liabilities			
Non-current borrowings	11	**556 948**	628 284
Deferred tax liability	12	**969 782**	940 205
Retirement benefit obligations	13	**192 758**	169 740
		1 719 488	1 738 229
Current liabilities			
Trade and other payables	14	**718 974**	816 251
Current borrowings	15	**215 131**	200 325
Derivative financial liabilities	8	**49 443**	94 360
Income tax liability		**1 513**	305
		985 061	1 111 241
Total liabilities		**2 704 549**	2 849 470
Total equity and liabilities		**7 481 294**	7 519 095

GROUP INCOME STATEMENT
for the year ended 31 December 2012

		Notes	2012 R'000	2011 R'000
Revenue			**6 541 997**	6 905 444*
Cost of sales		17	**(5 895 049)**	(6 398 110)
Gross profit			**646 948**	507 334
Other gains and losses		16	**41 938**	85 246*
Selling, marketing and distribution expenses		17	**(361 621)**	(355 282)
Administrative and other expenses		17	**(82 713)**	(67 353)
Operating profit			**244 552**	169 945
Net finance costs		19	**(62 909)**	(61 910)
Share of profits of joint ventures			**181**	1 187
Profit before tax			**181 824**	109 222
Taxation		20	**(49 276)**	(29 546)
Net profit for the year attributable to equity holders of the company			**132 548**	79 676
Earnings per share attributable to equity holders of the company		21		
Basic	(cents)		**42**	25
Diluted	(cents)		**41**	25

* *Prior year information has been reclassified. Refer to note 16.*

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012 R'000	2011 R'000
Net profit for the year attributable to equity holders of the company	**132 548**	79 676
Other comprehensive loss for the year	**(17 220)**	(30 518)
Cash flow hedges transferred to income statement	**(11 558)**	(53 944)
Cash flow hedges created	**(12 359)**	11 558
Income tax effect	**6 697**	11 868
Total comprehensive income for the year attributable to equity holders of the company	**115 328**	49 158

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	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 2010	35 313	1 785 300	(91 783)	38 840	91 219	174 686	2 575 959	4 609 534
Net profit for the year	–	–	–		–	–	79 676	79 676
Other comprehensive income – cash flow hedges net of tax	–	–	–	(30 518)	–	–	–	(30 518)
Shares issued	1 382	449	–	–	–	–	–	1 831
Consolidated A and B class shares	–	–	(3 018)	–	–	–	–	(3 018)
Value of employee services (note 17.1)	–	–	–	–	17 125	–	–	17 125
Settlement of employee share incentives	–	–	–	–	(2 594)	–	(1 533)	(4 127)
Tax on employee share incentives	–	–	–	–	–	–	(878)	(878)
Balance at 31 December 2011	36 695	1 785 749	(94 801)	8 322	105 750	174 686	2 653 224	4 669 625
Net profit for the year	–	–	–		–	–	132 548	132 548
Other comprehensive loss – cash flow hedges net of tax	–	–	–	(17 220)	–	–	–	(17 220)
Cancellation of B ordinary shares on maturity of MSOP and ESOP schemes	(1282)	(129)	91 177	–	–	–	(89 895)	(129)
Shares issued (net of B ordinary shares converted)	25	–	–	–	–	–	–	25
Value of employee services (note 17.1)	–	–	–	–	(1 878)	–	–	(1 878)
Settlement of employee share incentives	–	–	–	–	(2 773)	–	(3 244)	(6 017)
Tax on employee share incentives	–	–	–	–	–	–	(209)	(209)
Balance at 31 December 2012	**35 438**	**1 785 620**	**(3 624)**	**(8 898)**	**101 099**	**174 686**	**2 692 424**	**4 776 745**

GROUP CASH FLOW STATEMENT
for the year ended 31 December 2012

	Notes	2012 R'000	2011 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated before working capital changes	23	**365 911**	561 620
Changes in working capital	24	**(181 671)**	(188 839)
Cash generated from operations		**184 240**	372 781
Net interest paid		**(65 510)**	(65 933)
Income tax payment		**(20 338)**	(19 774)
Net cash inflow from operating activities		**98 392**	287 074
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		**(82 319)**	(134 449)
Additions to intangible assets		**(15 621)**	(17 495)
Proceeds on disposal of property, plant and equipment		**34 926**	–
Decrease in investment in joint ventures		**36 969**	16 854
Net cash outflow from investing activities		**(26 045)**	(135 090)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(56 530)**	(154 227)
Shares issued		**25**	1 831
Redemption of B ordinary shares		**(129)**	–
Settlement of share options		**(6 017)**	(4 127)
Net cash outflow from financing activities		**(62 651)**	(156 523)
Net increase/(decrease) in cash and cash equivalents		**9 696**	(4 539)
Cash and cash equivalents at beginning of year		**19 900**	24 439
Cash and cash equivalents at end of year	9	**29 596**	19 900

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1. 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 mainly the Hulamin Rolled Products and Hulamin Containers businesses, manufactures and supplies fabricated and rolled semi-finished aluminium products. The Hulamin Roofing Solutions business was closed in the current year and the assets were disposed of. The Hulamin Extrusions segment manufactures and supplies extruded aluminium products. Both reportable segments are based and managed in South Africa.

	2012			2011		
	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	**5 852 892**	**689 105**	**6 541 997**	6 166 100	739 344	6 905 444*
Inter-segment revenue	**–**	**–**	**–**	–	–	–
Revenue from external customers	**5 852 892**	**689 105**	**6 541 997**	6 166 100	739 344	6 905 444*
Profit/(loss)						
EBITDA	**505 883**	**45 155**	**551 038**	340 659	42 674	383 333
Depreciation and amortisation	**(197 961)**	**(24 468)**	**(222 429)**	(179 325)	(30 373)	(209 698)
Impairment of property, plant and equipment	**(54 391)**	**(29 666)**	**(84 057)**	–	(3 690)	(3 690)
Operating profit/(loss)	**253 531**	**(8 979)**	**244 552**	161 334	8 611	169 945
Interest received	**621**	**–**	**621**	1 597	–	1 597
Interest paid	**(63 130)**	**(400)**	**(63 530)**	(60 284)	(3 223)	(63 507)
Share of joint venture's profit	**181**	**–**	**181**	1 187	–	1 187
Profit before tax	**191 203**	**(9 379)**	**181 824**	103 834	5 388	109 222
Taxation	**(55 938)**	**6 662**	**(49 276)**	(28 036)	(1 510)	(29 546)
Net profit for the year	**135 265**	**(2 717)**	**132 548**	75 798	3 878	79 676
Total assets	**7 230 731**	**250 563**	**7 481 294**	7 255 454	263 641	7 519 095
Total liabilities	**2 663 823**	**40 726**	**2 704 549**	2 797 695	51 775	2 849 470
Other disclosures						
Investments in associates and joint ventures	**–**	**–**	**–**	36 363	4 218	40 581
Additions to property, plant and equipment and intangible assets	**78 415**	**19 525**	**97 940**	129 734	22 210	151 944

* *Prior year information has been reclassified. Refer to note 16.*

1. OPERATING SEGMENT ANALYSIS continued

Analysis of revenue by product market	2012 R'000	2011* R'000
Automotive and transport	**768 648**	817 573
Building and construction	**286 107**	389 827
General engineering	**3 045 688**	3 063 340
Packaging	**2 441 554**	2 634 704
	6 541 997	6 905 444

Geographical analysis of revenue	2012 R'000	2011* R'000
South Africa	**2 402 927**	2 459 873
North America	**1 668 093**	1 525 370
Europe	**1 073 038**	1 319 015
Asia	**582 027**	673 918
Middle East	**264 134**	352 628
Australasia	**53 679**	73 200
South America	**467 813**	451 424
Rest of Africa	**30 286**	50 016
	6 541 997	6 905 444

* *Prior year information has been reclassified. Refer to note 16.*

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 R593 million (2011: R742 million) which arose from sales to the group's largest customer.

2. PROPERTY, PLANT AND EQUIPMENT

	Total R'000	Land R'000	Buildings R'000	Plant and machinery R'000	Vehicles, equipment and other R'000	Capital works under construction R'000
2012						
At cost						
Balance at beginning of year	6 651 015	42 171	882 481	5 339 777	175 070	211 516
Additions	82 319	–	–	–	–	82 319
Borrowing costs capitalised	2 601	–	–	–	–	2 601
Capitalised from capital works under construction	–	–	5 701	176 332	8 071	(190 104)
Transfer to intangible assets	(10 484)	–	–	–	(10 484)	–
Disposals	(60 977)	(1 000)	(4 475)	(53 685)	(1 817)	–
Balance at end of year	6 664 474	41 171	883 707	5 462 424	170 840	106 332
Accumulated depreciation and impairment losses						
Balance at beginning of year	1 735 928	–	128 956	1 524 710	82 262	–
Charge for the year (note 17)	215 058	–	20 339	185 036	9 683	–
Transfer to intangible assets	(2 796)	–	–	–	(2 796)	–
Disposals	(41 470)	–	(852)	(39 289)	(1 329)	–
Impairment losses (note 18)	84 057	–	–	83 962	95	–
Balance at end of year	1 990 777	–	148 443	1 754 419	87 915	–
Carrying value at 31 December 2012	4 673 697	41 171	735 264	3 708 005	82 925	106 332

2. PROPERTY, PLANT AND EQUIPMENT continued

	Total R'000	Land R'000	Buildings R'000	Plant and machinery R'000	Vehicles, equipment and other R'000	Capital works under construction R'000
2011						
At cost						
Balance at beginning of year	6 531 991	42 171	864 282	5 182 472	185 159	257 907
Additions	134 449	–	–	21 730		112 719
Borrowing costs capitalised	4 023	–	–	–	–	4 023
Capitalised from capital works under construction	–	–	24 356	121 291	17 486	(163 133)
Transfers	–	–	(6 157)	18 001	(11 844)	–
Disposals	(19 448)	–	–	(3 717)	(15 731)	–
Balance at end of year	6 651 015	42 171	882 481	5 339 777	175 070	211 516
Accumulated depreciation and impairment losses						
Balance at beginning of year	1 542 345	–	110 401	1 332 061	99 883	–
Charge for the year (note 17)	206 356	–	21 426	175 448	9 482	–
Transfers	–	–	(2 871)	14 441	(11 570)	–
Disposals	(16 463)	–	–	(930)	(15 533)	–
Impairment losses (note 18)	3 690	–	–	3 690	–	–
Balance at end of year	1 735 928	–	128 956	1 524 710	82 262	–
Carrying value at 31 December 2011	4 915 087	42 171	753 525	3 815 067	92 808	211 516

Property, plant and equipment with a book value of R4 586 332 000 (2011: R4 812 694 000) is encumbered as security for borrowing facilities from Standard Bank and Rand Merchant Bank (note 11).

The weighted average interest rate used for borrowing costs capitalised is 7,97% (2011: 7,3%).

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

The group applied the following methods and rates during the year:

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

	2012 R'000	2011 R'000
3. INTANGIBLE ASSETS		
Software costs – internally generated and capitalised		
At beginning of year	47 936	32 972
Additions	10 065	14 964
Transfer from property, plant and equipment	10 484	–
At end of year	68 485	47 936
Accumulated amortisation:		
At beginning of year	8 403	5 672
Charge for the year	5 715	2 731
Transfer from property, plant and equipment	2 796	–
At end of year	16 914	8 403
Carrying value at end of year	51 571	39 533
Software costs – other external		
At beginning of year	18 583	16 052
Additions	5 556	2 531
At end of year	24 139	18 583
Accumulated amortisation:		
At beginning of year	10 617	10 006
Charge for the year	1 656	611
At end of year	12 273	10 617
Carrying value at end of year	11 866	7 966
Total software costs		
Cost	92 624	66 519
Accumulated amortisation	29 187	19 020
Carrying value at end of year	63 437	47 499

Intangible assets are amortised over their useful lives (currently 5 to 15 years) on the straight-line basis.

	2012 R'000	2011 R'000
4. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES		
At beginning of year	**40 581**	51 887
Impairment reversal	**–**	4 361
Disposed during the year	**(40 762)**	(4 361)
Movement in loans	**–**	(12 088)
Share of profits of joint ventures	**181**	1 187
Change in unrealised profit in closing inventory of joint ventures	**–**	(405)
At end of year	**–**	40 581
Consists of:		
Loans (note 29)	**–**	4 623
Share of equity	**–**	35 958
	–	40 581

The above loans are unsecured and have no fixed terms of repayment. Interest is charged at market related rates.

Summary financial information for equity-accounted joint ventures, not adjusted for the percentage ownership held by the group:

	Ownership %	Current assets R'000	Non-current assets R'000	Current liabilities R'000	Non-current liabilities R'000	Revenue R'000	Operating profit R'000
2012							
HBS Aluminium Systems (Pty) Ltd		**–**	**–**	**–**	**–**	**19 219**	**579**
		–	**–**	**–**	**–**	**19 219**	**579**
2011							
HBS Aluminium Systems (Pty) Ltd	50	68 340	2 363	14 970	–	111 269	7 546
		68 340	2 363	14 970	–	111 269	7 546

The 50% share in HBS Aluminium Systems (Pty) Ltd was sold on 1 March 2012 for R32 751 000.

A loss on sale of the investment of R3 793 000 was recognised in the income statement.

Additional details of associates and joint ventures are included in note 32.

Almin Metal Industries Limited, an associate company, operates under severe long-term restrictions on the transfer of funds to the company and has been fully impaired. Therefore, information in respect of its assets, liabilities, revenues and profit or loss has not been disclosed.

	2012 R'000	2011 R'000
5. DEFERRED TAX ASSET		
At beginning of year	**21 225**	22 102
Tax credited/(charged) directly to equity	**121**	(61)
Income statement		
Current year credit/(charge)	**8 806**	(493)
Prior year charge	**(592)**	(323)
At end of year	**29 560**	21 225
Analysis of deferred tax asset		
Fixed assets	**1 608**	(15 882)
Retirement benefit obligations	**22 226**	21 819
Other	**218**	96
Assessed loss	**5 508**	15 192
	29 560	21 225
Deferred tax asset to be recovered after more than 12 months	**21 228**	7 771
Deferred tax asset to be recovered within 12 months	**8 332**	13 454
	29 560	21 225

A deferred tax asset has been recognised in respect of a subsidiary of the group which made tax losses in prior years as it is considered probable that there will be sufficient future taxable profits available against which the deferred tax asset can be utilised. The recognition of the deferred tax asset is supported by the company returning to profitability following the disposal of a business that previously generated tax losses.

