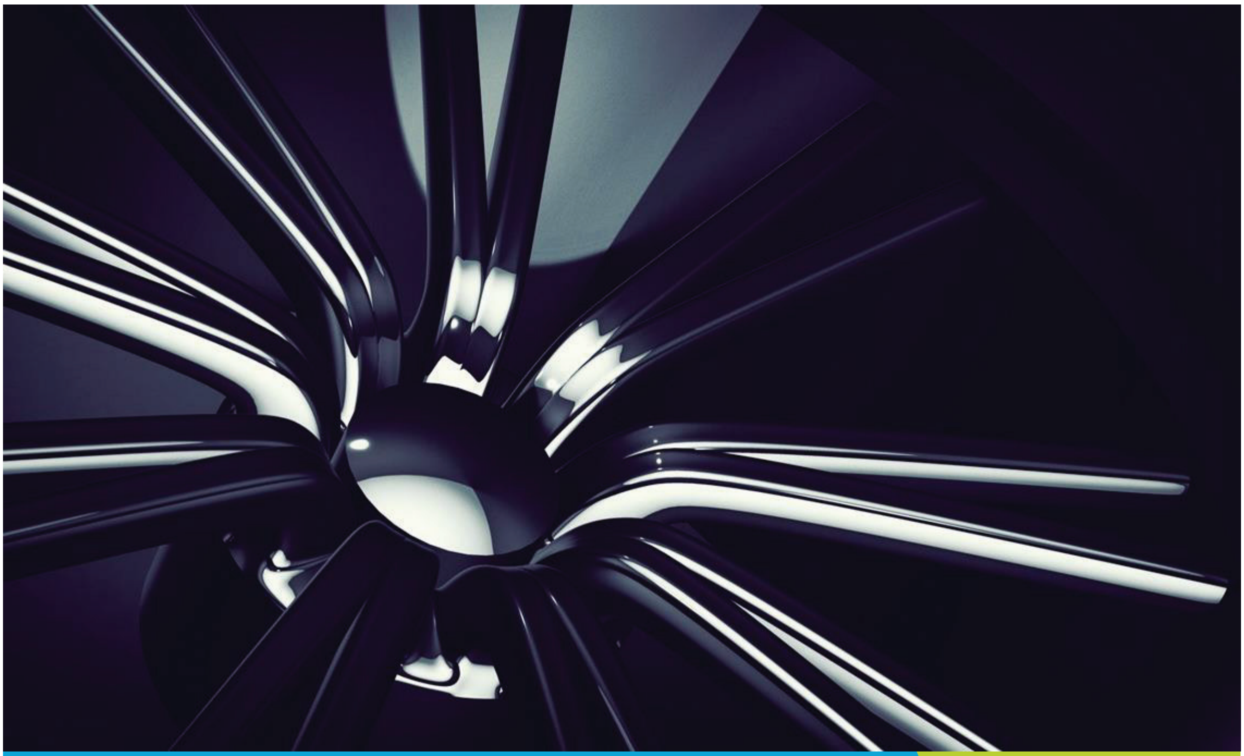
HULAMIN

Think future. Think aluminium.

UNAUDITED INTERIM RESULTS

for the half-year ended 30 JUNE 2018



UNAUDITED INTERIM RESULTS

for the half-year year ended 30 JUNE 2018

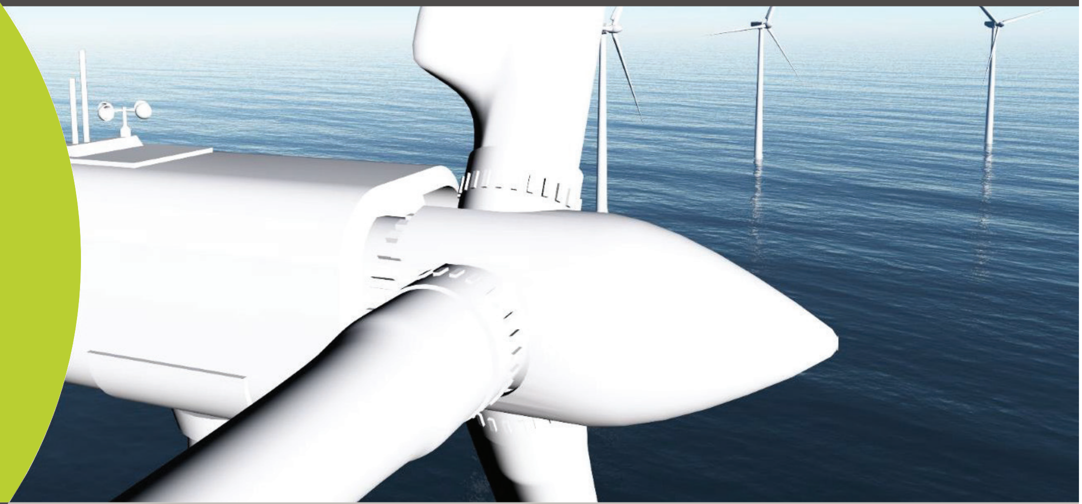
AGENDA

HULAMIN
Think future. Think aluminium.

1. Opening remarks / market update
2. Financial results
3. Operational review
4. Strategic prospects
5. H2 outlook

2

1 OPENING REMARKS / MARKET UPDATE



HULAMIN
Think future. Think aluminium.

KEY POINTS

HULAMIN
Think future. Think aluminium.

