



# HULAMIN

# UNAUDITED INTERIM RESULTS

## FOR THE HALF-YEAR ENDED 30 JUNE 2011

- Rolled Products sales volumes increase 22% to 208 000 tons annualised
- Headline earnings improve by 167% to R71 million, off a low base
- Reductions in unit costs continue

### CONDENSED INCOME STATEMENT

	Unaudited Half-year 30 June 2011 R'000	Unaudited Half-year 30 June 2010 R'000	Audited Year ended 31 December 2010 R'000
<b>Revenue</b>	3 354 006	2 704 645	5 808 667
Cost of sales	(3 114 182)	(2 518 140)	(5 260 954)
<b>Gross profit</b>	239 824	186 505	547 713
Other gains and losses	90 768	111 225	71 744
Selling and marketing expenses	(162 091)	(153 262)	(312 113)
Administrative expenses	(36 785)	(42 671)	(89 111)
<b>Operating profit</b>	131 716	101 797	218 233
Net finance costs	(29 318)	(69 188)	(116 923)
Share of profits/(losses) of associates and joint ventures	191	(191)	2 654
<b>Profit before tax</b>	102 589	32 418	103 964
Taxation	(29 978)	(6 255)	(30 716)
<b>Net profit for the year</b>	72 611	26 163	73 248
<b>Headline earnings</b>			
Net profit for the year	72 611	26 163	73 248
Loss on disposal of property, plant and equipment	–	492	2 174
Net impairments	(709)	–	–
Tax effects of adjustments	(1 023)	(138)	(609)
<b>Headline earnings attributable to shareholders</b>	70 879	26 517	74 813
<b>Earnings per share</b>			
Basic (cents)	23	11	26
Diluted (cents)	23	11	26
<b>Headline earnings per share</b>			
Basic (cents)	22	11	27
Diluted (cents)	22	11	26
<b>Dividend per share</b> (cents)	–	–	–
<b>Currency conversion</b>			
Rand/US dollar average	6,91	7,54	7,32
Rand/US dollar closing	6,82	7,64	6,63

### CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half-year 30 June 2011 R'000	Unaudited Half-year 30 June 2010 R'000	Audited Year ended 31 December 2010 R'000
<b>Net profit for the year</b>	72 611	26 163	73 248
Cash flow hedges, net of tax	(33 515)	(3 854)	39 362
<b>Total comprehensive income for the period</b>	39 096	22 309	112 610

### CONDENSED STATEMENT OF CHANGES IN EQUITY

	Unaudited Half-year 30 June 2011 R'000	Unaudited Half-year 30 June 2010 R'000	Audited Year ended 31 December 2010 R'000
<b>Balance at beginning of period</b>	4 609 534	3 744 279	3 744 279
Total comprehensive income for the period	39 096	22 309	112 610
Shares issued – share capital	1 372	9 421	10 059
Shares issued – share premium	767	727 481	726 216
Value of employee services	17 119	3 792	20 355
Settlement of employee share incentives	–	(1 084)	(4 025)
Tax on employee share incentives	(940)	535	40
<b>Total equity</b>	4 666 948	4 506 733	4 609 534

### CONDENSED CASH FLOW STATEMENT

	Unaudited Half-year 30 June 2011 R'000	Unaudited Half-year 30 June 2010 R'000	Audited Year ended 31 December 2010 R'000
<b>Cash flows from operating activities</b>			
Operating profit	131 716	101 797	218 233
Net interest paid	(34 141)	(80 558)	(136 596)
Loss on disposal of property, plant and equipment	–	492	2 174
Non-cash items:			
Depreciation and amortisation	106 075	92 739	192 899
Other non-cash items	94 676	38 213	(69 502)
Income tax payment	(11 267)	(11 399)	(16 408)
Changes in working capital	(184 173)	(363 480)	(244 532)
	102 886	(222 196)	(53 732)
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	(96 206)	(94 332)	(186 899)
Additions to intangible assets	(2 955)	–	(6 005)
Proceeds on disposal of property, plant and equipment	–	116	3 664
Decrease/(increase) in investment in associates and joint ventures	6 505	(32 617)	(38 770)
	(92 656)	(126 833)	(228 010)
<b>Cash flows from financing activities</b>			
Borrowings repaid	(27 965)	(421 009)	(490 482)
Shares issued	2 139	736 902	736 275
Settlement of share options, net of reversals	–	(1 084)	(4 025)
	(25 826)	314 809	241 768
<b>Net decrease in cash and cash equivalents</b>	(15 596)	(34 220)	(39 974)
Balance at beginning of period	24 439	64 413	64 413
<b>Cash and cash equivalents at end of period</b>	8 843	30 193	24 439

