Unaudited results for the half-year ended 30 June 2013

HULAMIN

Normalised earnings increased to

R91m

(June 2012: R11 million loss)

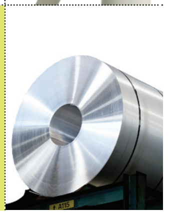
HEPS 17% up on corresponding period as previously reported, 32% down after 2012 restatement required by IAS 19R

Rolled Products sales

up 3%

to 195 000 tons annualised

Flexible working capital finance facility concluded



Commentary

Turnover increased by 13,1% to R3,6 billion (June 2012: R3,1 billion) on higher sales volumes and a weaker Rand, moderated by a lower aluminium price.

Hulamin Rolled Products sales grew a disappointing 3% to 97 000 tons off the low base recorded in the first half of 2012. Poor market conditions in the first quarter of 2013 lead to an imbalance in the plant product mix load which corrected in the second quarter.

Preventative maintenance and plant upgrade work was completed during a planned nine day outage in May, resulting in the loss of some 5 000 tons of production. This concluded the upgrade to the Camps Drift Hot Mill which formed part of the original insurance claim in respect of the downtime that occurred in 2012, and consequently insurance proceeds of R23 million (pre-tax), which offset the loss of production incurred this year, are included in these results.

The London Metals Exchange price of aluminium fell by approximately $200 per ton during the period, which resulted in a negative metal price lag adjustment of R29 million (June 2012: R15 million positive).

In March, consultation commenced with employees on possible rightsizing of the workforce. This process, which is now largely complete, will see a headcount reduction of approximately 140 people. Once-off severance costs of R35 million (pre-tax) have been provided for in these results.

Operating profit before exceptional items and metal price lag increased to R187 million in 2013 (June 2012: R1 million loss), which is the highest level since 2006.

Interest paid and net borrowings remained largely in line with the comparative period at R31 million and R799 million respectively.

Revised accounting standard, IAS 19R, became effective in the current period and Hulamin has thus applied it for the first time. Although the revised standard had little impact in the current period, it has had a substantial effect on the restatement of the corresponding prior period. This material difference arose from the conversion of the Hulamin pension fund from defined benefit to defined contribution in 2012. Full details of the impact are provided in the accompanying notes.

Headline earnings per share decreased by 32% to 21 cents (increased 17% before restatement of the prior period), while earnings declined by 42% (10% before restatement) to R66 million (June 2012: R114 million). The board has decided not to declare an interim dividend.

Markets
International and local markets started the year soft, following the slowdown late in 2012. Although local demand has remained subdued, we have secured a full and balanced order book, ensuring that the plant is well loaded for the second half of 2013.

Aluminium beverage cans in South Africa
As announced in November 2012, Hulamin concluded an agreement with Nampak for the supply of 28 000 tons of aluminium can body stock from 2013 to 2015. Hulamin has made good progress in developing the product to international quality specifications and has concluded successful commercial trials in Europe. Local commercial qualification is due to start in the third quarter of 2013.

Rolling slab and extrusion billet supply
Hulamin produces the majority of its rolling slab requirements in its own facilities in Pietermaritzburg, and sources the balance from BHP Billiton's Bayside smelter. Hulamin and BHP Billiton continue to discuss the future of supply from the Bayside casthouse. Agreement has been reached to extend the supply of rolling slab to the end of March 2014. Hulamin continues to import extrusion billet.

Metal Inventory and Receivables Facility (MIRF)
The new three-year R1,45 billion MIRF, agreed at the end of June 2013, will replace the current R1,14 billion debt facilities and provides the required flexibility to absorb movements in the value of working capital, to which Hulamin is exposed in the course of normal operations.

Equipment reliability risk assessment
A comprehensive review of Hulamin's equipment risk was completed in the first half of 2013, using internal resources and experienced global expert consultants. The study identified key asset upgrade and critical component strategic spares requirements. Hulamin has commenced the process of allocating capital expenditure accordingly.

Outlook
In line with improvements to the order book, we have firm prospects for improved sales volumes in the second half. We look forward to commencing local supply of aluminium can body stock and the ongoing positive momentum from our manufacturing excellence initiatives leading to improved plant performance.