	2012 R'000	2011 R'000
6. INVENTORIES		
Raw materials	**374 881**	325 096
Work-in-progress	**407 560**	298 704
Finished goods	**600 261**	560 052
Consumable stores	**132 910**	122 850
	1 515 612	1 306 702

Inventories with a carrying value of R1 416 282 000 (2011: R1 212 753 000) are encumbered as security for borrowing facilities (note 11).

7. TRADE AND OTHER RECEIVABLES

		2012 R'000	2011 R'000
Financial assets		**819 185**	949 333
Trade receivables		**753 973**	917 815
Less: Provision for impairment of receivables		**(6 359)**	(8 253)
		747 614	909 562
Sundry receivables		**71 571**	39 771
Non-financial assets		**126 038**	120 406
Prepayments		**38 750**	34 353
Value-added taxation receivable		**87 288**	86 053
		945 223	1 069 739
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		**775 866**	884 414
Receivables overdue but not impaired		**43 319**	64 919
Overdue by less than 60 days		**30 269**	40 164
Overdue by more than 60 days		**13 050**	24 755
Total receivables, net of provision for impairment		**819 185**	949 333
One debtor comprises 9% (2011: 30%) 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		**140 514**	135 043
– Balance subject to credit insurance	(%)	**72**	63
Export trade receivables		**563 871**	709 600
– Balance subject to credit insurance	(%)	**100**	100
		704 295	844 643
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		**8 253**	8 832
Receivables written off during the year as uncollectible		**(836)**	(2 151)
Net (release)/creation during the year		**(1 058)**	1 572
At 31 December		**6 359**	8 253

7. TRADE AND OTHER RECEIVABLES continued

Trade and other receivables with a book value of R900 578 000 (2011: R1 007 416 908) (including inter-company debtors) has been ceded as security for borrowing facilities (note 11).

The fair values of the trade and sundry receivables, and the group's maximum exposure to credit risk related thereto, approximate their carrying value.

The group had the following uncovered export trade debtors at the period end:

	2012 Foreign amount 000	2012 Rand amount R'000	2011 Rand amount R'000
Euro	**861**	**9 626**	28 018
Pound Sterling	**–**	**–**	876
US Dollar	**11 102**	**93 997**	105 420
		103 623	134 314

	2012 R'000	2011 R'000
8. DERIVATIVE FINANCIAL INSTRUMENTS		
Forward foreign exchange contracts – designated as hedging instruments (note 8.1)	**(2 273)**	(36 699)
Forward foreign exchange contracts – not designated as hedging instruments (note 8.1)	**13 235**	5 784
Commodity futures – designated as hedging instruments (note 8.2)	**(13 415)**	(2 698)
	(2 453)	(33 613)
Grouped as:		
Financial assets	**46 990**	60 747
Financial liabilities	**(49 443)**	(94 360)
	(2 453)	(33 613)

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 2012 is made up of exposure on forward foreign exchange contracts and amounted to R13 135 838 (2011: R2 427 206).

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 7 (amended).

8. DERIVATIVE FINANCIAL INSTRUMENTS continued

8.1 FOREIGN CURRENCY MANAGEMENT

The following forward foreign exchange contracts were designated as hedging instruments at the period end:

	2012			2011		
	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	6 881	60 323	(2 202)	–	–	–
		60 323	(2 202)		–	–
Maturing in:						
2012		60 323	(2 202)		–	–
		60 323	(2 202)		–	–
Forward sales						
US Dollar	(115 813)	(988 924)	80	(134 300)	(1 065 708)	(36 699)
Euro	(5 311)	(60 727)	(206)	–	–	–
Pound Sterling	(230)	(3 235)	55	–	–	–
		(1 052 886)	(71)		(1 065 708)	(36 699)
Maturing in:						
2012		–	–		(1 065 708)	(36 699)
2013		(992 563)	(2 273)		–	–
		(992 563)	(2 273)		(1 065 708)	(36 699)
Cash flow hedges		(988 924)	80		(1 065 708)	(36 699)
Fair value hedges		(3 639)	(2 353)		–	–
		(992 563)	(2 273)		(1 065 708)	(36 699)
Grouped as:						
Financial assets			20 283			16 761
Financial liabilities			(22 556)			(53 460)
			(2 273)			(36 699)

8. DERIVATIVE FINANCIAL INSTRUMENTS continued

8.1 FOREIGN CURRENCY MANAGEMENT continued

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:

	2012			2011		
	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						
Pound Sterling	68	959	(21)	301	3 754	31
Euro	1 797	20 345	(195)	1 220	12 887	(54)
US Dollar	7 202	63 023	(1 509)	7 645	58 365	4 056
Swiss Franc	70	660	(12)	133	1 129	18
		84 987	(1 737)		76 135	4 051
Forward sales						
US Dollar	(49 635)	(435 126)	12 688	(53 660)	(436 773)	(710)
Euro	(6 763)	(77 319)	2 167	(4 560)	(50 010)	1 795
Pound Sterling	(295)	(4 162)	117	(3 175)	(40 528)	648
		(516 607)	14 972		(527 311)	1 733
Net total		(431 620)	13 235		(451 176)	5 784
Maturing in:						
2012		–	–		(451 176)	5 784
2013		(431 620)	13 235		–	–
		(431 620)	13 235		(451 176)	5 784
Grouped as:						
Financial assets			17 832			21 021
Financial liabilities			(4 597)			(15 237)
			13 235			5 784

8. DERIVATIVE FINANCIAL INSTRUMENTS continued

8.2 COMMODITY PRICE MANAGEMENT

The following futures contracts were designated as hedging instruments at the period end:

	2012			2011		
	Tons	Contracted value R'000	Fair value asset/ (liability) R'000	Tons	Contracted value R'000	Fair value asset/ (liability) R'000
Net aluminium futures purchases/(sales) maturing in:						
2012	–	–	–	1 200	25 924	(2 698)
2013	(26 625)	(454 407)	(13 415)	–	–	–
	(26 625)	(454 407)	(13 415)	1 200	25 924	(2 698)
Grouped as:						
Financial assets			8 875			22 965
Financial liabilities			(22 290)			(25 663)
			(13 415)			(2 698)
Cash flow hedges			(16 646)			17 736
Fair value hedges			3 231			(20 434)
			(13 415)			(2 698)

9. CASH AND CASH EQUIVALENTS

		2012 R'000	2011 R'000
Bank balances		28 984	19 103
Cash on hand		612	797
		29 596	19 900
Effective interest rates	(%)	3,25	3,00

Cash of R25 964 000 (2011: R16 502 036) has been ceded as security for borrowing facilities (note 11).

	2012 R'000	2011 R'000
10. SHARE CAPITAL AND SHARE PREMIUM		
10.1 AUTHORISED		
800 000 000 ordinary shares of 10 cents each (2011: 800 000 000 ordinary shares of 10 cents each)	**80 000**	80 000
45 000 000 A ordinary shares of 10 cents each (2011: 34 000 000 A ordinary shares of 10 cents each)	**4 500**	4 500
28 000 000 B ordinary shares of 10 cents each (2011: 21 000 000 B ordinary shares of 10 cents each)	**2 800**	2 800
Total authorised share capital	**87 300**	87 300
The B ordinary shares consist of 15 000 000 B1 shares, 10 000 000 B2 shares and 3 000 000 B3 shares.		
10.2 ISSUED		
Opening balance (366 951 727 ordinary shares of 10 cents each) (2011: 353 131 351 ordinary shares of 10 cents each)	**36 695**	35 313
Issued during year (1 032 264 ordinary shares of 10 cents each) (2011:13 820 376 ordinary shares of 10 cents each)	**103**	1 382
B ordinary shares repurchased and cancelled during year (12 820 671 B ordinary shares of 10 cents each) (2011: nil)	**(1 282)**	–
B ordinary shares converted to ordinary shares during year (786 799 B ordinary shares of 10 cents each) (2011: nil)	**(78)**	–
Closing balance (354 376 521 ordinary shares of 10 cents each) (2011: 366 951 727 ordinary shares of 10 cents each)	**35 438**	36 695
Share premium		
Opening balance	**1 785 749**	1 785 300
Premium on shares issued, net of share issue expenses	**–**	449
Share premium applied to repurchase B ordinary shares	**(129)**	–
Closing balance	**1 785 620**	1 785 749
Consolidated A and B shares	**(3 624)**	(94 801)
Share capital and share premium	**1 817 434**	1 727 643

10. SHARE CAPITAL AND SHARE PREMIUM continued

10.3 A ORDINARY SHARES

The A ordinary shares are unlisted and carry full voting rights. The A ordinary shares have no entitlements to any dividends or other shareholder distributions. The A ordinary shares are eliminated in the group accounts as they are held by an entity related to the introduction of broad-based BEE investors, and this entity is consolidated into the group results.

10.4 B ORDINARY SHARES

The MSOP and ESOP schemes matured on 1 August 2012. Accordingly, in terms of the Company's Articles of Association, on 31 July 2012, 12 820 671 unlisted B1, B2 and B3 ordinary shares of ten cents each were acquired by the company from the Trusts and were cancelled immediately.

786 799 B3 ordinary shares held by the MSOP Share Trust converted into Hulamin Limited ordinary shares of ten cents each in the share capital of Hulamin Limited and were listed on the exchange of the JSE Limited on 1 August 2012.

10.5 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 31.

Under the control of the directors:

At 31 December 2012, 8 257 315 unissued ordinary shares (2011: 8 502 780) were under the control of the directors, for the purpose, *inter alia,* of existing employee share incentive schemes.

11. NON-CURRENT BORROWINGS

	Effective interest rates (%)	2012 R'000	2011 R'000
Secured loans:			
Finance leases		–	130
Standard Bank	7,73	**566 053**	565 456
Rand Merchant Bank	7,73	**62 895**	62 828
		628 948	628 414
Less: Current portion included in short-term borrowings		**72 000**	130
		556 948	628 284
Borrowing payments by financial year (including interest):			
2013		**120 175**	123 245
2014		**114 749**	117 473
2015		**503 774**	504 907
Book value of assets encumbered as security for finance lease obligation		–	385

The facilities with Standard Bank and Rand Merchant Bank referred to above and the amounts owing in respect of the bank overdraft, First National Bank call loan and Standard Bank call loan (note 15) are collectively secured by mortgage and notarial bonds over the moveable and immoveable assets of Hulamin Operations (Pty) Ltd, and the cession of book debts, cash and material investments in and claims against wholly-owned subsidiaries, and the provision of a guarantee by the company.

In terms of the company's articles of association the borrowing powers of the group are subject to any regulations made by the company in a general meeting to restrict the borrowing powers, failing which they are at the discretion of the directors. To date no such regulation has been imposed.

The fair values of the non-current borrowings approximate their carrying value.

	2012 R'000	2011 R'000
12. DEFERRED TAX LIABILITY		
At beginning of year	**940 205**	941 260
Tax credited directly to equity	**(6 365)**	(11 050)
Income statement		
Current year charge	**34 192**	9 910
Prior year charge	**1 750**	85
At end of year	**969 782**	940 205
The deferred tax liability is analysed as follows:		
Accelerated tax depreciation	**1 057 582**	1 044 305
Provisions and leave pay accruals	**(45 842)**	(44 147)
Defined benefit fund	**49 610**	10 532
Insurance accrual	**14 840**	–
Assessed loss	**(101 517)**	(70 056)
Share schemes	**(1 224)**	(3 446)
Hedging reserve	**(3 460)**	3 236
Other	**(207)**	(219)
	969 782	940 205
Deferred tax liability to be settled after more than 12 months	**968 479**	933 727
Deferred tax liability to be settled within 12 months	**1 303**	6 478
	969 782	940 205
13. RETIREMENT BENEFIT OBLIGATIONS		
Post-retirement medical aid provision	**161 828**	143 575
Retirement gratuity provision	**30 930**	26 165
	192 758	169 740
The movements in these provisions are detailed in note 25.		
14. TRADE AND OTHER PAYABLES		
Trade payables	**543 841**	632 420
Leave pay and bonus accruals	**71 827**	69 591
Sundry accruals and other payables	**103 306**	114 240
	718 974	816 251

The fair values of the trade and other payables approximate their carrying value.

		2012 R'000	2011 R'000
15. CURRENT BORROWINGS			
Current portion of long-term loans		**72 000**	130
Bank overdrafts		**143 131**	65 195
First National Bank call loan		**–**	102 000
Standard Bank call loan		**–**	33 000
		215 131	200 325
Effective interest rates are as follows:			
Bank overdrafts	(%)	**8,50**	8,00
First National Bank call loan	(%)	**–**	7,10
Standard Bank call loan	(%)	**–**	7,20

The current borrowings have no fixed repayment dates.

The bank overdrafts and call loans are secured (note 11).

The fair values of the current borrowings approximate their carrying value.

	2012 R'000	2011 R'000
16. OTHER GAINS AND LOSSES		
Valuation adjustments on non-derivative items (note 16.1)	**41 938**	131 654
Valuation adjustments on derivative items (note 16.2)	**–**	(46 408)
	41 938	85 246
16.1 VALUATION ADJUSTMENTS ON NON-DERIVATIVE ITEMS		
Export receivables and hedged items in fair value hedges	**48 345**	140 423
Import payables	**(485)**	1 334
Foreign currency denominated cash balances	**(5 922)**	(10 103)
	41 938	131 654
16.2 VALUATION ADJUSTMENTS ON DERIVATIVE ITEMS		
Forward foreign exchange contracts: not designated as hedging instruments	**22 305**	(74 913)
Forward foreign exchange contracts: fair value hedges	**(20 872)**	(179)
Commodity futures: fair value hedges	**(1 433)**	28 685
Interest rate swaps: cash flow hedges, transfer from equity	**–**	(1)
	–	(46 408)
16.3 INEFFECTIVE PORTION OF ALL HEDGES RECOGNISED IN PROFIT OR (LOSS)		
Fair value hedges	**(1 594)**	14 997

In the current year, cash flow hedge gains and losses relating to the hedging of sales transactions are recorded in revenue. The loss of R51,6 million recorded in other gains and losses in the prior year has, accordingly, been reallocated to revenue, resulting in reclassifications to the relevant lines in the income statement and note 1 – operating segment analysis.