Consistent and improving operational performance driving underlying financial delivery	• Underlying earnings[1] in constant currency[2] up 23%, building on operational improvements since 2016
In very challenging market conditions	• Volatile currencies and commodities • US turbulence (tariffs)
Focus on optimizing return on recent capital investments	• Recycling continues to improve
Sharpening cash delivery focus and exploring strategic options	• A further strong R75 million cash delivery
Continued improvements in safety	• Very strong safety performance in H1 2018

1. Underlying EBIT / earnings represents headline EBIT / earnings before metal price lag adjusted for abnormal items.
2. Constant currency results are calculated by applying prior period exchange rates to the current period's results.

4

MARKET OVERVIEW

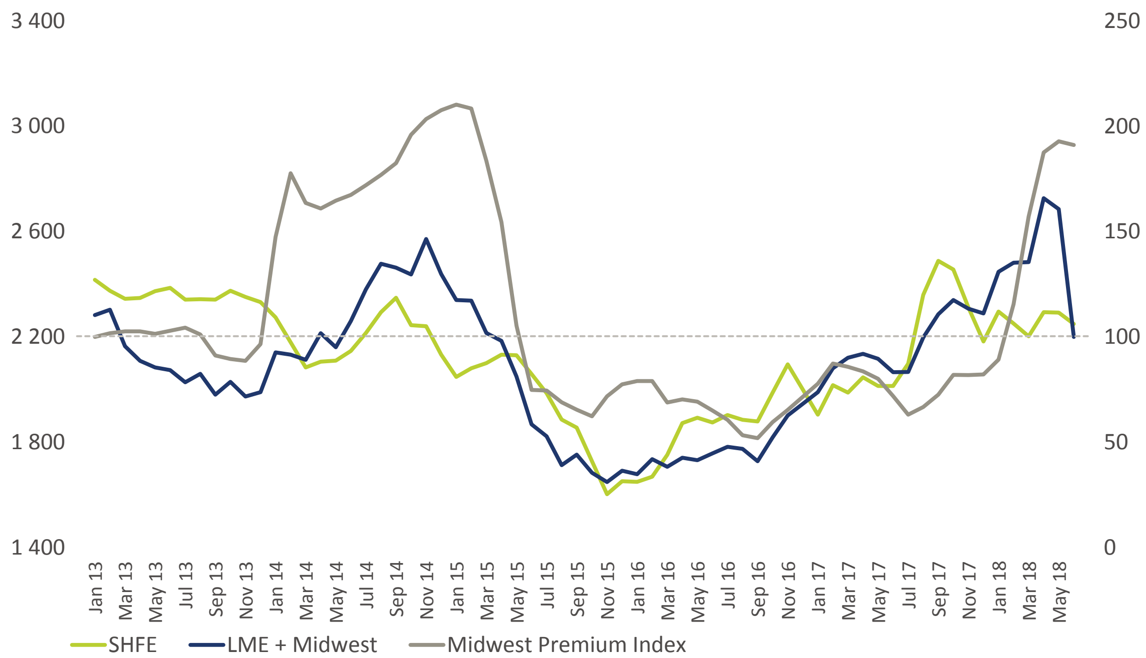
HULAMIN
Think future. Think aluminium.

USA and global market conditions volatile	• Numerous US trade actions imposed • Chinese supply into US halted • Volatile Geographic premiums especially in US • Risk reflected in currency and commodity environment
Automotive demand for aluminium continues to grow	• Rapid demand growth for new technologies • Traditional vehicles banned in major cities
New Technology vehicles require more aluminium	• Electric and Hybrid vehicles

5

ALL-IN ALUMINIUM PRICE (USD/TON)

HULAMIN
Think future. Think aluminium.



Source: Metal Bulletin

6

2 FINANCIAL RESULTS

FINANCIAL HEADLINES

HULAMIN
Think future. Think aluminium.

Underlying EBIT[1] in constant currency[2] up 19% (up 23% in earnings terms)	• Higher US Dollar rolling margins • Continued momentum on "cost out"
Negative impact of externalities on H1 2018 results	• Underlying EBIT[1] down 33% due to stronger Rand • EBIT down 65% due to R103 million reversal in MPL benefit
Free cash flow generated of R75 million, despite stronger Rand, further strengthening balance sheet	• Working capital efficiencies and capital discipline maintained

1. Underlying EBIT / earnings represents headline EBIT / earnings before metal price lag adjusted for abnormal items.
2. Constant currency results are calculated by applying prior period exchange rates to the current period's results.

8

SALIENT FEATURES

HULAMIN
Think future. Think aluminium.

		H1 2018	H1 2017	% Change
KEY PARAMETERS AND ACTIVITIES				
Average LME	US$	**2 209**	1 880	18
Average exchange rate	R/US$	**12.30**	13.22	(7)
Group sales volume	Tons	**114 000**	119 000	(4)
Rolled Products sales volume	Tons	**106 000**	110 000	(4)
Group turnover	Rm	**5 263**	5 097	3
PROFITABILITY				
Underlying EBIT[1] (constant currency[2])	**Rm**	**218**	**184**	**19**
EBIT before MPL	Rm	**124**	209	(41)
Metal price lag gain	Rm	**(25)**	77	(132)
Group EBIT	Rm	**99**	286	(65)
Group EBITDA	Rm	**222**	392	(43)
EBITDA / turnover	%	**4.2**	7.7	(3.5)
HEPS	Cps	**13**	56	(77)

1. Underlying EBIT / earnings represents headline EBIT / earnings before metal price lag adjusted for abnormal items.
2. Constant currency results are calculated by applying prior period exchange rates to the current period's results.