ME Mkwanazi
Chairman

RG Jacob
Chief Executive Officer

25 July 2013

Condensed Group Income Statement

	Note	Unaudited Half-year 30 June 2013 R'000	Restated Half-year 30 June 2012 R'000	Restated Year ended 31 December 2012 R'000
Revenue		**3 554 146**	3 142 955*	6 541 997
Cost of sales		**(3 200 876)**	(2 761 630)*	(6 038 514)
Gross profit		**353 270**	381 325	503 483
Other gains and losses	5	**2 198**	23 408	41 938
Selling and marketing expenses		**(191 968)**	(179 442)	(361 621)
Administrative and other expenses		**(40 750)**	(41 363)	(82 713)
Operating profit		**122 750**	183 928	101 087
Net finance costs		**(30 884)**	(32 022)	(62 909)
Share of profits of joint ventures		**–**	183	181
Profit before tax		**91 866**	152 089	38 359
Taxation	3	**(25 473)**	(38 282)	(9 106)
Net profit for the period		**66 393**	113 807	29 253
Headline earnings				
Net profit for the period		**66 393**	113 807	29 253
Loss/(profit) on disposal of property, plant and equipment		**15**	(17 779)	(15 419)
Net impairments		**–**	–	84 057
Loss on sale of investment in joint venture		**–**	–	3 793
Tax effects of adjustments		**(4)**	2 203	(22 763)
Headline earnings attributable to shareholders		**66 404**	98 231	78 921
Severance costs		**24 860**	–	–
Effect of pension fund conversion		**–**	(113 121)	(21 584)
Revaluation of assets to be disposed		**–**	3 557	–
Normalised earnings		**91 264**	(11 333)	57 337
Earnings per share (cents)	6			
Basic		**21**	36	9
Diluted		**21**	35	9
Headline earnings per share (cents)				
Basic		**21**	31	25
Diluted		**21**	31	25
Normalised earnings per share (cents)				
Basic		**29**	(4)	18
Dividend per share (cents)		**–**	–	–
Currency conversion				
Rand/US dollar average		**9,23**	7,94	8,22
Rand/US dollar closing		**9,99**	8,19	8,47

* *Prior period information has been reclassified (refer note 5).*

Condensed Group Statement of Comprehensive Income

	Unaudited Half-year 30 June 2013 R'000	Restated Half-year 30 June 2012 R'000	Restated Year ended 31 December 2012 R'000
Net profit for the period	**66 393**	113 807	29 253
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit assets and obligations, net of tax	**–**	(170 046)	(12 517)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges, net of tax	**(30 174)**	(3 025)	(17 220)
Other comprehensive loss for the period, net of tax	**(30 174)**	(173 071)	(29 737)
Total comprehensive income/(loss) for the period	**36 219**	(59 264)	(484)

Condensed Group Balance Sheet

	Unaudited Half-year 30 June 2013 R'000	Restated Half-year 30 June 2012 R'000	Restated Year ended 31 December 2012 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**4 632 402**	4 836 034	4 673 697
Intangible assets	**60 387**	51 106	63 437
Investments in joint ventures		40 405	–
Retirement benefit asset	**160 425**	100 000	177 179
Deferred tax asset	**28 538**	26 175	33 632
	4 881 752	5 053 720	4 947 945
Current assets			
Inventories	**1 798 252**	1 463 790	1 515 612
Trade and other receivables	**1 024 293**	784 043	945 223
Derivative financial assets	**34 287**	45 681	46 990
Cash and cash equivalents	**11 837**	8 119	29 596
Income tax asset	**384**	–	–
Disposal group held for sale	**–**	30 192	–
	2 869 053	2 331 825	2 537 421
Total assets	**7 750 805**	7 385 545	7 485 366
EQUITY			
Share capital and share premium	**1 817 539**	1 727 648	1 817 434
BEE reserve	**174 686**	174 686	174 686
Employee share-based payment reserve	**105 285**	105 262	101 099
Hedging reserve	**(39 072)**	5 297	(8 898)
Retained earnings	**2 729 388**	2 684 130	2 663 276
Total equity	**4 787 826**	4 697 023	4 747 597
LIABILITIES			
Non-current liabilities			
Non-current borrowings	**520 867**	628 595	556 948
Deferred income tax liabilities	**963 224**	937 921	962 518
Retirement benefit obligations	**239 965**	221 146	233 242
	1 724 056	1 787 662	1 752 708
Current liabilities			
Trade and other payables	**801 105**	676 649	718 974
Current borrowings	**290 195**	179 656	215 131
Derivative financial liabilities	**147 623**	43 239	49 443
Income tax liability	**–**	1 316	1 513
	1 238 923	900 860	985 061
Total liabilities	**2 962 979**	2 688 522	2 737 769
Total equity and liabilities	**7 750 805**	7 385 545	7 485 366
Net debt to equity (%)	**16,7**	17,0	15,6