The following amounts are included in revenue:

	2012 R'000	2011 R'000
Cash flow hedge losses transferred from equity	**(52 461)**	(51 636)

	2012 R'000	2011 R'000
17. EXPENSES BY NATURE		
Aluminium and other material costs	**4 451 046**	4 850 326
Utilities and other direct manufacturing costs	**541 797**	480 422
Employment costs (note 17.1)	**744 692**	723 581
Depreciation, amortisation and impairment of property, plant and equipment (included in cost of sales)	**306 486**	213 388
Depreciation (note 2)	**215 058**	206 356
Amortisation of intangible assets (note 3)	**7 371**	3 342
Impairment of property, plant and equipment (note 18)	**84 057**	3 690
Repairs and maintenance	**176 109**	148 039
Other operating income and expenditure (note 17.2)	**119 253**	404 989
	6 339 383	6 820 745
Classified as:		
Cost of sales	**5 895 049**	6 398 110
Selling, marketing and distribution expenses	**361 621**	355 282
Administrative and other expenses	**82 713**	67 353
	6 339 383	6 820 745
17.1 EMPLOYMENT COSTS		
Salaries and wages	**643 975**	632 620
Retirement benefit costs:		
Defined contribution schemes (note 25)	**24 821**	8 502
Defined benefit scheme (note 25)	**46 564**	36 205
Post retirement medical aid costs (note 25)	**25 114**	24 123
Staff gratuities (note 25)	**6 096**	5 006
Share incentive costs	**(1 878)**	17 125
Employment costs	**744 692**	723 581
17.2 OTHER OPERATING INCOME AND EXPENDITURE		
Other operating income and expenditure includes:		
Reversal of impairment of investment in joint venture (note 4)	**–**	(4 361)
Write-down of inventories	**11 535**	5 199
Operating leases	**3 053**	4 388
Decrease in provision for impairment of debtors	**(1 894)**	(579)
Auditors' remuneration (note 17.3)	**3 567**	3 500
(Profit)/loss on disposal of property, plant and equipment	**(15 419)**	2 985
Loss on sale of investment in joint venture	**3 793**	–
Net gain on curtailment and settlement of defined benefit plan (note 25)	**(186 065)**	–
Insurance proceeds	**(93 155)**	(36 000)
17.3 AUDITORS' REMUNERATION		
Audit fees	**3 182**	2 976
Fees for other services	**215**	361
Expenses	**170**	163
	3 567	3 500

	2012 R'000	2011 R'000
18. IMPAIRMENT OF NON-CURRENT ASSETS		
The impairment charges recognised in the income statement are as follows:		
– Rolled Products hot mill and other plant and equipment	54 391	–
– Extrusions plant and equipment	3 666	3 690
– Extrusions cash-generating unit (note 18.2)	26 000	–
Total impairment charge (note 2)	84 057	3 690

The impairment charges detailed above, apart from the impairment charge relating to the Extrusions cash-generating unit, have resulted from the retirement from use of these assets.

The recoverable amounts of the assets (or cash-generating units to which they belong) disclosed in notes 2 to 4 of the group financial statements were estimated at the period end in terms of IAS 36. The key assumptions used in the value in use calculation are consistent with those used in the business plan (which spans five years) approved by the board of directors, except for changes to ensure compliance with a value in use methodology as required by IAS 36.

18.1 ROLLED PRODUCTS CASH-GENERATING UNIT

It was determined that no impairment of the carrying values of these assets is required. The value in use revealed little headroom between the carrying values and recoverable value of these assets.

The key assumptions used to determine the recoverable amount of the Rolled Products cash-generating unit are as follows:

Rolling margins – Based on internal market forecasts which take into account margins for the current year and anticipated changes in market conditions, adjusted for inflation in the group's target markets and the estimated mix of products sold, leading to real growth in margins in US dollars of 2% per annum beyond 2013. This basis is consistent with past experience of factors that influence margins. As changes in rolling margins have a direct impact on earnings, recoverable amounts are particularly sensitive to changes in this assumption.

Sales volume – Based on internal market forecasts which take into account estimated production capacity, current volumes of rolling slab supply by BHP Billiton and market demand. The forecast assumes total sales volume of 230 000 tons in 2017 which is consistent with historic plant output but below maximum plant capacity. Beverage can body stock is introduced into the local product mix from 2013 with volumes increasing over the forecast period. This aligns with the publicised conversion of the South African beverage can market from steel to aluminium. The company's future sales mix also includes an increase in the proportion of can-end stock. From current levels slightly below 30%, total can stock volume is estimated to increase to 47% by 2017.

Currency exchange rates – Based on consensus forecasts of the major South African financial institutions. The ZAR:USD rate is assumed to rise from an annual average of R8,65 in 2013 to R9,54 in 2017.

Aluminium price – The dominant pricing structure of the rolled aluminium market is the sum of:

- the prevailing aluminium price; and
- a separately negotiated rolling margin

Consequently, the aluminium price is not a key driver of the unit's valuation.

18. IMPAIRMENT OF NON-CURRENT ASSETS continued

18.1 ROLLED PRODUCTS CASH-GENERATING UNIT continued

Discount rate – The pre-tax weighted average cost of capital of 11,95% is based on independent market data, with specific risk taken into account in the forecast cash flows. The equivalent post tax rate is 9,50%.

Perpetuity growth rate – The rate of 5% is based on consensus forecasts of the major South African financial institutions of the long-term South African inflation rate.

Supplies of raw material – Aluminium, in the form of melting ingot and rolling slab, is procured from the local producer, BHP Billiton. The company casts the majority of its own rolling slab and sources the balance from BHP Billiton. The supply of rolling slab from BHP Billiton is assumed to continue at past levels and management estimates that an impairment would be necessary if this supply were to cease.

Sensitivity analysis

The unit's value in use is sensitive to a change in assumptions used, most notably the discount rates, the perpetuity growth rates and expected future cash flows. Before applying any sensitivity, the value in use exceeds the carrying amount by R539 million.

- Increase in discount rate by one percentage point would result in an impairment of R742 million.
- Strengthening of the Rand against the US Dollar by 5% would result in an impairment of R1 128 million.
- Decrease in perpetuity growth rate by one percentage point would result in an impairment of R568 million.
- Decrease in rolling margins by 5% would result in an impairment of R1 923 million.
- Decrease in sales volumes by 5% would result in an impairment of R920 million.
- Shift in mix away from can-end and body stock in 2017 (from 47% to 42%) towards exported standard products would result in an impairment of R207 million.

18.2 EXTRUSIONS CASH-GENERATING UNIT

The carrying amount of the extruded products unit was found to exceed the recoverable amount by R26 million and an impairment charge was recognised for this amount. The value in use was estimated using a pre-tax discount rate of 19,27% (post-tax equivalent is 14,23%).

Sensitivity analysis

Because the unit's fair value less costs of selling are R2 million lower than the value in use, the sensitivities detailed below would each result in a further impairment of R2 million.

- Increase in discount rate by 1%.
- Decrease in earnings before tax by 5%.

		2012 R'000	2011 R'000
19. NET FINANCE COSTS			
Interest paid			
Long-term loan interest		**48 724**	49 942
Short-term loan interest		**17 407**	17 588
Interest capitalised		**(2 601)**	(4 023)
Interest received		**(621)**	(1 597)
Net finance costs		**62 909**	61 910
20. TAXATION			
South African normal taxation:			
Current			
Current year		**21 543**	18 115
Prior year under provision		**4**	620
Deferred			
Current year		**25 386**	10 403
Prior year under provision		**2 343**	408
		49 276	29 546
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:			
IFRS 2 costs	(%)	**(2,2)**	(1,6)
Non-allowable items	(%)	**2,2**	1,5
Exempt income	(%)	**(3,1)**	(1,4)
Prior year adjustment	(%)	**1,3**	0,9
Effect of associate profit being shown net of tax	(%)	**–**	(0,3)
Effect of CGT	(%)	**0,9**	–
Effective rate of taxation	(%)	**27,1**	27,1
Estimated tax losses available for set-off against future taxable income are as follows:			
Total tax losses		**382 230**	304 459

21. EARNINGS PER SHARE

Basic earnings per share is calculated using the weighted average number of ordinary shares in issue during the year. For purposes of calculating diluted earnings per share, the weighted average number of shares in issue is adjusted for the dilutive effect of employee share options.

Reconciliation of denominators used for basic and diluted earnings per share

	December 2012 Number of shares	December 2011 Number of shares
Basic EPS – weighted average number of shares	**317 510 700**	316 933 746
Share options	**4 521 585**	3 679 234
Diluted EPS – weighted average number of shares	**322 032 285**	320 612 980

		2012 R'000	2011 R'000
22. HEADLINE EARNINGS			
Net profit for the year attributable to equity holders of the company		**132 548**	79 676
Adjustments		**49 668**	445
– (Profit)/loss on disposal of property, plant and equipment		**(15 419)**	2 985
– Impairment of property, plant and equipment		**84 057**	3 690
– Reversal of impairment of investment in joint venture		**–**	(4 361)
– Loss on disposal of investment in joint venture		**3 793**	–
– Tax effect		**(22 763)**	(1 869)
Headline earnings attributable to equity holders of the company		**182 216**	80 121
Headline earnings per share			
Basic	(cents)	**57**	25
Diluted	(cents)	**57**	25
23. CASH GENERATED BEFORE WORKING CAPITAL CHANGES			
Operating profit		**244 552**	169 945
Depreciation		**215 058**	206 356
Amortisation of intangible assets		**7 371**	3 342
Impairment of property, plant and equipment		**84 057**	3 690
Reversal of impairment of investment in joint venture		**–**	(4 361)
(Profit)/loss on disposal of property, plant and equipment		**(15 419)**	2 985
Less on disposal of investment in joint venture		**3 793**	–
Net movement in retirement benefit asset and obligations		**(116 546)**	58 035
Employee share-based costs		**(1 878)**	17 125
Movements in derivatives		**(55 077)**	104 503
		365 911	561 620

	2012 R'000	2011 R'000
24. CHANGES IN WORKING CAPITAL		
Increase in inventories	**(208 910)**	(116 773)
Decrease/(increase) in trade and other receivables	**124 516**	(280 400)
(Decrease)/increase in trade and other payables	**(97 277)**	208 334
	(181 671)	(188 839)

25. RETIREMENT BENEFITS

25.1 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 R8 630 026 (2011: R8 458 000) and were expensed during the year.

b. Pension funds

(i) Hulamin Pension Fund (formerly Hulamin Defined Benefit Pension Fund)

The rules of the Hulamin Defined Benefit Pension Fund were amended during the course of the year to include a defined contribution section, and the name of the fund was amended to the Hulamin Pension Fund.

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, effective 30 June 2012. This resulted in a curtailment gain and a past service cost adjustment as well as a loss recognised on conclusion of the final settlement process later in the year and the related accelerated recognition of previously unrecognised actuarial gains.

In addition to an enhancement of benefits granted by the fund to members and pensioners on conversion, the fund also provided members with a further benefit which targets, but does not guarantee, equivalent benefits on retirement under the defined contribution section as would have been obtained had the member remained in the defined benefit section. This benefit accrues with service and is therefore accounted for as a defined benefit plan in terms of IAS 19.

An actuarial valuation of the group's defined benefit obligation and share of plan assets was performed in accordance with IAS 19 at 31 December 2012.

	2012 R'000	2011 R'000
25. RETIREMENT BENEFITS continued		
25.1 RETIREMENT BENEFIT SCHEMES continued		
b. Pension funds continued		
(i) Hulamin Pension Fund continued		
Amounts recognised in the balance sheet are as follows:		
Group's share of fair value of plan assets	**178 100**	2 097 465
Present value of funded obligations	**(921)**	(1 896 503)
Unrecognised actuarial gains	**–**	(163 347)
Pension fund asset at end of year	**177 179**	37 615
Movement in the defined benefit obligation is as follows:		
Defined benefit obligation at beginning of year	**1 896 503**	1 746 713
Current service cost	**35 694**	65 981
Interest cost	**121 990**	151 045
Employee contributions	**9 453**	19 007
Actuarial losses	**51 542**	4 150
Benefits paid	**(62 142)**	(90 393)
Past service cost	**578 529**	–
Curtailments	**(734 417)**	–
Settlements	**(1 896 231)**	–
Defined benefit obligation at end of year	**921**	1 896 503
Movement in the fair value of plan assets is as follows:		
Group's share of fair value of plan assets at beginning of year	**2 097 465**	1 977 883
Actual return on plan assets	**133 255**	190 968
Expected return on plan assets	**94 785**	165 086
Actuarial gains	**38 470**	25 882
Employer cash contributions – defined benefit plan	**5 277**	–
Employee contributions	**9 453**	19 007
Benefits paid	**(62 142)**	(90 393)
Curtailments	**–**	–
Settlements	**(1 999 994)**	–
Contribution funded from employer reserves	**(5 214)**	–
Group's share of fair value of plan assets at end of year	**178 100**	2 097 465

		2012 R'000	2011 R'000
25. RETIREMENT BENEFITS continued			
25.1 RETIREMENT BENEFIT SCHEMES continued			
b. Pension funds continued			
(i) Hulamin Pension Fund continued			
The amounts recognised in the income statement are as follows:			
Defined benefit plan		**46 564**	36 205
Current service cost		**35 694**	65 981
Interest cost		**121 990**	151 045
Expected return on plan assets		**(94 785)**	(165 086)
Recognition of actuarial gains during the year		**(16 335)**	(15 735)
Defined benefit plan – curtailment and settlement		**(186 065)**	–
Recognition of actuarial gains on curtailment and settlement		**(133 940)**	–
Past service cost		**578 529**	–
Gains on curtailment		**(734 417)**	–
Losses on settlement		**103 763**	–
Defined contribution plan		**15 931**	–
Employer contribution from reserves		**5 214**	–
Employer cash contribution		**10 717**	–
		(123 570)	36 205
Principal actuarial assumptions at the end of the reporting period are as follows:			
Discount rate	(%)	**8,500**	9,000
Future inflation rate	(%)	**5,650**	6,000
Expected return on plan assets	(%)	**8,500**	9,000
Future salary increases	(%)	**n/a**	7,750
Future pension increases	(%)	**n/a**	6,000

(ii) Hulamin Pension Fund 2010

All members of the Hulamin Pension Fund 2010, a defined contribution plan, transferred to the Hulamin Pension Fund (defined contribution section) with effect from 1 July 2012. The Hulamin Pension Fund 2010 will be liquidated during the 2013 financial year. The group's contributions to the Hulamin Pension Fund 2010, which were expensed during the year, amounted to R260 431 (2011: R44 000).