9

		H1 2018	H1 2017	% Change
FINANCIAL, CASH FLOW AND BORROWINGS				
Capital expenditure	Rm	**99**	137	(28)
Net working capital as % of revenue	%	**21**	23	(2)
Free cash flow (cash flow before financing activities)	**Rm**	**75**	**(38)**	**297**
Closing net borrowings	Rm	**297**	656	(55)
Debt equity ratio	%	**6**	15	(8)

10

UNPACKING PROFIT PERFORMANCE – H1 2018

HULAMIN
Think future. Think aluminium.

EBIT
R99m

UNDERLYING EBIT (CONSTANT CURRENCY) Controllable	↑ 19% **R218m**	• Primary profit measure of operational performance
CURRENCY IMPACT ON UNDERLYING EBIT Externality	↓ ZAR stronger by 7% **- R95m**	• Conversion prices / rolling margins USD / EUR denominated / based, but predominantly Rand-based costs • Rule of thumb: average R1.00/USD weaker / (stronger) over annual volume = R200m / (R200m) impact on EBIT
METAL PRICE LAG (MPL) Externality	↓ Rand metal cost **- R25m**	• Aluminium a pass-through for Hulamin, but profit impacted by change in Rand cost of aluminium between date of purchase & sale • Highly volatile over short-term • 50% of MPL hedged –> equal cash & profit volatility

11

BUILDING MOMENTUM
IN UNDERLYING PROFIT PERFORMANCE

HULAMIN
Think future. Think aluminium.

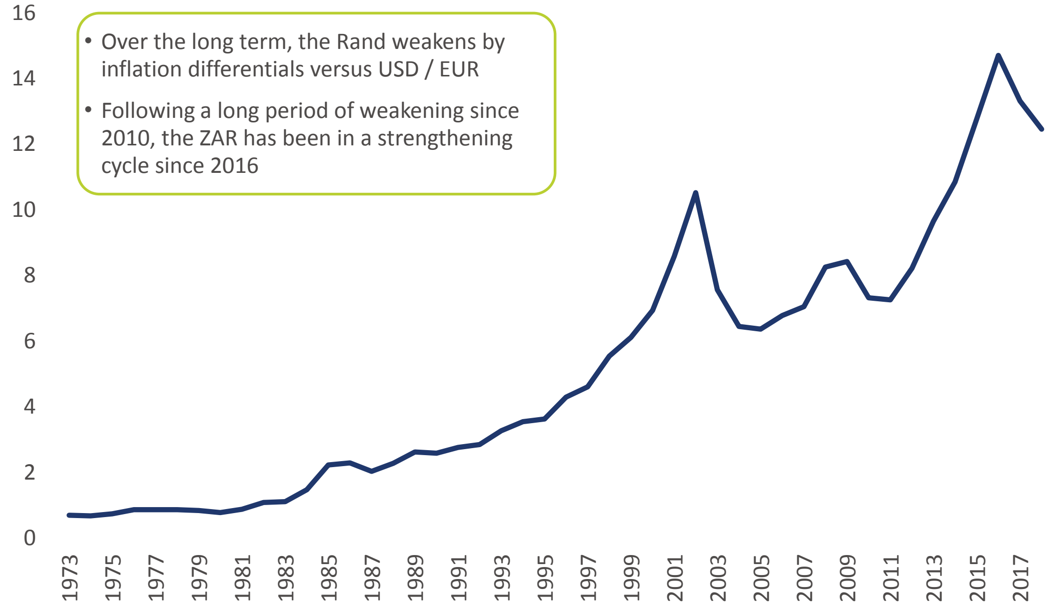
UNDERLYING EBIT (CONSTANT CURRENCY)	
2017 v 2016	H1 2018 v H1 2017
↑ 12%	↑ 19%

Key lever	H1 2018 v H1 2017	Track record
RP sales volume	↓ 4kt down	• Average 2010 – 2016: 193kt • Average 2016 – H1 2018: 215kt
$ Rolling margins	↑ 6% stronger	• Declining trend arrested in H1 2018
ZAR conversion costs / unit	↓ Down 2% in real terms	• Cumulative cost out since 2017 = R155m
Scrap % of input mix	↑ From 10% to 12%	• Consistent improvement from 6% in 2015 to 12% in H1 2018

12

RAND / US DOLLAR HISTORICAL PERFORMANCE

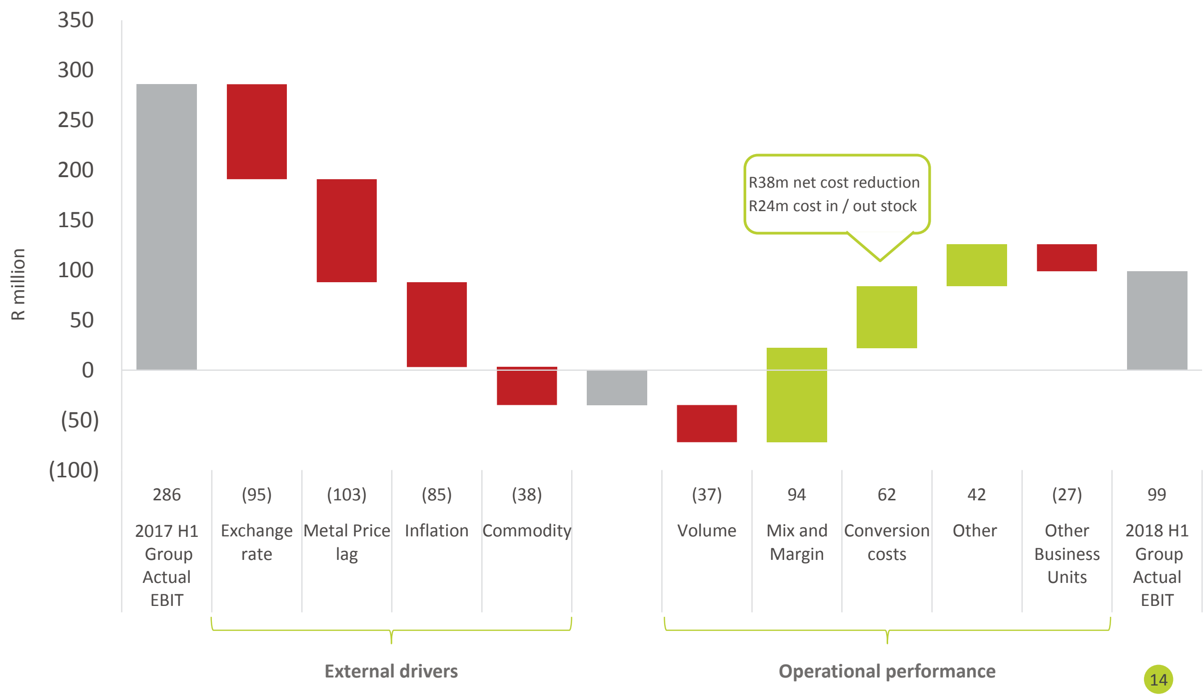
HULAMIN
Think future. Think aluminium.