### CONDENSED BALANCE SHEET

	Unaudited Half-year 30 June 2011 R'000	Unaudited Half-year 30 June 2010 R'000	Audited Year ended 31 December 2010 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4 986 125	4 992 544	4 989 646
Intangible assets	34 775	28 963	33 346
Investments in associates and joint ventures	45 573	42 889	51 887
Retirement benefit asset	56 018	–	73 819
Deferred tax asset	21 609	16 026	22 102
	5 144 100	5 080 422	5 170 800
<b>Current assets</b>			
Inventories	1 275 664	1 352 022	1 189 929
Trade and other receivables	1 043 244	862 764	792 357
Derivative financial assets	58 451	43 734	180 247
Income tax asset	925	10 085	–
Cash and cash equivalents	8 843	30 193	24 439
	2 387 127	2 298 798	2 186 972
<b>Total assets</b>	7 531 227	7 379 220	7 357 772
<b>EQUITY</b>			
Share capital and share premium	1 730 969	1 729 457	1 728 830
BEE reserve	174 686	174 686	174 686
Employee share-based payment reserve	108 338	77 565	91 219
Hedging reserve	5 325	(4 376)	38 840
Retained earnings	2 647 630	2 529 401	2 575 959
<b>Total equity</b>	4 666 948	4 506 733	4 609 534
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current borrowings	628 082	628 220	627 759
Deferred income tax liabilities	949 655	909 861	941 260
Retirement benefit obligations	158 724	141 754	147 909
	1 736 461	1 679 835	1 716 928
<b>Current liabilities</b>			
Trade and other payables	760 366	721 469	607 917
Current borrowings	326 789	424 089	355 077
Derivative financial liabilities	40 663	47 094	66 971
Income tax liability	–	–	1 345
	1 127 818	1 192 652	1 031 310
<b>Total liabilities</b>	2 864 279	2 872 487	2 748 238
<b>Total equity and liabilities</b>	7 531 227	7 379 220	7 357 772
<b>Net debt to equity</b> (%)	20,3	22,7	20,8

### COMMENTARY

Hulamin's improving operational performance continued in the first half of 2011, resulting in increased production and therefore sales volumes, as well as reduced unit costs.

Sales of rolled products for the first half of 2011 saw an increase of 22% to 208 000 tons annualised compared to 170 000 tons in the comparative period. Rolling margins in US Dollars continued to improve driven by increases in both sales of high value products and market prices. Turnover grew to R3,4 billion, an increase of 24% over the comparative period.

The Rand continued to strengthen against the US Dollar and averaged R6,91 in the reporting period, 8% stronger than the average of R7,54 in the first half of 2010. The profit impact of this strengthening of the Rand offset much of the operational improvements achieved.

An insurance settlement of R26 million (after tax) arising from a breakdown of the Camps Drift Hot Mill in 2009 contributed to the 167% increase in headline earnings to R71 million.

Hulamin's order book remains healthy as a result of solid demand. Local sales showed a modest recovery, with the exception of the building and construction sector, which has continued to constrain sales of extrusions, as have ongoing low priced imports. Hulamin Extrusions is due to close the Cape Town extrusion plant at the end of September.

The R75 million project to increase rolling slab capacity in Pietermaritzburg was completed during the second quarter and is being ramped up to full capacity. Discussions continue with BHP Billiton on the supply of rolling slab beyond June 2012.