25. RETIREMENT BENEFITS continued

25.2 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.

		2012 R'000	2011 R'000
Amounts recognised in the balance sheet are as follows:			
Present value of unfunded obligations		**197 416**	179 236
Unrecognised actuarial losses		**(35 588)**	(35 661)
Liability in the balance sheet		**161 828**	143 575
The liability can be reconciled as follows:			
Balance at beginning of year		**143 575**	125 796
Total expense accrued		**25 114**	24 123
Benefit payments		**(6 861)**	(6 344)
Balance at end of year		**161 828**	143 575
Amounts recognised in the income statement are as follows:			
Interest costs		**16 124**	14 680
Current service costs		**3 311**	3 362
Actuarial loss recognised		**5 679**	6 081
		25 114	24 123
The principal actuarial long-term assumptions are as follows:			
Discount rate	(%)	**8,500**	9,000
Future medical inflation rate	(%)	**7,400**	7,750
Sensitivity of future medical inflation rate:			
1% increase in future medical inflation rate – effect on the aggregate of the service and interest costs		**3 611**	3 503
1% increase in future medical inflation rate – effect on the obligation		**31 933**	29 320
1% decrease in future medical inflation rate – effect on the aggregate of the service and interest costs		**(2 903)**	(2 807)
1% decrease in future medical inflation rate – effect on the obligation		**(25 920)**	(23 743)
Estimated benefits payable by the group in the next financial year		**7 566**	6 778

Historical information		2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Present value of unfunded obligations		**197 416**	179 236	171 556	139 878	125 980
Experience loss/(gain) on plan liabilities		**1 530**	(7 426)	1 586	7 094	9 146
Experience loss/(gain) as a percentage of liabilities	(%)	**0,78**	(4,14)	0,92	5,07	7,26

	2012 R'000	2011 R'000

25. RETIREMENT BENEFITS continued

25.3 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.

		2012 R'000	2011 R'000
Amounts recognised in the balance sheet are as follows:			
Present value of unfunded obligations		**35 826**	33 484
Unrecognised actuarial losses		**(4 896)**	(7 319)
Liability in the balance sheet		**30 930**	26 165
The liability can be reconciled as follows:			
Balance at beginning of year		**26 165**	22 113
Total expense accrued		**6 096**	5 006
Gratuity payments		**(1 331)**	(954)
Balance at end of year		**30 930**	26 165
Amounts recognised in the income statement are as follows:			
Interest costs		**3 132**	2 658
Service costs		**1 833**	1 747
Actuarial loss recognised		**1 131**	601
		6 096	5 006
The principal actuarial assumptions are:			
Discount rate	(%)	**8,500**	9,000
Future salary inflation rate	(%)	**7,250**	7,750

Estimated retirement gratuities, payable by the group during the next financial year, are R1 128 000.

Historical information		2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Present value of unfunded obligations		**35 826**	33 484	30 116	25 959	22 827
Experience (gain)/loss on plan liabilities		**(1 583)**	147	446	767	1 763
Experience (gain)/loss as a percentage of liabilities	(%)	**(4,42)**	0,44	1,48	2,95	7,72

	2012 R'000	2011 R'000
26. LEASE COMMITMENTS		
Amounts payable under finance leases		
Minimum lease payments due:		
Not later than one year	–	152
Later than one year and not later than five years	–	–
	–	152
Less: Future finance charges	–	(22)
Present value of lease obligations	–	130
Payable:		
Not later than one year	–	130
Later than one year and not later than five years	–	–
	–	130
Book value of plant and equipment encumbered as security for finance lease obligations (note 2)	–	385
Operating lease commitments, amounts due:		
Not later than one year	**2 910**	4 301
Later than one year and not later than five years	**336**	4 247
	3 246	8 548
In respect of:		
Property	**1 529**	5 219
Plant and machinery	**1 717**	3 329
	3 246	8 548

The group leases offices and warehouses under non-cancellable operating lease agreements.

The leases have varying terms, escalation clauses and renewal rights.

	2012 R'000	2011 R'000
27. CAPITAL EXPENDITURE COMMITMENTS		
Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:		
Property, plant and equipment	37 852	26 116

Capital expenditure will be funded by a combination of external borrowings and cash flow from operations.

28. CONTINGENT LIABILITIES

In 2012, an artisan employed by an engineering firm which was contracted to Hulamin was injured on Hulamin premises. A claim for expenses, damages and earnings amounting to R300 000 and interest was served on Hulamin. A liability has not been raised for the amount as there is only a remote possibility that the claim will succeed.

29. 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 joint ventures are disclosed below:

	2012 R'000	2011 R'000
Sales to joint venture	9 327	47 590
Accounts receivable from joint venture	–	2 661
Loans to joint venture (note 4)	–	4 623
Interest received on loans to joint venture	54	803

Transactions with key management personnel, which comprises directors and prescribed officers, are detailed in note 30.

30. DIRECTORS' REMUNERATION AND INTEREST

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION DURING THE 2012 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	394 783	192 675					587 458		587 458	
L C Cele	231 175	106 875					338 050		338 050	
V N Khumalo*	139 242	63 100					202 342		202 342	
T P Leeuw	221 477	100 050					321 527		321 527	
J B Magwaza	185 267	73 500					258 767		258 767	
N N A Matyumza	202 242	77 900					280 142		280 142	
S P Ngwenya	139 242	18 900					158 142		158 142	
G Pretorius	85 517	32 000					117 517		117 517	
P H Staude	157 733	75 975					233 708		233 708	
G H M Watson	327 485	159 715					487 200		487 200	
Subtotal	2 084 163	900 690					2 984 853		2 984 853	
Executive										
R G Jacob			3 366 360	1 179 346	77 676	455 247	5 078 629	733 136	5 811 765	77 517
C D Hughes			2 317 320	639 752	100 803	313 103	3 370 978	377 003	3 747 981	77 517
M Z Mkhize			2 296 680	600 915	93 830	310 306	3 301 731	639 813	3 941 544	455 523
Subtotal			7 980 360	2 420 013	272 309	1 078 656	11 751 338	1 749 952	13 501 290	610 557
Prescribed officer**										
D R Weisz			562 200	112 830	16 772	77 000	768 802		768 802	
Total	2 084 163	900 690	8 542 560	2 532 843	289 081	1 155 656	15 504 993	1 749 952	17 254 945	610 557

^ *The bonus payments reflected above are in relation to the 2012 year, paid in 2013.*

* *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 Payment.

** *In the 2011 year, Mr C J Little was disclosed as the prescribed officer, due to his role as Managing Director of Hulamin Extrusions (Pty) Ltd. With effect from 1 January 2012, he was appointed to the Rolled Products division. His remuneration from this date is disclosed in the table that follows. Mr D R Weisz was appointed to this position with effect from 1 September 2012.*

30. DIRECTORS' REMUNERATION AND INTEREST continued

EXECUTIVE COMMITTEE MEMBERS' REMUNERATION DURING THE 2012 FINANCIAL YEAR*

	Cash package Rand	Bonus and performance related payments^ Rand	Medical aid contri-butions Rand	Retire-ment fund contri-butions Rand	Total Rand	Gains on exercise of share options Rand
Total	**9 287 640**	**2 392 095**	**411 752**	**1 254 003**	**13 345 490**	**1 967 778**

* *Excluding executive directors and prescribed officers.*

^ *The bonus payments reflected above are in relation to the 2012 year, paid in 2013.*

No other employee earned more than the executive directors, prescribed officer and executive committee members in the 2012 year.

30. DIRECTORS' REMUNERATION AND INTEREST continued

DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION DURING THE 2011 FINANCIAL YEAR

Director	Re-tainer fees Rand	Attend-ance fees Rand	Cash package Rand	^Bonus and perform-ance related pay-ments Rand	Medical aid contri-butions Rand	Retire-ment 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	317 042	99 600					416 642		416 642	
L C Cele	180 474	66 153					426 627		426 627	
V N Khumalo*	129 416	56 292					185 708		185 708	
T P Leeuw	166 797	71 172					237 969		237 969	
J B Magwaza	175 930	62 743					238 673		238 673	
N N A Matyumza	133 961	39 292					173 253		173 253	
S P Ngwenya	101 125	43 292					144 417		144 417	
G Pretorius	43 750	9 000					52 750		52 750	
P H Staude	101 125	43 292					144 417		144 417	
G H M Watson	127 006	51 984					178 990		178 990	
Subtotal	1 476 626	542 820					2 019 446		2 019 446	
Executive										
C D Hughes			2 158 264	722 281	87 900	308 317	3 276 762	747 188	4 023 950	30 169
R G Jacob			3 138 300	1 242 087	71 292	448 305	4 899 984	1 019 259	5 919 243	26 842
M Z Mkhize			2 141 040	703 744	93 972	305 697	3 244 453	1 130 635	4 375 088	262 768
Subtotal			7 437 604	2 668 112	253 164	1 062 319	11 421 199	2 897 082	14 318 281	319 779
Prescribed officer										
C J Little			1 721 920	346 954	59 148	245 920	2 373 942	579 465	2 953 407	20 208
Total	1 476 626	542 820	9 159 524	3 015 066	312 312	1 308 239	15 814 587	3 476 547	19 291 134	339 987

^ *The bonuses reflected above are in relation to the 2011 year, paid in 2012.*

* *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 Payment.

30. DIRECTORS' REMUNERATION AND INTEREST continued

EXECUTIVE COMMITTEE MEMBERS' REMUNERATION DURING THE 2011 FINANCIAL YEAR*

	Cash package Rand	^Performance bonus payments Rand	Medical aid contributions Rand	Retirement fund contributions Rand	Total Rand	Gains on exercise of share options Rand
Total	6 954 760	2 218 208	336 198	992 800	10 501 966	58 569

* *Excluding executive directors and prescribed officers.*

^ *The bonuses reflected above are in relation to the 2011 year, paid in 2012.*

No other employee earned more than the executive directors, prescribed officer and executive committee members in the 2011 year.

30. DIRECTORS' REMUNERATION AND INTEREST continued

INTEREST OF DIRECTORS AND PRESCRIBED OFFICERS OF THE COMPANY IN SHARE-BASED INSTRUMENTS

The interest of the directors and prescribed officers in share options of the company are shown in the table below:

The Tongaat Hulett Group Limited 2001 Share Option Scheme – options apportioned at unbundling

Options related to the Tongaat Hulett share price

	Adjusted option price	Expiring ten years from	Number of options at 31 Dec 2011	Number of options at 31 Dec 2012	Options time constrained
Executive director					
C D Hughes	R26,34	1 Oct 2003	4 500	**4 500**	
	R35,90	21 Apr 2004	4 800	**4 800**	
Total			9 300	**9 300**	

Options related to the Hulamin share price

	Adjusted option price	Expiring ten years from	Number of options at 31 Dec 2011	Number of options at 31 Dec 2012	Options time constrained
Executive director					
C D Hughes	R8,15	1 Oct 2003	4 500	**4 500**	
	R11,10	21 Apr 2004	4 800	**4 800**	
			9 300	**9 300**	
R G Jacob	R11,10	21 Apr 2004	3 800	**3 800**	
			3 800	**3 800**	
M Z Mkhize	R11,10	21 Apr 2004	3 400	**3 400**	
			3 400	**3 400**	
Total			16 500	**16 500**	

Mr C J Little was disclosed as the prescribed officer in the 2011 year. The balance of his rights under this scheme at 31 December 2011 was 10 000.

30. DIRECTORS' REMUNERATION AND INTEREST continued

INTEREST OF DIRECTORS AND PRESCRIBED OFFICERS OF THE COMPANY IN SHARE-BASED INSTRUMENTS continued

The Tongaat-Hulett Group Limited Share Appreciation Right Scheme (SARS) 2005 – rights apportioned at unbundling

Rights relating to the Tongaat Hulett share price

	Number of rights granted in 2006	Number of rights at 31 Dec 2011	Number of rights at 31 Dec 2012	Rights time constrained
Executive director				
C D Hughes	7 441	7 441	**7 441**	
	7 441	7 441	**7 441**	
Adjusted grant price	R73,39			
Expiring seven years from	25 Apr 2006			

Mr C J Little was disclosed as the prescribed officer in the 2011 year. The balance of his rights under this scheme at 31 December 2011 was 10 941.

Rights relating to the Hulamin share price

	Number of rights granted in 2005	Number of rights granted in 2006	Number of rights at 31 Dec 2011	Rights expired in 2012	Number of rights at 31 Dec 2012	Rights time constrained
Executive director						
C D Hughes	4 549	7 441	11 990	**4 549**	**7 441**	
R G Jacob	4 070	6 241	10 311	**4 070**	**6 241**	
M Z Mkhize	4 927	7 736	12 663	**4 927**	**7 736**	
	13 546	21 418	34 964	**13 546**	**21 418**	
Adjusted grant price	R13,60	R22,70				
Expiring seven years from	10 May 2005	25 Apr 2006				

Mr C J Little was disclosed as the prescribed officer in the 2011 year. The balance of his rights under the scheme at 31 December 2011 was 23 980.