13

GROUP EBIT

H1 2017 ACTUAL V H1 2018 ACTUAL



FOCUS ON FREE CASH FLOW GENERATION

HULAMIN
Think future. Think aluminium.

FREE CASH FLOW

2016	2017	2018
R415m	R296m	Target: R300m (H1:R75m)

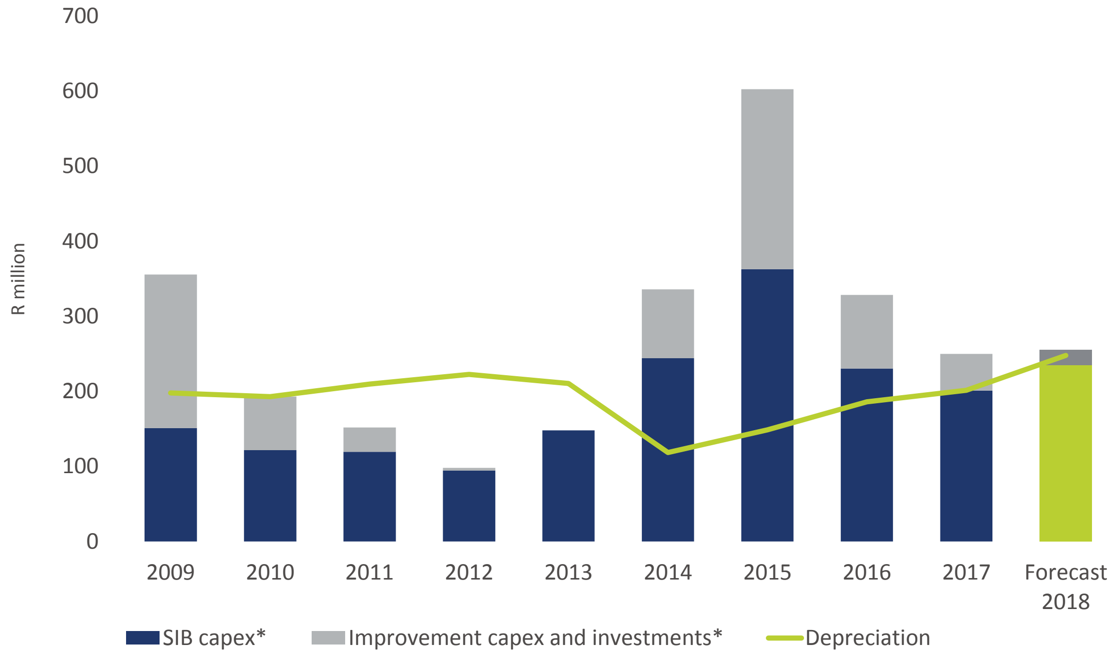
Key lever	H1 2018 v H1 2017	Track record
Underlying EBIT[1] (constant currency[2])	↑ 19%	• 2017 v 2016: 12% improvement
NWC as % revenue	↓ Improved from 23% to 21%	• Ongoing improvements from 26% in FY2015
Capital expenditure management	↓ Lower by 28%	• Reduced stay in business capex to more appropriate levels from highs in FY2015
Reduced interest paid	↓ From R52m to R40m	• Reduction in debt levels from 25% in FY2015 to 6% in H1 2018

1. Underlying EBIT / earnings represents headline EBIT / earnings before metal price lag adjusted for abnormal items.
2. Constant currency results are calculated by applying prior period exchange rates to the current period's results.