In the second half of 2011, prospects have been tempered by weaker demand in Europe and the USA, disruption of LP gas supply and the impact of the SEIFSA strike at local customers.

The above information has not been reviewed and reported on by the company's external auditors.

Hulamin is pleased to announce the appointment of Messrs Gerrit Pretorius and Geoff Watson as independent non-executive directors with effect from 1 August 2011. Mr Pretorius is a former CEO of Reunert Limited and has 37 years' experience in South African manufacturing. Mr Watson has held numerous senior executive positions in the aluminium rolling and steel industries, having spent the majority of his career with Alcoa Rolled Products in Australia and China.

**ME Mkwanazi**  
Chairman  
21 July 2011

**RG Jacob**  
Chief Executive Officer



### NOTES

#### 1. Basis of preparation

The condensed consolidated interim financial information of the group for the half-year ended 30 June 2011 has been prepared in accordance with IAS 34 – Interim Financial Reporting, under the supervision of the Chief Financial Officer, Charles Hughes CA(SA), and should be read in conjunction with the group's 2010 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards. The accounting policies and methods of computation adopted are consistent with those used in the preparation of the group's 2010 annual financial statements.

Hulamin has not adopted any new or revised accounting standards in the current period which have impacted the reported results.

	Unaudited Half-year 30 June 2011 R'000	Unaudited Half-year 30 June 2010 R'000	Audited Year ended 31 December 2010 R'000
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#### 2. Operating segment analysis

The group is organised into two major operating segments namely Hulamin Rolled Products and Hulamin Extrusions.

	Unaudited Half-year 30 June 2011 R'000	Unaudited Half-year 30 June 2010 R'000	Audited Year ended 31 December 2010 R'000
<b>Revenue</b>			
Hulamin Rolled Products	3 007 058	2 382 366	5 191 705
Hulamin Extrusions	346 948	322 279	616 962
<b>Group total</b>	3 354 006	2 704 645	5 808 667
<b>Operating profit</b>			
Hulamin Rolled Products	124 807	103 733	226 868
Hulamin Extrusions	6 909	(1 936)	(8 635)
<b>Group total</b>	131 716	101 797	218 233
<b>Total assets</b>			
Hulamin Rolled Products	7 203 220	7 072 257	7 069 431
Hulamin Extrusions	328 007	306 963	288 341
<b>Group total</b>	7 531 227	7 379 220	7 357 772

#### 3. Other gains and losses

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

#### 4. Taxation

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

	8 998	9 361	25 801
Normal			
Deferred	20 980	(3 106)	4 915
	29 978	6 255	30 716
Normal rate of taxation (%)	28,0	28,0	28,0
Adjusted for:			
Other non-allowable items (%)	1,2	(8,8)	1,5
	29,2	19,2	29,5

#### 5. Earnings per share

The weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:

	Number of shares June 2011	Number of shares June 2010	Number of shares December 2010
Weighted average number of shares used for basic EPS	316 842 024	245 185 429	281 206 387
Share options	3 866 149	3 575 815	3 498 720
Weighted average number of shares used for diluted EPS	320 708 173	248 761 244	284 705 107

#### 6. Commitments and contingent liabilities

	61 825	151 998	90 381
Capital expenditure contracted for but not yet incurred			
Operating lease commitments	7 307	11 225	9 392
Guarantees and contingent liabilities	23 086	25 840	25 962

### CORPORATE INFORMATION

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

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**Securities exchange listing**  
South Africa (Primary), JSE Limited

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

**Sponsor**  
Rand Merchant Bank (A division of FirstRand Bank Limited)  
1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196  
PO Box 786273, Sandton, 2146

**Directorate**  
Non-executive directors: LC Cele, VN Khumalo, TP Leeuw, JB Magwaza,  
NNA Matyuzma, ME Mkwanazi (Chairman), SP Ngwenya, PH Staude  
Executive directors: RG Jacob (Chief Executive Officer), CD Hughes, MZ Mkhize