30. DIRECTORS' REMUNERATION AND INTEREST continued

INTEREST OF DIRECTORS AND PRESCRIBED OFFICERS OF THE COMPANY IN SHARE-BASED INSTRUMENTS continued

Hulamin Limited Share Appreciation Right Scheme 2007

	Number of rights granted in 2007	Number of rights granted in 2008	Number of rights granted in 2009	Number of rights granted in 2010	Number of rights granted in 2011	Number of rights at 31 Dec 2011	Number of rights lapsed in 2012	Number of rights at 31 Dec 2012	Rights time con-strained
Executive director									
C D Hughes	40 000	56 241	122 024	198 307	263 745	680 317	**294 548**	**385 769**	385 769
R G Jacob	35 000	45 121	98 933	312 499	509 138	1 000 691	**392 620**	**608 071**	608 071
M Z Mkhize	37 500	51 609	111 958	193 093	261 503	655 663	**282 202**	**373 461**	373 461
	112 500	152 971	332 915	703 899	1 034 386	2 336 671	**969 370**	**1 367 301**	1 367 301
Grant price	R22,87	R21,99	R11,50	R8,60	R6,91				
Expiring seven years from	20 Aug 2007	30 Apr 2008	24 Jul 2009	1 Nov 2010	25 May 2011				

Mr C J Little was disclosed as the prescribed officer in the 2011 year. The balance of his rights under the scheme at 31 December 2011 was 544 404.

Hulamin Limited Long Term Incentive Plan 2007

	Number of conditional awards granted in 2009	Number of conditional awards granted in 2010	Number of conditional awards granted in 2011	Number of conditional awards granted at 31 Dec 2011	Number of conditional awards lapsed in 2012	Number of conditional awards at 31 Dec 2012	Conditional awards time con-strained
Executive director							
C D Hughes	61 011	75 396	135 731	272 138	**136 407**	**135 731**	135 731
R G Jacob	49 466	136 905	262 006	448 377	**186 371**	**262 006**	262 006
M Z Mkhize	55 978	74 257	134 578	264 813	**130 235**	**134 578**	134 578
	166 455	286 558	532 315	985 328	**453 013**	**532 315**	532 315
Issue price	R13,05	R8,60	R6,91				
Expiring three years from	24 Jul 2009	1 Nov 2010	25 May 2011				

Mr C J Little was disclosed as the prescribed officer in the 2011 year. The balance of his rights under the scheme at 31 December 2011 was 217 146.

30. DIRECTORS' REMUNERATION AND INTEREST continued

INTEREST OF DIRECTORS AND PRESCRIBED OFFICERS OF THE COMPANY IN SHARE-BASED INSTRUMENTS continued

Hulamin Limited Deferred Bonus Plan 2007

	Number of conditional awards granted in 2009	Number of conditional awards granted in 2010	Number of conditional awards at 31 Dec 2011	Number of conditional awards vested in 2012	Number of conditional awards granted in 2012	Number of conditional awards at 31 Dec 2012	Conditional awards time constrained
Executive director							
C D Hughes	9 707		9 707	**9 707**		**–**	
R G Jacob	9 707	9 906	19 613	**9 707**	**24 669**	**34 575**	34 575
M Z Mkhize	14 560		14 560	**14 560**		**–**	
	33 974	9 906	43 880	**33 974**	**24 669**	**34 575**	34 575
Issue price	R10,50	R8,93			R7,60		
Expiring three years from	27 Feb 2009	1 Nov 2010			16 Apr 2012		

Mr C J Little was disclosed as the prescribed officer in the 2011 year. The balance of his rights under the scheme at 31 December 2011 was 2 427.

30. DIRECTORS' REMUNERATION AND INTEREST continued

INTEREST OF DIRECTORS AND PRESCRIBED OFFICERS OF THE COMPANY IN SHARE-BASED INSTRUMENTS continued

MSOP Share Appreciation Right Plan

	Number of rights granted in 2007	Number of rights at 31 Dec 2011	Number of rights expired in 2012	Number of rights at 31 Dec 2012
Executive director				
M Z Mkhize	218 930	218 930	**218 930**	–
	218 930	218 930	**218 930**	–
Grant price	R21,44			
Expiring five years from	31 Aug 2007			

MSOP Share Grant Plan

	Number of rights granted in 2007	Number of conditional rights granted in 2011	Number of conditional rights at 31 Dec 2011	Number of conditional rights exercised in 2012	Number of conditional rights at 31 Dec 2012
Executive directors					
M Z Mkhize	73 110	6 758	79 868	**79 868**	–
	73 110	6 758	79 868	**79 868**	–
Grant price	–	–			
Expiring five years from	31 Aug 2007	31 Aug 2007			

30. DIRECTORS' REMUNERATION AND INTEREST continued

INTEREST OF DIRECTORS AND PRESCRIBED OFFICERS OF THE COMPANY IN SHARE CAPITAL

The aggregate holdings as at 31 December 2012 of those directors of the company and the prescribed officer holding issued ordinary shares of the company are detailed below:

As at 31 December 2012	Direct beneficial shares	Indirect beneficial shares	Held by associates	Shares total
Executive				
R G Jacob	**86 363**			**86 363**
M Z Mkhize	**75 668**			**75 668**
	162 031			**162 031**
Non-executive				
L C Cele	**10 000**			**10 000**
J B Magwaza	**5 760**			**5 760**
M E Mkwanazi	**–**		**36 700**	**36 700**
P H Staude	**91 610**			**91 610**
	107 370		**36 700**	**144 070**
Total	**269 401**		**36 700**	**306 101**

There have been no changes in the above interests between the year-end and 21 February 2013.

As at 31 December 2011	Direct beneficial shares	Indirect beneficial shares	Held by associates	Shares total
Executive				
C D Hughes	9 707			9 707
R G Jacob	45 870			45 870
M Z Mkhize	20 609			20 609
	76 186			76 186
Non-executive				
L C Cele	10 000			10 000
J B Magwaza	5 760			5 760
M E Mkwanazi			11 700	11 700
P H Staude	91 610			91 610
	107 370		11 700	119 070
Total	183 556		11 700	195 256
Prescribed officer				
C J Little	2 427			2 427
Total	2 427		–	2 427

31. SHARE-BASED PAYMENTS

EMPLOYEE SHARE INCENTIVE SCHEMES

Details of awards in terms of the company's share incentive schemes are as follows:

The Tongaat-Hulett Group Limited 2001 Share Option Scheme

Participating employees were originally awarded share options over Tongaat Hulett shares. On vesting, the employee was entitled to exercise the options and purchase the shares at the option price.

As a result of the unbundling from Tongaat Hulett, participants in these share option schemes who had not exercised their options at the unbundling date, converted their existing Tongaat Hulett options into two options: a Tongaat Hulett option and a Hulamin option. Hulamin is obliged to settle all benefits under these share schemes in relation to its own employees using Hulamin shares which will be purchased in the market or issued by Hulamin. The benefit for the Hulamin option will be determined with reference to the Hulamin share price, and the Tongaat Hulett option with respect to the Tongaat Hulett share price.

The original exercise price of each Tongaat Hulett option was apportioned between the Tongaat Hulett and Hulamin options with reference to the volume weighted average prices (VWAP) of both companies for the first 22 trading days after the unbundling. The 22-day VWAPs were R93,89 and R29,04 respectively, with the expiry date being the same as that of the original options. The modification did not result in any incremental fair value being granted to option holders.

No further awards to Hulamin employees will be made under these schemes.

Tongaat Hulett modified grant price	Estimated weighted average fair value per option	Expiring ten years from	Number of options at 31 Dec 2011	Options exercised in 2012	Options forfeited in 2012	Number of options at 31 Dec 2012	Options time constrained
R37,88		13 May 2002	22 550	**20 850**	**1 700**	**–**	
R24,37	R8,48	14 Apr 2003	25 800	**600**		**25 200**	
R26,35	R8,44	1 Oct 2003	4 500			**4 500**	
R35,90	R11,03	21 Apr 2004	45 700	**2 300**		**43 400**	
			98 550	**23 750**	**1 700**	**73 100**	

Hulamin modified grant price	Estimated weighted average fair value per option	Expiring ten years from	Number of options at 31 Dec 2011	Options expired in 2012	Options forfeited in 2012	Number of options at 31 Dec 2012	Options time constrained
R11,72		13 May 2002	62 600	**62 600**		**–**	
R7,53	R2,62	14 Apr 2003	46 700		**2 000**	**44 700**	
R8,15	R2,61	1 Oct 2003	4 500			**4 500**	
R11,10	R3,60	21 Apr 2004	128 500		**3 400**	**125 100**	
			242 300	**62 600**	**5 400**	**174 300**	

The estimated fair value of the share options at grant date was determined using a binomial tree valuation model. Options were exercised on a regular basis throughout the year. The volume weighted average share prices during the year for Tongaat Hulett and Hulamin shares were R124,74 and R5,53 respectively.

31. SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

The Tongaat-Hulett Group Limited 2001 Share Option Scheme continued

The significant inputs into the model for the 2003/4 awards were:

Share price at grant date	The share price at the date on which the share option is issued, as noted above
Grant price	The grant price as noted above
Expected option life	114 months (assumed leaving percentage of 5%)
Risk-free interest rate	9,02%
Expected volatility	35% – based on historical volatility
Expected dividends	A continuous dividend yield of 3,9% was used
Expected early exercise	Early exercise is taken into account on an expectation basis
Vesting conditions:	
– Time	Service obligations of between two to four years
– Non-market	None
– Market	None
– Expected remaining life	2003 award: 4 months (2004 award: 16 months)
– Contractual life	120 months

The Tongaat-Hulett Group Share Appreciation Right Scheme (SARS) 2005

Under the Tongaat-Hulett Share Appreciation Right Scheme, participating employees were awarded rights to receive shares equal to the difference between the exercise price and the grant price. The vesting of the SARS was conditional on the achievement of performance conditions by Tongaat Hulett over a three-year period.

Following on the unbundling from Tongaat Hulett, participants in the Share Appreciation Right Scheme who had not exercised their rights at the unbundling date or whose rights had not vested, converted their existing Tongaat Hulett rights into two rights: a Tongaat Hulett right and a Hulamin right with adjusted exercise prices. The original exercise price of each Tongaat Hulett right was apportioned between Tongaat Hulett and Hulamin rights with reference to the volume weighted average prices (VWAP) of both companies for the first 22 trading days after the unbundling. The 22-day VWAPs were R93,89 and R29,04 respectively. Replacement SARS are not subject to any performance conditions. The vesting and lapse dates of both new SARS are the same as that of the original SARS. Hulamin is obliged to settle all benefits under these SARS in relation to its own employees using Hulamin shares which will be purchased in the market. The benefit for the Hulamin right will be determined with reference to the Hulamin share price, and the Tongaat Hulett right with respect to the Tongaat Hulett share price. The modification did not result in any incremental fair value being granted to option holders.

No further awards to Hulamin employees will be made under this scheme.

31. SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

The Tongaat-Hulett Group Share Appreciation Right Scheme (SARS) 2005 continued

Tongaat Hulett modified grant price	Estimated weighted average fair value per right	Expiring seven years from	Number of rights at 31 Dec 2011	Rights exercised in 2012	Rights forfeited in 2012	Number of rights at 31 Dec 2012	Rights time constrained
R43,98	R13,52	10 May 2005	33 829	**33 829**		**–**	
R73,39	R23,81	25 Apr 2006	129 120	**55 052**	**3 584**	**70 484**	
			162 949	**88 881**	**3 584**	**70 484**	

Hulamin modified grant price	Estimated weighted average fair value per right	Expiring seven years from	Number of rights at 31 Dec 2011	Rights expired in 2012	Rights forfeited in 2012	Number of rights at 31 Dec 2012	Rights time constrained
R13,60	R4,18	10 May 2005	173 400	**165 008**	**8 392**	**–**	
R22,70	R7,36	25 Apr 2006	238 066		**13 674**	**224 392**	
			411 466	**165 008**	**22 066**	**224 392**	

Options were exercised on a regular basis throughout the year. The volume weighted average share prices during the year for Tongaat Hulett and Hulamin shares were R124,74 and R5,53 respectively.

The estimated fair value of these share appreciation rights at grant date was determined using a binomial tree valuation model and non-market performance conditions based on the following significant inputs:

Share price at grant date	The price at which the share appreciation right is issued, as noted above
Grant price	The grant price as noted above
Expected option life	80 months (assumed leaving percentage of 5%)
Risk-free interest rate	2006 award: 7,22% (2005 award: 8,09%)
Expected volatility	35% – based on historical volatility
Expected dividends	A continuous dividend yield of 4,0% was used for the 2006 award (2005 award: 3,9%)
Expected early exercise	Early exercise is taken into account on an expectation basis
Vesting conditions:	
– Time	Three years
– Non-market	Headline earnings per share (replacement SARS are not subject to any performance conditions)
– Market	None
– Expected remaining life	2006 award: 4 months
– Contractual life	84 months

31. SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

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 Dec 2011	Rights granted in 2012	Rights forfeited in 2012	Number of rights not vesting/ lapsed in 2012	Number of rights at 31 Dec 2012	Rights time constrained
R22,87	R9,72	20 Aug 2007	1 449 500		**110 000**	**1 339 500**	**–**	
R21,99	R8,91	30 Apr 2008	1 847 303		**132 016**	**1 715 287**	**–**	
R11,50	R4,76	24 Jul 2009	4 024 014		**279 000**		**3 745 014**	
R8,60	R3,06	1 Nov 2010	5 337 891		**360 390**	**4 977 501**	**–**	
R6,91	R1,91	25 May 2011	7 968 767		**564 831**		**7 403 936**	7 403 936
R3,60	R0,81	22 Oct 2012		**2 089 471**			**2 089 471**	2 089 471
			20 627 475	**2 089 471**	**1 446 237**	**8 032 288**	**13 238 421**	9 493 407

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	2012 award: R3,60 (2011 award: R6,91; 2010 award: R8,60; 2009 award: R13,05; 2008 award: R21,90; 2007 award: R23,51)
Grant price	The grant price as noted above
Risk-free interest rate	2012 award: 6,38% (2011 award: 7,98%; 2010 award: 7,08%; 2009 award: 8,73%; 2008 award: 9,18%; 2007 award: 8,19%)
Expected volatility	2012 award: 40,33% (2011 award: 38,09%; 2010 award: 39,21%; 2009 award: 41,80%; 2008 award: 38,59%; 2007 award: 34,25%)
Expected dividends	2012 award: 9,85% (2011 award: 7,56%; 2010 award: 4,25%; 2009 award: 6,54%; 2008 award: 3,44%; 2007 award: 2,3%)
Vesting conditions:	
– Time	Three years
– Non-market	An increase in Hulamin Limited headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is allowed in respect of the 2009 grant
– Market	None
– Expected remaining life	2012 award: 82 months (2011 award: 65 months; 2009 award: 43 months)
– Contractual life	84 months

31. SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

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 ROCE and TSR performance conditions over a three-year period.