15

CAPITAL EXPENDITURE

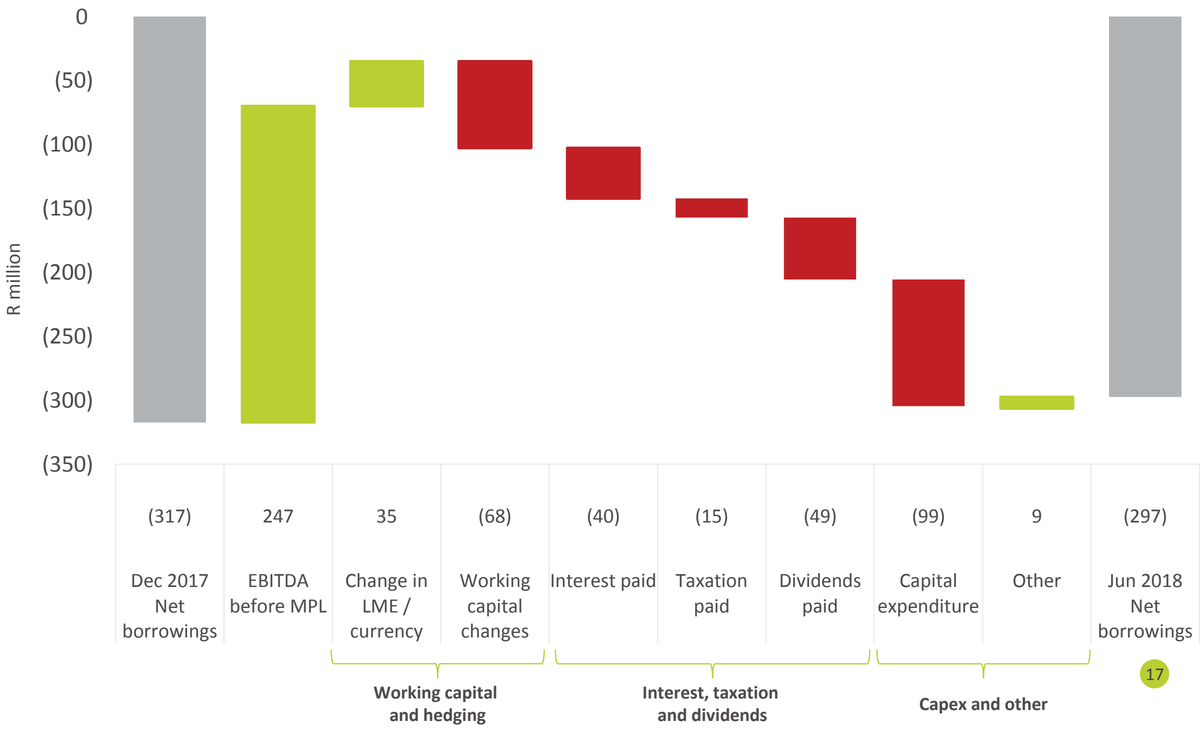
HULAMIN
Think future. Think aluminium.



* Excludes capitalised borrowing costs

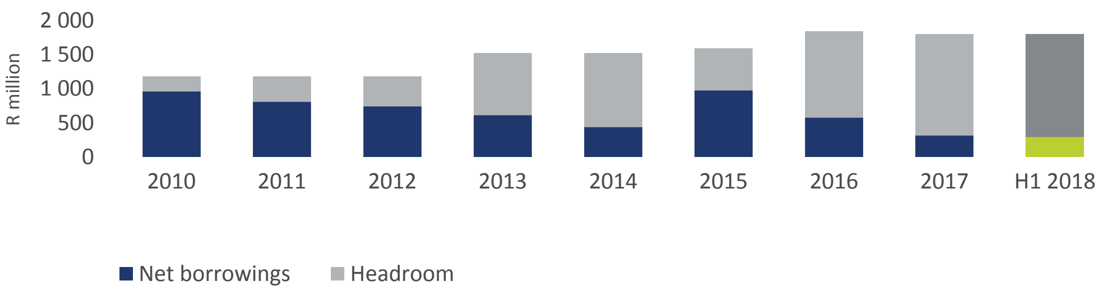
16

H1 2018 CASH FLOW

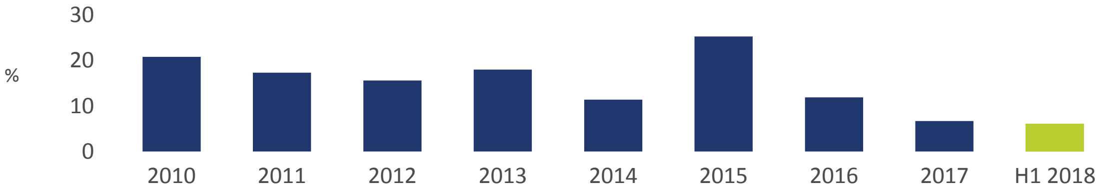


HULAMIN
Think future. Think aluminium.

Net borrowings and headroom



Net debt to equity



18

2018 FOCUS ON VALUE IMPROVEMENT

HULAMIN
Think future. Think aluminium.

Drive free cash flow generation	• Maximise production at optimum mix, stable flow
	• Drive mix / margin improvement
	• Focused, sustainable cost reduction
	• Improve metal input mix
	• Drive inventory efficiencies, shorten cash cycle to accelerate cash reduction
	• Strengthen capital discipline
Strengthen financial stability, lay platform for growth	• Reduce borrowings and improve liquidity
	• Reduce funding and hedging costs
	• Optimise hedging programme

19

MEDIUM-TERM TARGETS

HULAMIN
Think future. Think aluminium.

		FY2017 (actual)	H1 2018 Actual	FY2018 (target)	FY2022 (5 year target)
NAV R14.50 > Share price R5.00 – R6.00		ROCE – 8% Currency R13.32/USD			ROCE > 12% Currency R14.64/USD
Sales volume (group)	Tons	233 000	*229 000	236 000	>250 000
Rolling margin index (USD/t)	Index	82	86	87	> 100
Conversion cost reduction (annualised savings)	Rm	117	H1: 38	**90 (H1: 40)	**300
Scrap as % of input metal	%	11	12	14	> 20
Net working capital as % revenue	%	22	21	21	< 18

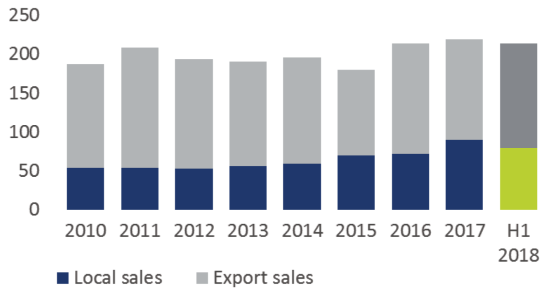
* Annualised sales volume
** Annualised cost savings on 2017 cost base

