



HULAMIN

UNAUDITED INTERIM RESULTS

for the half-year ended 30 June 2010

- Sales volumes recover, increasing by 32%
- Rand strength offsets recovery in demand and mix improvement

- Headline earnings per share of 11 cents in line with previous year
- High inventories and reduced sales due to port delays

Condensed Income Statement

	Unaudited Half-year 30 June 2010 R'000	Unaudited Half-year 30 June 2009 R'000	Audited Year ended 31 December 2009 R'000
Revenue	2 704 645	2 115 453	4 499 582
Cost of sales	(2 518 140)	(1 871 515)	(3 895 842)
Gross profit	186 505	243 938	603 740
Other gains and losses	111 225	96 577	53 968
Selling and marketing expenses	(153 262)	(162 556)	(323 438)
Administrative expenses	(42 671)	(63 634)	(90 296)
Operating profit	101 797	114 325	243 974
Net finance costs	(69 188)	(74 093)	(113 813)
Share of (losses)/profits of associates and joint ventures	(191)	203	383
Profit before tax	32 418	40 435	130 544
Taxation	(6 255)	(15 653)	(40 911)
Net profit for the period	26 163	24 782	89 633
Headline earnings			
Net profit for the period	26 163	24 782	89 633
Loss on disposal of property, plant and equipment	492	674	2 731
Tax effects of adjustments	(138)	(189)	(765)
Headline earnings attributable to shareholders	26 517	25 267	91 599
Earnings per share (cents)			
Basic	11	10	37
Diluted	11	10	36
Headline earnings per share (cents)			
Basic	11	10	37
Diluted	11	10	37
Dividend per share (cents)	-	-	-
Currency conversion			
Rand/US Dollar average	7,54	9,23	8,42
Rand/US Dollar closing	7,64	7,74	7,39

Condensed Statement of Comprehensive Income

	Unaudited Half-year 30 June 2010 R'000	Unaudited Half-year 30 June 2009 R'000	Audited Year ended 31 December 2009 R'000
Net profit for the period	26 163	24 782	89 633
Cash flow hedges, net of tax	(3 854)	(79 643)	(102 174)
Total comprehensive income/(loss) for the period	22 309	(54 861)	(12 541)

Condensed Statement of Changes in Equity

	Unaudited Half-year 30 June 2010 R'000	Unaudited Half-year 30 June 2009 R'000	Audited Year ended 31 December 2009 R'000
Balance at beginning of period	3 744 279	3 760 146	3 760 146
Share of total comprehensive income/(loss) for the period	22 309	(54 861)	(12 541)
Shares issued – share capital	9 421	20	45
Shares issued – share premium	727 481	1 010	1 594
Value of employee services	3 792	14 837	29 492
Settlement of employee share incentives	(1 084)	-	(7 547)
Tax on employee share incentives	535	1 622	1 627
Dividends paid	-	(28 537)	(28 537)
Total equity	4 506 733	3 694 237	3 744 279

Condensed Cash Flow Statement

	Unaudited Half-year 30 June 2010 R'000	Unaudited Half-year 30 June 2009 R'000	Audited Year ended 31 December 2009 R'000
Cash flows from operating activities			
Operating profit	101 797	114 325	243 974
Net interest paid	(80 558)	(99 865)	(170 409)
Loss on disposal of property, plant and equipment	492	674	2 731
Non-cash items:			
Depreciation and amortisation	92 739	100 172	197 733
Other non-cash items	38 213	(160 936)	(82 156)
Income tax payment	(11 399)	(48 044)	(66 949)
Changes in working capital	(363 480)	716 042	599 333
	(222 196)	622 368	724 257
Cash flows from investing activities			
Additions to property, plant and equipment	(94 332)	(220 087)	(351 811)
Additions to intangible assets	-	(3 024)	(3 554)
Proceeds on disposal of property, plant and equipment	116	2 257	3 534
Increase in investment in associates and joint ventures	(32 617)	-	-
	(126 833)	(220 854)	(351 831)
Cash flows from financing activities			
Borrowings repaid	(421 009)	(387 179)	(339 742)
Shares issued	736 902	1 030	1 639
Settlement of share options	(1 084)	-	(7 547)
Dividends paid	-	(28 537)	(28 537)
	314 809	(414 686)	(374 187)
Net decrease in cash and cash equivalents	(34 220)	(13 172)	(1 761)
Balance at beginning of period	64 413	66 174	66 174
Cash and cash equivalents at end of period	30 193	53 002	64 413