Condensed Group Statement of Changes in Equity

	Unaudited Half-year 30 June 2013 R'000	Restated Half-year 30 June 2012 R'000	Restated Year ended 31 December 2012 R'000
Total equity			
Balance at beginning of period	**4 747 597**	4 756 289	4 756 289
Total comprehensive income/(loss) for the period	**36 219**	(59 264)	(484)
Shares issued	**105**	5	25
Redemption of B ordinary shares	**–**	–	(129)
Value of employee services	**4 186**	(488)	(1 878)
Settlement of employee share incentives	**–**	–	(6 017)
Tax on employee share incentives	**(281)**	481	(209)
Balance at end of period	**4 787 826**	4 697 023	4 747 597

Condensed Group Cash Flow Statement

	Unaudited Half-year 30 June 2013 R'000	Restated Half-year 30 June 2012 R'000	Restated Year ended 31 December 2012 R'000
Cash flows from operating activities			
Operating profit	**122 750**	183 928	101 087
Net interest paid	**(31 145)**	(33 534)	(65 510)
Loss/(profit) on disposal of property, plant and equipment	**15**	(17 779)	(15 419)
Depreciation, amortisation and impairment of property, plant and equipment	**110 202**	105 077	306 486
Other non-cash items	**96 642**	(167 531)	(26 243)
Income tax payment	**(10 121)**	(10 422)	(20 338)
Changes in working capital	**(279 579)**	(26 375)	(181 671)
	8 764	33 364	98 392
Cash flows from investing activities			
Additions to property, plant and equipment	**(60 342)**	(42 506)	(82 319)
Additions to intangible assets	**(5 269)**	(5 317)	(15 621)
Proceeds on disposal of property, plant and equipment	**–**	22 672	34 926
Decrease in investment in joint ventures	**–**	359	36 969
	(65 611)	(24 792)	(26 045)
Cash flows from financing activities			
Increase/(decrease) in borrowings	**38 983**	(20 358)	(56 530)
Shares issued	**105**	5	25
Redemption of B ordinary shares	**–**	–	(129)
Settlement of share options	**–**	–	(6 017)
	39 088	(20 353)	(62 651)
Net (decrease)/increase in cash and cash equivalents	**(17 759)**	(11 781)	9 696
Balance at beginning of period	**29 596**	19 900	19 900
Cash and cash equivalents at end of period	**11 837**	8 119	29 596

Notes

1. Basis of preparation

The unaudited condensed consolidated interim financial information of the group for the half-year ended 30 June 2013 has been prepared in accordance with *IAS 34 – Interim Financial Reporting* and the Companies Act No 71 of 2008, under the supervision of the Chief Financial Officer, Mr DA Austin CA(SA), and should be read in conjunction with the group's 2012 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards.

Hulamin believes normalised earnings to more accurately reflect operational performance. Headline earnings are adjusted to take into account non-operational and abnormal gains and losses.

The accounting policies and methods of computation adopted are consistent with those used in the preparation of the group's 2012 annual financial statements, except as described below:

- Certain amendments to IAS 1 arising from the Annual Improvements programme (2009 to 2011). The amendments to IAS 1 introduce a grouping of items in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The amendment affected presentation only and has had no impact on the group's financial position or performance.
- IAS 19 (Revised 2011) – Employee Benefits (IAS 19R). IAS 19R amends the accounting for employment benefits. The most significant impact on the group has been that IAS 19R eliminates the option to defer the recognition of actuarial gains and losses. These remeasurements are required to be presented in other comprehensive income in full.

IAS 19R has been applied retrospectively in accordance with its transitional provisions. Consequently, the group has restated its reported results throughout the comparative periods presented and reported the cumulative effect as at 1 January 2012 as an adjustment to opening equity.