20

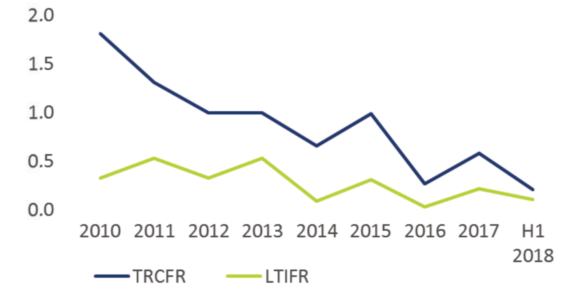

3 OPERATIONAL REVIEW
HULAMIN
Think future. Think aluminium.

ROLLED PRODUCTS – KEY FEATURES

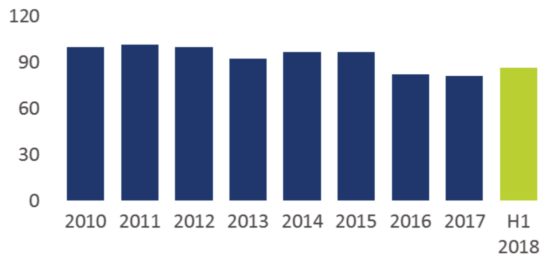
Rolled products sales volumes (Tons 000's)



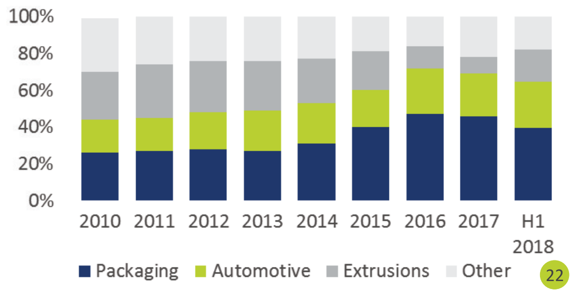
Safety performance



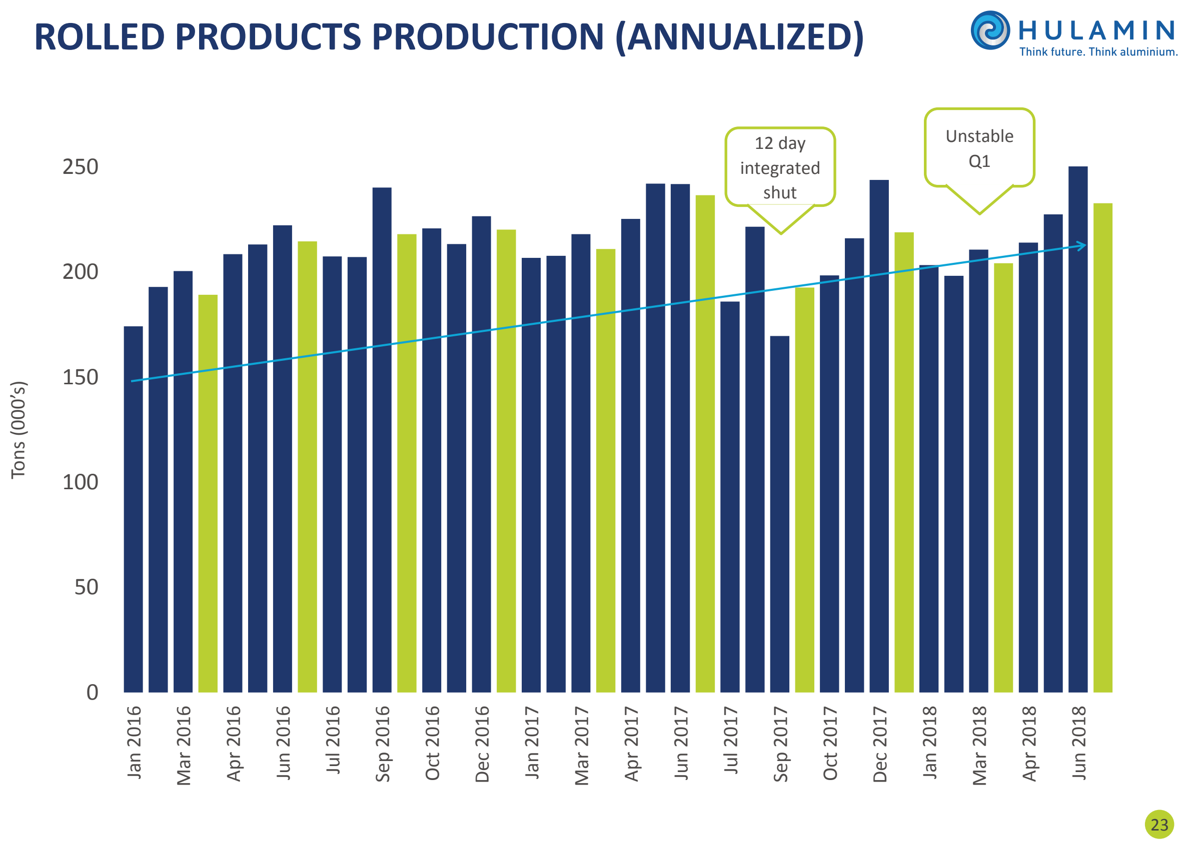
US margin index



Group local sales mix (%)



ROLLED PRODUCTS PRODUCTION (ANNUALIZED)



RESILIENT PRODUCTION PERFORMANCE

HULAMIN
Think future. Think aluminium.