Condensed Balance Sheet

	Unaudited Half-year 30 June 2010 R'000	Unaudited Half-year 30 June 2009 R'000	Audited Year ended 31 December 2009 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	4 992 544	4 908 875	4 979 278
Intangible assets	28 963	30 942	29 874
Investments in associates and joint ventures	42 889	10 283	10 463
Deferred tax asset	16 026	12 553	13 899
	5 080 422	4 962 653	5 033 514
Current assets			
Inventories	1 352 022	848 727	1 015 029
Trade and other receivables	862 764	645 319	695 228
Derivative financial assets	43 734	179 629	97 970
Income tax asset	10 085	-	8 048
Cash and cash equivalents	30 193	53 002	64 413
Assets of disposal group held for sale	-	15 266	-
	2 298 798	1 741 943	1 880 688
TOTAL ASSETS	7 379 220	6 704 596	6 914 202
EQUITY			
Share capital and share premium	1 729 457	991 946	992 555
BEE reserve	174 686	174 686	174 686
Employee share-based payment reserve	77 565	63 770	74 097
Hedging reserve	(4 376)	22 009	(522)
Retained earnings	2 529 401	2 441 826	2 503 463
Total equity	4 506 733	3 694 237	3 744 279
LIABILITIES			
Non-current liabilities			
Non-current borrowings	628 220	852 376	763 496
Deferred income tax liabilities	909 861	890 936	912 876
Retirement benefit obligations	141 754	129 273	132 946
	1 679 835	1 872 585	1 809 318
Current liabilities			
Trade and other payables	721 469	488 926	580 420
Current borrowings	424 089	573 505	709 822
Derivative financial liabilities	47 094	60 277	70 363
Income tax liability	-	15 066	-
	1 192 652	1 137 774	1 360 605
Total liabilities	2 872 487	3 010 359	3 169 923
TOTAL EQUITY AND LIABILITIES	7 379 220	6 704 596	6 914 202
Net debt to equity (%)	22,7	37,2	37,6

Notes

- Basis of preparation**
The condensed consolidated interim financial information of the group for the half-year ended 30 June 2010 has been prepared in accordance with IAS 34 – Interim Financial Reporting and should be read in conjunction with the group's 2009 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 2009 annual financial statements.
- Operating segment analysis**
The group is organised into two major operating segments, namely Hulamin Rolled Products and Hulamin Extrusions.
REVENUE
Hulamin Rolled Products 2 382 366
Hulamin Extrusions 322 279
Group total 2 704 645
INTER-SEGMENT REVENUE
Hulamin Rolled Products -
Hulamin Extrusions -
OPERATING PROFIT
Hulamin Rolled Products 103 733
Hulamin Extrusions (1 936)
Group total 101 797
TOTAL ASSETS
Hulamin Rolled Products 7 072 257
Hulamin Extrusions 306 963
Group total 7 379 220
- 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.
- Taxation**
The tax charge/(relief) included within these interim financial statements is:
Normal 9 361
Deferred (3 106)
STC -
6 255
Normal rate of taxation (%) 28,0
Adjusted for:
STC (%) -
Other non-allowable items (%) (8,8)
19,2
- 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 2010	Number of shares June 2009	Number of shares December 2009
Weighted average number of shares used for basic EPS	245 185 429	244 163 303	244 338 984
Share options	3 575 815	2 362 966	2 897 707
Weighted average number of shares used for diluted EPS	248 761 244	246 526 269	247 236 691

The weighted average number of shares used in the calculation of basic and diluted earnings per share for both the current and comparative periods have been restated to take into account the impact of the rights issue in line with IAS 33.
- Commitments and contingent liabilities**
Capital expenditure contracted for but not yet incurred 151 998
Operating lease commitments 11 225
Guarantees and contingent liabilities 25 840

Commentary

Hulamin continues to focus on improving its underlying operational performance as global market conditions have improved and the start-up of the new assets gains momentum.

Overall demand for Hulamin's products has continued to improve, with improvements in particular in sales of can-end stock, brazing sheet and heat treated plate, although the South African and European markets continue to disappoint. This improvement in demand has seen prices tending firmer for the second half of 2010.

Sales volumes for the first half of 2010 were 94 000 tons, an increase of 32% over the equivalent period last year. The Transnet strike and extended period during which freight has taken to normalise has resulted in delays in the invoicing of approximately 6 000 tons which will be recognised in the second half of the year.

The strength of the Rand, which is at a similar level to the US Dollar as it was in 2003, has negatively impacted on export revenue, while the basket of costs, particularly wages and electricity, continue to rise. This highlights the risk to South African manufacturing as margins reduce due to a strong Rand. The start-up of the new Rolled Products expansion project assets has resulted in higher operating costs being incurred ahead of the equivalent revenue benefits.

Hulamin's after-tax earnings for the six months ended June 2010 were R26 million, a slight improvement of R1 million over the corresponding period.

The shipping delays caused by the Transnet strike have resulted in high levels of finished goods inventories being in transit and this, coupled with an increase in the Rand price of aluminium, has resulted in higher working capital and consequently adverse cash flows.