Issue price	Estimated weighted average fair value per award	Expiring three years from	Conditional awards at 31 Dec 2011	Conditional awards granted in 2012	Conditional awards forfeited in 2012	Conditional awards not vesting/ lapsed in 2012	Number of conditional awards at 31 Dec 2012	Conditional awards time constrained
R13,05	R4,08	24 Jul 2009	729 054		**21 750**	**707 304**	**–**	
R8,60	R4,66	1 Nov 2010	911 588		**25 268**	**886 320**	**–**	
R6,91	R4,40	25 May 2011	1 574 236		**50 945**		**1 523 291**	1 523 291
R3,60	R1,10	22 Oct 2012		**1 808 466**			**1 808 466**	1 808 466
			3 214 878	**1 808 466**	**97 963**	**1 593 624**	**3 331 757**	3 331 757

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	2012 award: R3,60 (2011 award: R6,91; 2010 award: R8,60; 2009 award: R13,05)
Grant price	The grant price as noted above
Risk-free interest rate	2012 award: 5,19% (2011 award: 7,05%; 2010 award: 6,14%; 2009 award: 8,31%)
Expected volatility	2012 award: 39,11% (2011 award: 38,24%; 2010 award: 39,61%; 2009 award: 41,42%)
Expected dividends	2012 award: 6,15% (2011 award: 3,01%; 2010 award: 1,68%; 2009 award: 3,35%)
Vesting conditions:	
– Time	Three years
– Non-market	Return on capital employed (ROCE)
– Market	Total shareholder return (TSR)
– Expected remaining life	2012 award: 34 months (2011 award: 17 months)
– Contractual life	36 months

31. SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

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.

Issue price	Estimated weighted average fair value per award	Expiring three years from	Conditional awards at 31 Dec 2011	Conditional awards granted in 2012	Number of conditional awards at 31 Dec 2012	Conditional awards time constrained
R3,60	R2,98	22 Oct 2012		**602 819**	**602 819**	602 819
				602 819	**602 819**	602 819

Share price at grant date	R3,60
Grant price	The grant price as noted above
Risk-free interest rate	5,19%
Expected volatility	39,11%
Expected dividends	6,15%
Vesting conditions:	
– Time	Three years
– Non-market	None
– Market	None
– Expected remaining life	34 months
– Contractual life	36 months

31. SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

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 matches those pledged shares released from escrow.

Issue price	Estimated weighted average fair value per award	Expiring three years from	Number of awards at 31 Dec 2011	Conditional awards granted in 2012	Conditional awards exercised in 2012	Number of conditional awards at 31 Dec 2012	Conditional awards time constrained
R10,50	R9,30	27 Feb 2009	104 813		**104 813**	**–**	
R8,93	R8,51	1 Nov 2010	32 729			**32 729**	32 729
R7,60	R6,91	16 Apr 2012		**37 649**		**37 649**	37 649
			137 542	**37 649**	**104 813**	**70 378**	70 378

The estimated fair value costing of these deferred bonus share awards was based on the following significant inputs:

Share price at grant date	2012 award: R7,60 (2010 award: R8,93; 2009 award: R10,50)
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
Vesting conditions:	
– Time	Three years
– Non-market	None
– Market	None
– Expected remaining life	2012 award: 28 months (2010 award: 10 months)
– Contractual life	36 months

The Deferred Bonus Shares were purchased by the participating employees on 10 March 2009, 15 November 2010 and 20 April 2012 in terms of the 2009, 2010 and 2012 awards respectively.

31. SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Hulamin Limited Management Share Ownership Plan (MSOP) and Employee Share Ownership Plan (ESOP)

The MSOP and ESOP schemes were implemented in respect of 5% of the issued share capital of Hulamin.

The MSOP scheme consisted of two components, namely a share appreciation scheme and a share grant scheme. The ESOP scheme consisted of a share appreciation scheme, and participants shared in 50% of the dividends payable to ordinary shareholders.

The MSOP Trust and ESOP Trust were established to acquire and hold Hulamin Limited shares for the benefit of its employees and received contributions from the employer companies within the Hulamin group in order to acquire the shares. Due to these shares having specific repurchase rights, they were a separate class of restricted shares which, other than for the repurchase terms, ranked *pari passu* with ordinary shares.

Hulamin had the right to repurchase from the Trust, at maturity (year five) of the scheme, a variable number of shares at one cent per share after which the remaining shares would become unrestricted ordinary shares. The number of shares repurchased at maturity was to have been calculated such that the market value of the repurchased shares was equal to:

- 80% of the market value (at the outset) of the shares issued in terms of the share appreciation right component of the MSOP;
- Rnil in respect of the share grant component of the MSOP; and
- The grant price of the shares allocated, plus the value of cash dividends paid to ESOP participants.

The value of the benefits in the MSOP scheme was capped at a level of 10% compounded growth per year.

The MSOP and ESOP schemes matured on 1 August 2012. Accordingly, in terms of the Company's Articles of Association, on 31 July 2012, 12 820 671 unlisted B1, B2 and B3 ordinary shares of ten cents (including those shares which had been forfeited or had remained unallocated) were acquired by the company from the Trusts and were cancelled immediately.

786 799 B3 ordinary shares held by the MSOP Share Trust converted into Hulamin ordinary shares of ten cents each in the share capital of Hulamin and were listed on the exchange of the JSE Limited on 1 August 2012.

31. SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE INCENTIVE SCHEMES continued

Hulamin Limited Management Share Ownership Plan (MSOP) and Employee Share Ownership Plan (ESOP) continued

Grant price	Scheme	Estimated fair value per right	Expiring five years from	Number of rights at 31 Dec 2011	Rights exercised in 2012 (converted into ordinary shares)	Rights forfeited in 2012	Rights not vesting/ lapsed in 2012	Number of rights at 31 Dec 2012 (ordinary shares)#	Rights time con-strained (ordinary shares)#
R18,93 B2	MSOP share appreciation right scheme	R4,46	31 Aug 2007	2 022 310			**2 022 310**	**–**	
R0,00 B3	MSOP share grant scheme	R14,07	31 Aug 2007	740 132	**700 381**			**39 751**	39 751
R26,80 B1	ESOP share appreciation right scheme	R7,90	31 Aug 2007	8 984 586		**175 231**	**8 809 355**	**–**	
				11 747 028	**700 381**	**175 231**	**10 831 665**	**39 751**	39 751

These ordinary shares will be exercisable by the relevant participants on 1 March 2014.

The estimated fair value of these share appreciation rights and share grant rights at grant date was determined using the Black-Scholes call option valuation model, based on the following significant inputs:

Share price at grant date	R24,90
Grant price	The grant price as noted above
Risk-free interest rate	8,11%
Expected volatility	30%. As Hulamin's shares were only listed a short time before grant date, the valuations of appropriate proxy companies were used to estimate the expected Hulamin share price volatility
Expected dividends	A dividend yield of 2,3% was used
Attrition rate	4,18% per annum
Vesting conditions:	
– Time Five years	
– Non-market	None
– Market None	
Contractual life	60 months
Expected remaining life	–

31. SHARE-BASED PAYMENTS continued

BEE EQUITY TRANSACTION

During the 2007 financial year, Hulamin concluded agreements with BEE partners to facilitate the acquisition of an effective 10% interest in Hulamin.

The BEE partners have subscribed for 10% of the share capital of Hulamin Operations (Pty) Ltd (OPCO) at a cost of R37,5 million and for 25 million A class shares in Hulamin at a cost of R2,5 million. The BEE partners will be entitled to exchange their OPCO shares for shares of an equivalent value in Hulamin seven years after the grant date, and on surrender of the A class shares. For accounting purposes the fair value of the transaction at grant date of R134 686 000, which was expensed in full in the 2007 financial year, has been determined using a Monte Carlo simulation model based on the following significant inputs:

Share price at grant date	R34,10
Grant date	11 June 2007
Expected option life	Seven years
Lock-in period	Further three years
Risk-free interest rate	Forward swap curve
Expected volatility	30%. As Hulamin's shares were only listed a short time before grant date, the valuations of appropriate proxy companies were used to estimate the expected Hulamin share price volatility
Expected dividends	A dividend yield of 2,3% was used

32. 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 2012	2011
Subsidiaries			
Hulamin Rolled Products (Pty) Ltd*	South Africa	**100**	100
Hulamin Systems (Pty) Ltd*	South Africa	**100**	100
Hulamin Operations (Pty) Ltd	South Africa	**90**	90
Hulamin Extrusions (Pty) Ltd*	South Africa	**100**	100
Hulamin North America LLC*	United States of America	**100**	100

* *Subsidiaries of Hulamin Operations (Pty) Ltd.*

Name	Country of incorporation	% Equity interest 2012	2011
Associates			
Almin Metal Industries Limited**	Zimbabwe	**49**	49

** *Investment held by Hulamin Extrusions (Pty) Ltd.*

Name	Country of incorporation	% Equity interest 2012	2011
Joint ventures			
HBS Aluminium Systems (Pty) Limited***	South Africa	**–**	50

*** *Investment sold by Hulamin Operations (Pty) Ltd during the year.*

All the investments are unlisted.

Special purpose vehicles

The following special purpose vehicle has also been consolidated:

– Chaldean Trading 67 (Pty) Ltd.

33. FINANCIAL RISK MANAGEMENT

33.1 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 transactions, foreign currency liabilities, foreign currency assets and export transactions. 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 higher or lower by R2 623 000 (2011: R9 313 000) 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/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/losses in currency derivatives. Profit was no more sensitive to movements in currency exchange rates in 2012 than in 2011, 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 R35 301 000 (2011: R38 594 000). The change in equity is mainly from foreign exchange losses/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 2012, 46% (2011: 52%) 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 higher or lower by R150 000 (2011: lower or higher by R372 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/losses on aluminium futures contracts that were all hedge accounted in 2012 and 2011. For this reason profit was no more sensitive to movement in commodity prices in 2012 than in 2011. The above change in aluminium prices would have resulted in equity being lower or higher by R13 723 000 (2010: R12 796 000). The change in equity is mainly from losses/gains on translation of US Dollar-denominated cash flow hedging instruments.

33. FINANCIAL RISK MANAGEMENT continued

33.1 FINANCIAL RISK FACTORS continued

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 (2011: nil) and no effect on equity (2011: 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 R3 715 000 (2011: R4 048 000).

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.

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 major London Metal Exchange broker companies and with major South African banks.

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 7 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 of credit limits is, in the majority of cases, supplemented by credit insurance. The value of all trade receivables covered by insurance is detailed in note 7.

Quantitative data on credit risk is disclosed in the notes to the annual financial statements on derivative financial instruments (note 8) and trade and other receivables (note 7).

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.

33. FINANCIAL RISK MANAGEMENT continued

33.1 FINANCIAL RISK FACTORS continued

Liquidity risk continued

The group's facility utilisation at the period end was:

	Note	2012 R'000	2011 R'000
Total borrowing facilities		**1 180 000**	1 180 130
Less:			
Non-current borrowings	11	**(556 948)**	(628 284)
Current borrowings	15	**(215 131)**	(200 325)
Add:			
Bank balances	9	**28 984**	19 103
Committed undrawn facilities		**436 905**	370 624

The total borrowing facilities comprise long-term facilities of R630 million (with repayment profiles as set out in note 11 to the financial statements) and a general short-term facility of R550 million.

Financial liabilities with contractual maturity dates beyond a year from 31 December 2012 comprise long-term borrowings. Financial liabilities with maturity dates less than one year comprise current borrowings, trade and other payables, sundry accruals and derivative liabilities.

It is the group's intention to refinance the repayment of non-current borrowings due in two to three year's time.

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments:

	360 days' notice R'000	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
2012							
Non-current borrowings		**120 175**	**114 749**	**503 774**			**738 698**
Current borrowings	**143 131**	**72 000**					**215 131**
Trade and other payables (excluding employee benefit payables)		**647 147**					**647 147**
Derivative financial liabilities		**49 443**					**49 443**
	143 131	**888 765**	**114 749**	**503 774**	**–**	**–**	**1 650 419**
2011							
Non-current borrowings		49 543	123 245	117 473	504 907		795 168
Current borrowings	200 195						200 195
Trade and other payables (excluding employee benefit payables)		746 660					746 660
Derivative financial liabilities		94 360					94 360
	200 195	890 563	123 245	117 473	504 907	–	1 836 383

33. FINANCIAL RISK MANAGEMENT continued

33.1 FINANCIAL RISK FACTORS continued

Liquidity risk continued

Included in the above amounts payable within a period of less than one year, are financial liabilities in the amount of R710 275 000 (2011: R834 982 000) which are payable within a period of three months, including trade payables in the amount of R650 580 000 (2011: R746 660 000). Trade receivables amounting to R704 241 000 (2011: R844 463 000) are recoverable within a period of three months.

33.2 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.