Consistent production 214 000 tons annualised

- In spite of unstable processing conditions in Q1

Weakest can stock sales since 2014

- Can Body Stock sales down 14% (reduces capacity for scrap purchases)

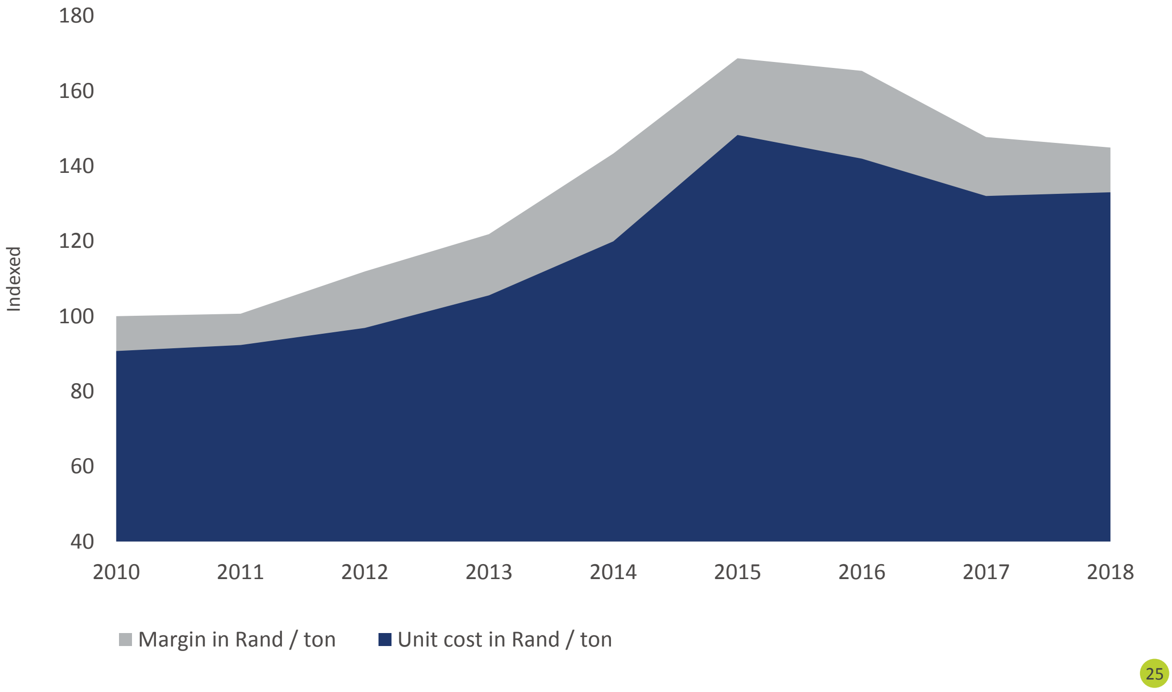
Strong demand in US

- Despite recent 10% import duty
- Driven by China exclusion

24

ROLLED PRODUCTS OPERATING MARGIN IN RAND

HULAMIN
Think future. Think aluminium.



ROLLING MARGINS IN 2018

HULAMIN
Think future. Think aluminium.

New niches appearing in USA

- Anti-Chinese trade actions
- Thin gauge foil
- Specific standard product segments

Markets with access for Chinese mills are under pressure e.g. South Africa

HT Plate market

- Prices steady and slightly firmer
- Preparing for step up in sales

26


4 STRATEGIC PROSPECTS
EV
HULAMIN
Think future. Think aluminium.

THREE STRATEGIC PHASES

HULAMIN
Think future. Think aluminium.

I. STRENGTHEN THE CORE TO COMPETE TODAY	II. IMPROVE ROLLING MARGINS TO GROW	III. BUILD THE ASSETS OF TOMORROW TO WIN

Simplify product range in order to:

- Unlock working capital
- Reduce cost
- Improve selling prices

Further technology innovations

Reshaping the operational footprint

- Improve cash delivery per resource hour

Projects being pursued:

- Partnership with global rolling mill in pen-ultimate phase
  - Focus on resales
- Downstream opportunities
  - In packaging and automotive sectors

28

5 H2 OUTLOOK

HULAMIN
Think future. Think aluminium.

STEADY PERFORMANCE IN AN UNCERTAIN YEAR

HULAMIN
Think future. Think aluminium.

- The up-again, down-again ZAR
- Strong US demand in H2
- Increases in conversion prices in the US
- Continued operational focus (on cost reductions and efficiency improvements)
- Efficient working capital utilization
  - To deliver additional free cash flows

30

APPENDIX

CONDENSED STATEMENT OF PROFIT OR LOSS

HULAMIN
Think future. Think aluminium.

	H1 2018 Rm	H1 2017 Rm
Revenue	**5 263**	5 097
Cost of sales	**(4 902)**	(4 563)
Gross profit	**361**	**534**
Selling, marketing, distribution and administrative expenses	**(310)**	(296)
Other gains and losses	**48**	48
Operating profit	**99**	**286**
Net interest expense	**(37)**	(38)
Profit before tax	**62**	**248**
Taxation	**(20)**	**(70)**
Net profit for the period	**42**	**178**
EBITDA	**222**	**392**
EBITDA / Sales (%)	**4.2**	**7.7**

32

GROUP EXPENSES BY NATURE

HULAMIN
Think future. Think aluminium.