Hulamin remains engaged with BHP-Billiton and other stakeholders on the future of the supply of rolling slab and extrusion billet by BHP-Billiton beyond June 2011.

The rights offer was fully subscribed and has resulted in a significant reduction in debt. The focus in the business remains on reducing the current high inventory levels, improved cash cycles and restraints on capital expenditure.

Hulamin has submitted applications to ITAC for duties on both rolled and extruded products to be reintroduced. This has become necessary as imports of low priced products have increased, mostly from countries (particularly China) where industry support and protectionist measures are in place.

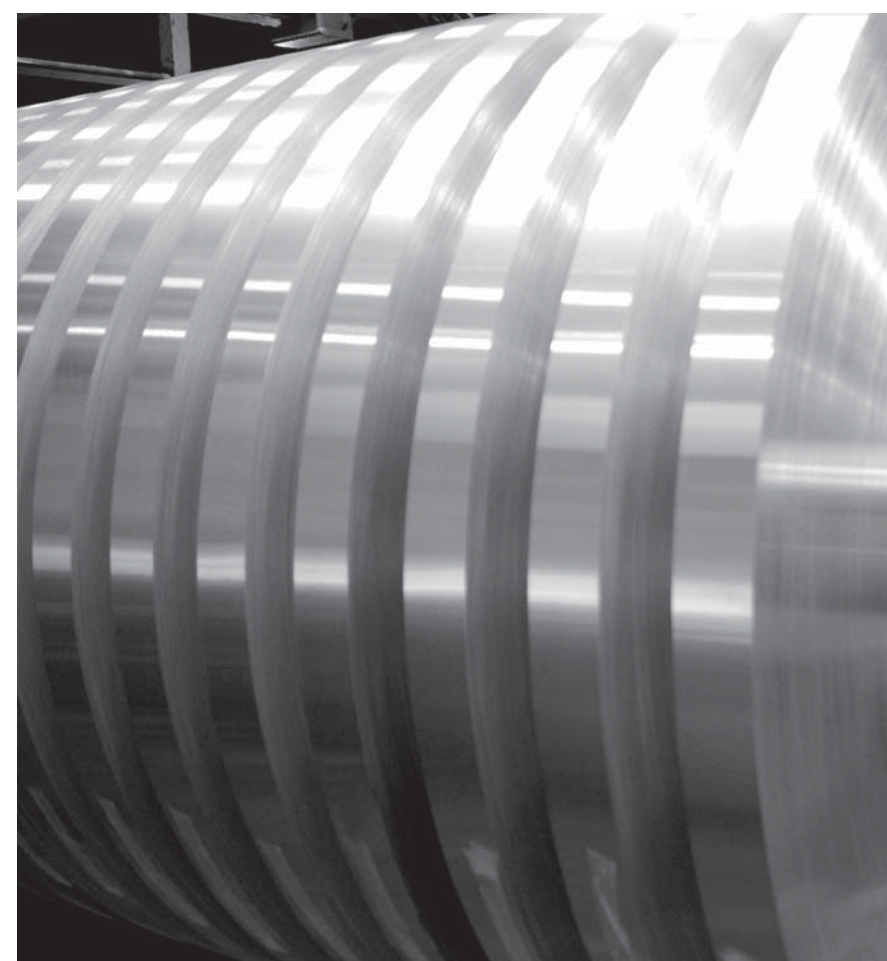
The outlook for the business remains positive, based on firm market demand and increasing sales of light gauge foil and plate as the utilisation of new project assets improves. Hulamin will remain focused on operational improvements, particularly cash cycles, improving efficiencies and reducing costs.

Recovery in Hulamin Extrusions remains tenuous, in line with the weak local market. The joint venture with Mazor in Hulamin Building Systems has been concluded and is expected to start yielding benefits from 2011.

Hulamin said farewell to departing CEO Alan Fourie at the end of June, after 25 years on the Hulamin Board. Alan led Hulamin with passion and loyalty on a particularly challenging growth and improvement path, overseeing the start-up of its two major expansion projects.

M E Mkwana
Chairman
22 July 2010

R G Jacob
Chief Executive Officer



Corporate information

HULAMIN LIMITED ("Hulamin" or "the group") Registration number: 1940/013924/06 Share code: HLM ISIN: ZAE00096210	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
Business and postal address Moses Mabhida Road, Pietermaritzburg, 3201 PO Box 74, Pietermaritzburg, 3200	Directorate Non-executive directors: L C Cele, V N Khumalo, T P Leeuw J B Magwaza, N N A Matyumza (with effect from 1 March 2010), M E Mkwana (Chairman), S P Ngwenya, P H Staude
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Securities exchange listing South Africa (Primary), JSE Limited	
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