The effects of the application of IAS 19R on the reported results for the year ended 31 December 2012 and the six months ended 30 June 2012 are as follows:

	Half-year 30 June 2012 R'000	Year ended 31 December 2012 R'000
Impact on profit/(loss) for the period		
Decrease/(increase) in cost of sales	56 873	(143 465)
(Increase)/decrease in taxation expense	(15 924)	40 170
Increase/(decrease) in net profit for the period	40 949	(103 295)
Impact on comprehensive income/(loss) for the period		
Decrease in remeasurement of retirement benefit asset	(236 175)	(13 072)
Decrease in remeasurement of retirement benefit obligations	–	(4 314)
Increase in taxation relating to items of other comprehensive income	66 129	4 868
Decrease in other comprehensive income for the period	(170 046)	(12 518)
Decrease in total comprehensive income for the period	(129 097)	(115 813)
Impact on balance sheet		
Decrease in retirement benefit asset	(19 199)	–
Increase in retirement benefit obligations	(39 736)	(40 484)
Increase in deferred income tax asset	4 273	4 072
Decrease in deferred income tax liability	12 229	7 264
Net decrease in net assets	(42 433)	(29 148)
Decrease in retained earnings	42 433	29 148

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

		Unaudited Half-year 30 June 2013 R'000	Restated Half-year 30 June 2012 R'000	Restated Year ended 31 December 2012 R'000
2. Operating segment analysis				
The group is organised into two major operating segments, namely Hulamin Rolled Products and Hulamin Extrusions.				
Revenue				
Hulamin Rolled Products		**3 172 139**	2 795 242	5 852 892
Hulamin Extrusions		**382 007**	347 713	689 105
Group total		**3 554 146**	3 142 955	6 541 997
Operating profit				
Hulamin Rolled Products		**105 813**	167 582	109 454
Hulamin Extrusions		**16 937**	16 346	(8 367)
Group total		**122 750**	183 928	101 087
Total assets				
Hulamin Rolled Products		**7 457 428**	7 113 470	7 234 691
Hulamin Extrusions		**293 377**	272 075	250 675
Group total		**7 750 805**	7 385 545	7 485 366
3. Taxation				
The taxation charge included within these condensed interim financial statements is:				
Normal		**8 224**	11 433	21 547
Deferred		**17 249**	26 849	(12 441)
		25 473	38 282	9 106
Normal rate of taxation	(%)	**28,0**	28,0	28,0
Adjusted for:				
Non-allowable items/(exempt income)	(%)	**(0,3)**	(3,9)	(8,5)
Capital gains tax	(%)	**–**	1,1	4,2
	(%)	**27,7**	25,2	23,7
4. Commitments and contingent liabilities				
Capital expenditure contracted for but not yet incurred		**32 311**	39 180	37 852
Operating lease commitments		**1 761**	6 098	3 246
Guarantees and contingent liabilities		**300**	5 532	300

5. 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. Cash flow hedge gains and losses relating to the hedging of sales transactions are recorded in revenue. The loss of R7,1 million previously recorded in cost of sales in the six-month period ending 30 June 2012 has been reclassified to revenue.

	Number of shares June 2013	Number of shares June 2012	Number of shares December 2012
6. Earnings per share (EPS)			
The weighted average number of shares used in the calculation of basic and diluted earnings per share are as follows:			
Weighted average number of shares used for basic EPS	**318 776 685**	317 129 553	317 510 700
Share options	**3 623 362**	3 824 756	4 521 585
Weighted average number of shares used for diluted EPS	**322 400 047**	320 954 309	322 032 285

Corporate Information

HULAMIN LIMITED
("Hulamin" or "the group")
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Date of SENS release: 29 July 2013

Sponsor
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Directorate
Non-executive directors:
ME Mkwanazi *(Chairman)*, LC Cele, SMG Jennings (appointed with effect effect from 1 July 2013) VN Khumalo, TP Leeuw, JB Magwaza, NNA Matyumza, SP Ngwenya, PH Staude, GHM Watson

Executive directors:
RG Jacob *(Chief Executive Officer)*, DA Austin (appointed with effect from 1 March 2013), CD Hughes (retired with effect from 28 February 2013), MZ Mkhize

Company Secretary: W Fitchat

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