The group does not target specific 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:

		Note	2012 R'000	2011 R'000
Non-current borrowings		11	**556 948**	628 284
Current borrowings		15	**215 131**	200 325
Total borrowings			**772 079**	828 609
Less: Cash and cash equivalents		9	**(29 596)**	(19 900)
Net borrowings			**742 483**	808 709
Total equity			**4 776 745**	4 669 625
Total capital			**5 519 228**	5 478 334
Gearing ratio (net debt over total capital)	(%)		**13**	15

COMPANY BALANCE SHEET
as at 31 December 2012

	Notes	2012 R'000	2011 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	1	**4 392 923**	4 348 209
Deferred tax asset	2	**14 811**	13 866
		4 407 734	4 362 075
Current assets			
Income tax asset		**110**	–
Total assets		**4 407 844**	4 362 075
EQUITY			
Share capital and share premium	3	**1 821 058**	1 822 444
BEE reserve		**134 686**	134 686
Employee share-based payment reserve		**101 099**	105 750
Retained earnings		**2 297 753**	2 249 166
Total equity		**4 354 596**	4 312 046
LIABILITIES			
Non-current liabilities			
Post-retirement medical aid provision	4	**52 870**	49 520
		52 870	49 520
Current liabilities			
Income tax liability		**–**	227
Trade and other payables		**378**	282
		378	509
Total liabilities		**53 248**	50 029
Total equity and liabilities		**4 407 844**	4 362 075

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

	Notes	2012 R'000	2011 R'000
Revenue		**77 421**	70 438
Administrative expenses	5	**(11 719)**	(12 343)
Operating profit		**65 702**	58 095
Finance costs		**–**	(21)
Profit before tax		**65 702**	58 074
Taxation	6	**(18 397)**	(16 351)
Total comprehensive income for the year		**47 305**	41 723

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

	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 2010	35 313	1 785 300	91 219	134 686	2 207 443	4 253 961
Total comprehensive income for the year	–	–	–	–	41 723	41 723
Shares issued	1 382	449	–	–	–	1 831
Value of employee services of subsidiaries	–	–	17 125	–	–	17 125
Settlement of employee share incentives	–	–	(2 594)	–	–	(2 594)
Balance at 31 December 2011	36 695	1 785 749	105 750	134 686	2 249 166	4 312 046
Total comprehensive income for the year	–	–	–	–	47 305	47 305
B ordinary shares repurchased and cancelled (note 3.2)	(1 282)	(129)	–	–	1 282	(129)
Shares issued (net of B ordinary shares converted) (note 3.2)	25	–	–	–	–	25
Value of employee services of subsidiaries	–	–	(1 878)	–	–	(1 878)
Settlement of employee share incentives	–	–	(2 773)	–	–	(2 773)
Balance at 31 December 2012	**35 438**	**1 785 620**	**101 099**	**134 686**	**2 297 753**	**4 354 596**

COMPANY CASH FLOW STATEMENT
for the year ended 31 December 2012

	2012 R'000	2011 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	**65 702**	58 095
Changes in working capital	**96**	(4 139)
Movement in retirement benefit obligation	**3 350**	3 322
Employee share-based costs	**(1 878)**	17 125
Interest paid	**–**	(21)
Income tax payment	**(19 679)**	(18 527)
Net cash inflow from operating activities	**47 591**	55 855
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments in subsidiaries	**(44 714)**	(55 092)
Net cash outflow from investing activities	**(44 714)**	(55 092)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued (net of B ordinary shares converted) (note 3.2)	**25**	1 831
Settlement of employee share incentives	**(2 773)**	(2 594)
Repurchase of B ordinary shares (note 3.2)	**(129)**	–
Net cash outflow from financing activities	**(2 877)**	(763)
Net increase/(decrease) in cash and cash equivalents	**–**	–
Cash and cash equivalents at beginning of year	**–**	–
Cash and cash equivalents at end of year	**–**	–

	2012 R'000	2011 R'000
1. INVESTMENT IN SUBSIDIARIES		
Investment in shares in subsidiaries	**3 746 499**	3 749 351
Loans to subsidiaries	**646 424**	598 858
	4 392 923	4 348 209

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 loans to subsidiaries for the year was 11,97%. No fixed repayment terms have been set, and consequently no portion of the loans are considered past due.

The recoverable amount of the company's investment in subsidiaries was estimated at the period end in terms of IAS 36. The key assumptions employed in the value in use computation are consistent with those used in the group's business plan (which spans five years) approved by the board of directors, except for changes to ensure compliance with a value in use methodology as required by IAS 36. It was determined that no impairment of the carrying value of this investment was required.

The loans to subsidiaries are subordinated in favour of Standard Bank, FirstRand Bank and Chaldean Trading 67 (Pty) Ltd.

	2012 R'000	2011 R'000
2. DEFERRED TAX ASSET		
At beginning of year	**13 866**	12 935
Income statement		
Current year credit	**941**	931
Prior year credit	**4**	–
At end of year	**14 811**	13 866
Deferred income tax asset analysed as follows:		
Post-retirement medical aid provision	**14 804**	13 866
Other	**7**	–
	14 811	13 866
Deferred tax asset to be recovered after more than 12 months	**14 804**	13 866
Deferred tax asset to be recovered within 12 months	**7**	–
	14 811	13 866

	2012 R'000	2011 R'000
3. SHARE CAPITAL AND SHARE PREMIUM		
3.1 AUTHORISED		
800 000 000 ordinary shares of 10 cents each (2011: 800 000 000 ordinary shares of 10 cents each)	**80 000**	80 000
45 000 000 A ordinary shares of 10 cents each (2011: 45 000 000 A ordinary shares of 10 cents each)	**4 500**	4 500
28 000 000 B ordinary shares of 10 cents each (2011: 28 000 000 B ordinary shares of 10 cents each)	**2 800**	2 800
Total authorised share capital	**87 300**	87 300
The B ordinary shares consist of 15 000 000 B1 shares, 10 000 000 B2 shares and 3 000 000 B3 shares.		
3.2 ISSUED		
Opening balance (366 951 727 ordinary shares of 10 cents each) (2011: 353 131 351 ordinary shares of 10 cents each)	**36 695**	35 313
Issued during year (1 032 264 ordinary shares of 10 cents each) (2011: 13 820 376 ordinary shares of 10 cents each)	**103**	1 382
B ordinary shares repurchased and cancelled during year (12 820 671 B ordinary shares of 10 cents each) (2011: nil)	**(1 282)**	–
B ordinary shares converted to ordinary shares during year (786 799 B ordinary shares of 10 cents each) (2011: nil)	**(78)**	–
Closing balance (354 376 521 ordinary shares of 10 cents each) (2011: 366 951 727 ordinary shares of 10 cents each)	**35 438**	36 695
Share premium		
Opening balance	**1 785 749**	1 785 300
Premium on shares issued	**–**	449
Premium applied on shares repurchased	**(129)**	–
Closing balance	**1 785 620**	1 785 749
Share capital and share premium	**1 821 058**	1 822 444

3.3 A ORDINARY SHARES

The A ordinary shares are unlisted and carry full voting rights. The A ordinary shares have no entitlements to any dividends other than shareholder distributions.

3.4 B ORDINARY SHARES

The MSOP and ESOP schemes matured on 1 August 2012. Accordingly, in terms of the company's Articles of Association, on 31 July 2012, 12 820 671 unlisted B1, B2 and B3 ordinary shares of ten cents each were acquired by the company from the Trusts and were cancelled immediately. 786 799 B3 ordinary shares held by the MSOP Share Trust converted into Hulamin ordinary shares of ten cents each in the share capital of Hulamin and were listed on the exchange of the JSE Limited on 1 August 2012.

3. SHARE CAPITAL continued

3.5 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 31 of the group financial statements.

Under the control of the directors

At 31 December 2012, 8 257 315 unissued ordinary shares (2011: 8 502 780) were under the control of the directors, for the purpose, *inter alia*, of existing employee share incentive schemes.

		2012 R'000	2011 R'000
4. 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.			
Amounts recognised in the balance sheet are as follows:			
Present value of unfunded obligations		**67 009**	65 227
Unrecognised actuarial losses		**(14 139)**	(15 707)
Liability in the balance sheet		**52 870**	49 520
The liability can be reconciled as follows:			
Balance at beginning of year		**49 520**	46 198
Total expense accrued		**8 163**	8 523
Benefit payments		**(5 185)**	(5 201)
Balance at end of year		**52 498**	49 520
Amounts recognised in the income statement are as follows:			
Interest costs		**5 260**	5 588
Actuarial loss recognised		**2 903**	2 935
		8 163	8 523
The principal actuarial long-term assumptions are:			
Discount rate	(%)	**8,400**	9,000
Future medical inflation rate	(%)	**7,400**	7,750
Sensitivity of future medical inflation rate			
1% increase in future medical inflation rate – effect on the aggregate of the service and interest costs		**541**	567
1% increase in future medical inflation rate – effect on the obligation		**6 350**	6 298
1% decrease in future medical inflation rate – effect on the aggregate of the service and interest costs		**(467)**	(490)
1% decrease in future medical inflation rate – effect on the obligation		**(5 505)**	(5 448)
Estimated benefits payable by the group in the next financial year		**5 635**	5 285

4. POST-RETIREMENT MEDICAL AID BENEFITS continued

Historical information		2012 R'000	2011 R'000	2010 R'000	2009 R'000	2008 R'000
Present value of unfunded obligations		**67 009**	65 227	65 161	58 281	56 970
Experience loss/(gain) on plan liabilities		**432**	(1 081)	1 708	1 710	4 063
Experience loss/(gain) as a percentage of liabilities	(%)	**0,64**	(1,66)	2,62	2,93	7,13

	2012 R'000	2011 R'000
5. ADMINISTRATIVE EXPENSES		
Post retirement medical aid costs	**8 163**	8 523
Auditors' remuneration (note 5.1)	**140**	150
Other costs	**3 416**	3 670
	11 719	12 343
5.1 Auditors' remuneration		
Audit fees	**123**	134
Expenses	**17**	16
	140	150
5.2 Directors' emoluments		
Non-executives		
Fees (note 30 group financial statements)	**2 985**	2 019
	2 985	2 019

		2012 R'000	2011 R'000
6. TAXATION			
South African normal taxation:			
Current			
Current year		**19 338**	17 519
Prior year under/(over) provision		**4**	(237)
Deferred			
Current year (note 2)		**(941)**	(931)
Prior year over provision (note 2)		**(4)**	–
		18 397	16 351
Normal rate of taxation	(%)	**28,0**	28,0
Adjusted for:			
Prior year adjustments	(%)	**–**	(0,4)
Other adjustments	(%)	**–**	0,6
Effective rate of taxation	(%)	**28,0**	28,2

7. RELATED PARTY TRANSACTIONS

During the year the company, in the ordinary course of business, entered into the following related party transactions:

	2012 R'000	2011 R'000
Interest received from subsidiaries	**73 934**	67 930
Loan balance owing by subsidiary (note 1)	**646 424**	598 858
Agency fees received from subsidiary	**60**	60
Management fees received from subsidiary	**3 427**	2 448

The company has provided a guarantee to funders of non-current borrowings of the group (refer note 11 of the group annual financial statements).

Transactions with non-executive directors are detailed in note 30 of the group annual financial statements.

SHAREHOLDER INFORMATION


3
WARE
ACCESS
DURING CRANE
ACTIVITY
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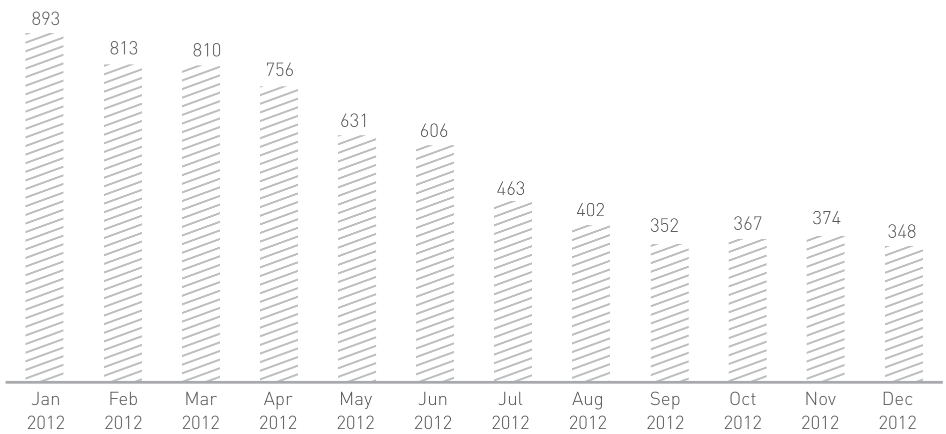
ANALYSIS OF ORDINARY SHAREHOLDERS
as at 31 December 2012

	Number of ordinary shareholders	Percentage of total	Number of shares	Percentage of issued shares
Size of holdings				
1 – 1 000	2 759	53,66	755 870	0,23
1 001 – 10 000	1 608	31,28	5 896 745	1,85
10 001 – 100 000	554	10,78	17 953 161	5,64
100 001 – 1 000 000	176	3,42	53 756 227	16,90
Over 1 000 000 shares	44	0,86	239 779 047	75,37
	5 141	100,00	318 141 050	100,00
Public/non-public shareholders				
Non-public shareholders				
Industrial Development Corporation	1		94 587 954	29,73
Directors of the company	5		269 401	0,08
Associate of director	1		36 700	0,01
Hulamin Management Share Ownership Trust	1		86 418	0,03
Total non-public shareholders	8		94 980 473	29,85
Public shareholders	5 133		223 160 577	70,15
Total listed shareholders	5 141		318 141 050	100,00
Beneficial shareholders holding more than 3% of share capital				
Industrial Development Corporation	1		94 587 954	29,73
Coronation Fund Managers	1		31 205 530	9,81
Government Employees Pension Fund	1		23 945 204	7,52
Old Mutual	1		23 279 552	7,32
Investec	1		16 921 143	5,32
A class ordinary shares				
Chaldean Trading 67 (Pty) Ltd	1	100,00	36 235 470	100,00
B1 ordinary shares				
Hulamin Employee Share Ownership Trust:				
No IT 645/2007/PMB	1	100,00	–	
B2 ordinary shares				
Hulamin Management Share Ownership Trust:				
No IT 644/2007/PMB	1	100,00	–	
B3 ordinary shares				
Hulamin Management Share Ownership Trust:				
No IT 644/2007/PMB	1	100,00	–	

HULAMIN SHARE PRICE

Hulamin volume weighted average share price by month (cents per share)



SHAREHOLDERS' 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 seventy third annual general meeting of shareholders will be held at the company's offices, Moses Mabhida Road, Pietermaritzburg, KwaZulu-Natal on Thursday, 18 April 2013 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. For the avoidance of doubt, the Memorandum and Articles of Association of the company are referred to as the Memorandum of Incorporation in accordance with the terminology used in the new Companies Act.

1. To receive, consider and adopt the annual financial statements of the company for the year ended 31 December 2012 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 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 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

   Details of each director are set out on page 38 and 39 of the integrated annual report.

4. To re-elect the following directors who retire by rotation in accordance with Articles 77 and 78 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

   Mr G H M Watson

   Details of each of these retiring directors are set out on pages 38 and 39 of the integrated annual report.

5. To re-elect Mr D A Austin who was appointed as the Chief Financial Officer and to the board of the company on 1 March 2013, and who retires in accordance with Article 86 of the Company's Memorandum of Incorporation and who, being eligible, offers himself for re-election. His details are set out in Annexure B to this meeting notice.

6. Amendments to the Hulamin Share Appreciation Right Scheme 2007 (the HSAR scheme); Hulamin Long Term Incentive Plan 2007 (the HLTIP scheme); and Hulamin Deferred Bonus Plan 2007 (the HDBP scheme).

Hulamin adopted the HSAR scheme, the HLTIP scheme and the HDBP scheme at a shareholders' meeting on 19 April 2007. Shareholders subsequently approved amendments to the above three schemes to ensure compliance to the revised schedule 14 of the JSE Listings Requirements at the annual general meeting held on 21 July 2011. Shareholders also approved amendments to the HLTIP scheme at the annual general meeting held on 7 May 2012 to allow for the making of conditional awards that are partly subject to performance conditions or not subject to any performance conditions.

In terms of schedule 14 of the JSE Listings Requirements, share incentive schemes are required to contain a provision relating to the maximum number of shares which may be issued to settle share incentives, referred to as the overall company limit and, a provision relating to the maximum number of shares which can be obtained by any single participant in the schemes via the settlement of share incentives throughout the life of the scheme, referred to as an individual limit.

When the above three share schemes were adopted by shareholders in 2007, the maximum number of shares which could be issued for the purposes of the three above share schemes and the settlement obligations taken over in respect of the Tongaat Hulett share schemes at the time of unbundling of Hulamin in 2007 from Tongaat Hulett Limited, was set at no more than 21 300 000 shares (which represented approximately 10% of the number of issued ordinary shares in the company at the time of listing). The individual limit was set at 2 130 000 shares (which represented approximately 1% of the number of issued ordinary shares in the Company at the time of listing.)

In 2010, shareholders approved a rights offer and a further 100 000 000 ordinary shares were issued, however, no amendments were made to the overall company limit and the individual limit of the above three share schemes at the time. There is a need to restate the overall company limit and the individual limit following the rights offer and considering the recent share incentive awards and the fall in Hulamin's share price.

The Hulamin board recommends that the overall company limit defined in the above three share schemes be increased by 10% of 100 000 000 shares, and now be set at 31 300 000 shares. It is further recommended that the individual limit defined in the above three share schemes, be increased by 1% of 100 000 000 shares and now be set at 3 130 000 shares.

The amended HSAR scheme, the HLTIP scheme and the HDBP scheme rules will lie for inspection at the company's registered office from Monday, 18 March 2013 to Thursday, 18 April 2013.

Ordinary resolution number 1

"Resolved that the overall company limit be amended from 21 300 000 shares to 31 300 000 shares and that the individual limit be amended form 2 130 000 shares to 3 130 000 shares, in the Hulamin Share Appreciation Right Scheme 2007; in the Hulamin Long Term Incentive Plan 2007; and in the Hulamin Deferred Bonus Plan 2007."

In terms of the JSE Listings Requirements, 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the annual general meeting must be cast in favour of this resolution for it to be adopted.

7. Approval of non-executive directors' fees

Directors' fees were approved at the annual general meeting in 2012 and were applicable for the 12-month period ending 31 July 2013.

The board, on the recommendation of the Remuneration and Nomination Committee, proposes that the directors' fees for the period commencing 1 August 2013, be as set out overleaf.

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 twelve-month period commencing 1 August 2013, be and are hereby approved."

	Present fees to 31 July 2013 Rand		Proposed fees from 1 August 2013 Rand	
Type of fee	Retainer per annum	Attendance per meeting	Retainer per annum	Attendance per meeting
Hulamin board				
Chairman	331 900	28 450	**331 900**	**28 450**
Non-executive directors	115 500	9 900	**121 275**	**10 395**
Audit Committee				
Chairman	83 125	11 875	**87 281**	**12 469**
Non-executive directors – member	48 300	6 900	**50 715**	**7 245**
– invitee				**7 245**
Risk and SHE Committee				
Chairman	57 400	8 200	**60 270**	**8 610**
Non-executive directors – member	31 500	4 500	**33 075**	**4 725**
– invitee				**4 725**
Remuneration and Nomination Committee				
Chairman	57 400	8 200	**60 270**	**8 610**
Non-executive directors – member	31 500	4 500	**33 075**	**4 725**
– invitee				**4 725**
Transformation, Social and Ethics Committee				
Chairman	57 400	8 200	**60 270**	**8 610**
Non-executive directors – member	31 500	4 500	**33 075**	**4 725**
– invitee				**4 725**
Ad-hoc board committee				
Chairman	57 400	8 200	**60 270**	**8 610**
Non-executive directors – member	31 500	4 500	**33 075**	**4 725**
– invitee				**4 725**
Hulamin board – International directors				
Non-executive directors	28 840	2 470	**29 474**	**2 524**

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.

8. 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."

9. Adoption of new Memorandum of Incorporation

The reason for special resolution number 3 is to approve the company's Memorandum of Incorporation in order to ensure the company's compliance with the Companies Act, the JSE Listings Requirements and principles of good corporate governance.

The coming into effect of the Companies Act has materially altered the requirements for the Memorandum of Incorporation of a company. In response thereto, the JSE has also revised its requirements for the Memorandum of Incorporation of a listed company and requires companies to alter their Memorandum of Incorporation so as to comply with the new requirements. In order to ensure compliance with the Companies Act and the JSE Listings Requirements, as well as in order to optimise its governance processes in a changed regulatory environment, the company has undertaken a process of review of its existing Memorandum of Incorporation (formerly its memorandum and articles of association) and has prepared a new Memorandum of Incorporation in substitution thereof.

A summary of the company's new Memorandum of Incorporation and the key differences with the existing Memorandum of Incorporation is set out in Annexure A to this notice of meeting.

The new Memorandum of Incorporation will lie for inspection at the company's registered office from Monday, 18 March 2013 to Thursday, 18 April 2013.

Special resolution number 3

"Resolved as a special resolution, that the existing Memorandum of Incorporation of the company (formerly its memorandum and articles of association) be and is hereby substituted in its entirety by the new Memorandum of Incorporation, which has been signed by the secretary of the meeting on the cover page for identification purposes, which Memorandum of Incorporation, will take effect from date of filing with the Companies and Intellectual Property Commission."

10. 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 in pages 59 to 61 of the integrated annual report.

The Hulamin Remuneration and Nomination Committee has considered the remuneration policy and recommend that shareholders approve the following resolution:

"Resolved that the Hulamin remuneration policy, set out in pages 59 to 61 of the integrated annual report and which is deemed to be part of the annual general meeting notice, be endorsed."

11. Report back from the Transformation, Social and Ethics Committee on social and ethics matters pertaining to the company.

12. To transact such other business as may be transacted at an annual general meeting.

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, 8 March 2013.

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, 12 April 2013. The last day to trade for the purposes of being entitled to attend and vote at the annual general meeting is therefore Friday, 5 April 2013.

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, 16 April 2013. 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 drivers' 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 at least five business days prior to the annual general meeting 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

21 February 2013

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

Summary of key aspects of Hulamin Limited Memorandum of Incorporation

The Companies Act, No 71 of 2008 ("Companies Act") came into effect on 1 May 2011. The JSE has amended the JSE Listings Requirements in order to align them with the provisions of the Companies Act.

In terms of the Companies Act, the Memorandum of Association and Articles of Association of the company prevail, subject to certain exceptions, notwithstanding any conflicts with the Companies Act. However, after 30 April 2013 the Memorandum and Articles of Association will be void to the extent that they are in conflict with the Companies Act.

In light of these developments it is necessary to replace the company's Memorandum and Articles of Association with a new Memorandum of Incorporation which is aligned with the Companies Act and the amended JSE Listings Requirements.

Key aspects of the new Memorandum of Incorporation and differences with the existing Memorandum of Incorporation (formerly the memorandum and articles of association) are described briefly below:

- The definitions appear in Schedule A to the new Memorandum of Incorporation, rather than at the beginning of the document. The new Memorandum of Incorporation refers to "holders of securities" and "shareholders" instead of the term "members" which is used in the existing Memorandum of Incorporation since the term "members" is used in the Companies Act in relation to non-profit companies.
- The existing Memorandum of Incorporation provides that any variation of the rights attached to any class of shares requires the separate approval of the holders of that class of shares. The Companies Act provides that any alteration to the share capital of the company, whether issued or not, may be made by way of an amendment to the Memorandum of Incorporation, which is effected by a special resolution of all of the shareholders and not by a special resolution of the class of affected shareholders. This position is reflected in the new Memorandum of Incorporation. However, as provided in the existing Memorandum of Incorporation, the preferences, rights, limitations and other terms attaching to the A ordinary shares may only be altered by way of an amendment to the new Memorandum of Incorporation if the approval of the holders of the A ordinary shares is obtained at a separate meeting of those shareholders.
- The existing Memorandum of Incorporation provides that no shares ranking in priority to or *pari passu* with existing preference shares may be created without the consent of the holders of the existing preference shares. This protection does not appear in the new Memorandum of Incorporation since neither the Companies Act nor the current version of the JSE Listings Requirements require it.
- The Companies Act permits directors to make rules pertaining to the governance of a company, but consistent with the JSE Listings Requirements, the new Memorandum of Incorporation prohibits the directors from making rules for the company.
- In terms of the Companies Act the company may not, amongst other types of financial assistance, make loans to related companies without a special resolution of shareholders. The new Memorandum of Incorporation reflects this position.
- 15 business days' notice will be given of all shareholders' meetings as opposed to 21 calendar days for shareholders' meetings at which special resolutions are to be passed, and 14 calendar days for other shareholders' meetings.
- The quorum for shareholders' meetings is 25% of the holders of voting rights which may be exercised at the meetings, provided that at least three shareholders are present or represented. This percentage threshold has been added in line with the Companies Act.
- Shareholder resolutions may be passed by written consent but unanimous consent is no longer required. Matters which are required to be dealt with at a meeting in terms of the JSE Listings Requirements may not be voted on by way of a written polling process.

- There is no longer a limitation of six months on the duration of validity of a proxy instrument.
- In terms of the Companies Act it is necessary for persons to provide identification in order to prove their entitlement to attend and vote at a shareholders' meeting. This requirement is reflected in the new Memorandum of Incorporation.
- In terms of the Companies Act and consequently the new Memorandum of Incorporation, directors are elected by the shareholders by way of an ordinary resolution. In accordance with the JSE Listings Requirements, the new Memorandum of Incorporation provides that a person who nominates a person for election as a director may not vote for the election of that person as a director.
- The new Memorandum of Incorporation provides that at least one third of directors (i.e. both non-executive and executive directors) must retire at the company's annual general meeting.
- In terms of the Companies Act, alternate directors are elected by the shareholders and not nominated by directors as provided in the existing Memorandum of Incorporation. This position is reflected in the new Memorandum of Incorporation.
- Dividends are declared by directors only. Unlike the existing Memorandum of Incorporation, the new Memorandum of Incorporation does not authorise the shareholders to declare dividends.
- The new Memorandum of Incorporation does not provide that dividends unclaimed for three years may be forfeited to the company as is the case in the existing Memorandum of Incorporation.
- The issue of capitalisation shares or payments in lieu of capitalisation shares may now be authorised by the directors without reference to the shareholders.
- There is no need for shareholders to give special consent to the delivery of notices and documents to shareholders electronically. The Companies Act provides the necessary authorisation.

ANNEXURE B

DAVID ALAN AUSTIN (55)

Chief Financial Officer

BCom; Dip Acc; CA (SA); University of Natal

A graduate of the University of Natal, David served articles with Ernst & Young. He then spent two years at their London office before joining the Barlow Rand Group on his return to South Africa in 1987.

David held various senior financial positions within the Barlows Group including Group Financial Manager and Group Secretary of the CG Smith Group Limited, a listed subsidiary of the Barlows Group. In 2000, the C G Smith Group was unbundled and David opted to pursue his own business ventures.

In January 2007 David was appointed Senior General Manager Group Finance for Macsteel International and subsequently a director of Macsteel International South Africa. He was then appointed Chief Financial Officer of the Macsteel International Trading group in February 2010.

David was appointed Chief Financial Officer of Hulamin Limited with effect from 1 March 2013.

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
3rd Floor, 102 Stephen Dlamini Road
Durban, 4001
PO Box 1049, Durban, 4000
Practice number: 905178E
Telephone: +27 31 271 2000
Facsimile: +27 31 202 8220
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
V N Khumalo
T P Leeuw
J B Magwaza
N N A Matyumza
M E Mkwanazi, *Chairman*
S P Ngwenya
G Pretorius (resigned with effect from 31 August 2012)
P H Staude
G H M Watson

Executive directors
R G Jacob, *Chief Executive Officer*
C D Hughes, *Chief Financial Officer*
M Z Mkhize, *Manufacturing Director*

Company Secretary

W Fitchat
E-mail: willem.fitchat@hulamin.co.za

FORM OF PROXY

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 not later than 15:00 on Tuesday, 16 April 2013. 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, 18 April 2013, 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 appoint H Govind as the designated auditor			
3.	Appointment of group Audit Committee members and T P Leeuw as chairman of the group Audit Committee:			
3.1	L C Cele			
3.2	T P Leeuw as chairman			
3.3	N N A Matyumza			
4.	Re-election of directors retiring by rotation:			
4.1	V N Khumalo			
4.2	P H Staude			
4.3	G H M Watson			
5.	Re-election of D A Austin as director			
6.	Ordinary resolution number 1: Adopt the amendments to the overall company limit and individual limit in the Hulamin Share Appreciation Right Scheme 2007; in the Hulamin Long Term Incentive Plan 2007 and in the Hulamin Deferred Bonus Plan 2007			
7.	Special resolution number 1: Approval of non-executive directors' fees			
8.	Special resolution number 2: Provision of financial assistance			
9.	Special resolution number 3: Adoption of new Memorandum of Incorporation			
10.	Non-binding advisory vote – remuneration policy			

Signed at on this day of 2013

Signature:

NOTES TO THE FORM OF PROXY

1. A shareholder's 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.

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