	H1 2018 Rm	H1 2017 Rm
Aluminium and other material costs	**3 656**	3 291
Utilities and other direct manufacturing costs	**388**	392
Employment costs	**592**	564
Depreciation and amortisation	**123**	106
Repairs and maintenance	**126**	137
Freight and commissions	**181**	177
Other operating income and expenditure	**146**	191
	5 212	**4 858**
CLASSIFIED AS		
Cost of sales	**4 902**	4 563
Selling, marketing and distribution expenses	**221**	221
Administrative and other expenses	**89**	74
	5 212	**4 858**

CONDENSED STATEMENT OF FINANCIAL POSITION

HULAMIN
Think future. Think aluminium.

	H1 2018 Rm	H1 2017 Rm
Capital employed		
Equity	**4 593**	4 455
Net borrowings	**297**	656
	4 890	**5 111**
Employment of capital		
Property, plant and equipment and intangibles	**3 367**	3 371
Retirement benefit asset	**130**	118
Net working capital (incl. derivatives)	**2 216**	2 390
Net deferred tax liability	**(547)**	(499)
Retirement benefit obligations	**(276)**	(269)
	4 890	**5 111**

34

CONDENSED CASH FLOW STATEMENT

HULAMIN
Think future. Think aluminium.

	H1 2018 Rm	H1 2017 Rm
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	99	286
Net interest paid	(40)	(52)
Depreciation and other non-cash items	137	103
Income tax payment	(15)	(72)
Changes in working capital, net of movement in derivatives	(7)	(166)
	174	**99**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net additions to property, plant and equipment and intangibles and investments	(99)	(137)
Cash flows before financing activities	**75**	**(38)**
Cash flows – equity, dividend and other transactions	(55)	(41)
Cash flows for the period	**20**	**(79)**
Net borrowings – beginning of period	**(317)**	**(577)**
Net borrowings – end of period	**(297)**	**(656)**

35

UNDERLYING EBIT

HULAMIN
Think future. Think aluminium.

	H1 2018 Rm	H1 2017 Rm	% Change
Average ZAR / USD	**12.30**	13.22	(7)
Operating profit	**99**	286	(66)
Headline adjustments	**-**	-	
Headline EBIT	**99**	**286**	(66)
Timing mismatches: Insurance claim	**-**	(25)	
Comparable EBIT	**99**	**261**	(62)
Metal price lag loss/(gain)	**25**	(77)	(132)
Underlying EBIT	**124**	**184**	(33)
Comparable EBIT (constant currency[2])	**193**	**261**	(26)
Underlying[1] EBIT (constant currency[2])	**218**	**184**	19

1. Underlying EBIT / earnings represents headline EBIT / earnings before metal price lag adjusted for abnormal items.
2. Constant currency results are calculated by applying prior period exchange rates to the current period's results.

36

UNDERLYING EARNINGS

HULAMIN
Think future. Think aluminium.

	H1 2018 Rm	H1 2017 Rm	% Change
Average ZAR / USD	**12.30**	13.22	(7)
Earnings after tax	**42**	178	(77)
Headline adjustments	-	-	
Headline EBIT	**42**	**178**	(77)
Timing mismatches: Insurance claim	-	(18)	
Comparable earnings	**42**	**160**	(74)
Metal price lag loss/(gain)	**18**	(56)	(132)
Underlying earnings	**60**	**104**	(43)
Comparable earnings (constant currency[2])	**110**	**160**	(31)
Underlying[1] earnings (constant currency[2])	**128**	**104**	23

1. Underlying EBIT / earnings represents headline EBIT / earnings before metal price lag adjusted for abnormal items.
2. Constant currency results are calculated by applying prior period exchange rates to the current period's results.

37

HIGHLIGHTS

- HEADLINE EARNINGS PER SHARE DOWN 77% TO 13 CENTS PER SHARE
- RAND 7% STRONGER VERSUS US DOLLAR AT R12.30 (2017: R13.22)
- UNDERLYING EARNINGS[1] IN CONSTANT CURRENCY[2] UP 23%
- FREE CASH FLOW[3] GENERATED OF R75 MILLION, FURTHER STRENGTHENING THE BALANCE SHEET
- STEADY ROLLED PRODUCT SALES OF 214 000 TONS ANNUALISED AFTER RECORD IN Q2 2018
- FURTHER COST SAVINGS REALISED

Richard Jacob, Hulamin's Chief Executive Officer, commented:

"Hulamin remained on course during a challenging period, experiencing difficult trading conditions locally and internationally. Market conditions, including both currency and the LME aluminium price proved particularly volatile during this period under review. Total Hulamin sales volumes were down 4%, driven by lower extrusions volumes and a soft quarter one in Hulamin Rolled Products. Uncertainty around vacillating US trade actions affected our products directly. As a result of the duties now in place, imports into the USA have been significantly curtailed, particularly from China. This has resulted in a supply shortage and has allowed us to raise prices in the USA. We can also report ongoing cost savings in Hulamin Rolled Products and a very strong safety performance during the period."

ENQUIRIES

Hulamin	033 395 6911
Richard Jacob, CEO	082 806 4068
Anton Krull, CFO	071 361 0622
CapitalVoice	
Johannes van Niekerk	082 921 9110

COMMENTARY

While Hulamin's external environment experienced higher levels of volatility in early 2018 than in the recent past, Hulamin Rolled Products performed well across the board, with advances in unit costs, efficiencies and working capital management. Furthermore, US Dollar rolling margins / conversion prices improved by 6% compared to the corresponding period.

Financial results were however severely impacted by the 7% average strengthening of the Rand against the US Dollar to average R12.30 in the first half of 2018 in comparison to R13.22 in the corresponding period.

Volatility in Hulamin's markets were largely driven by socio-political changes in South Africa and by US government intervention in global metal markets globally. While Hulamin is not a producer of primary aluminium, short term movements in the price of aluminium affect profits through a flow-through effect known as the metal price lag (MPL).

Following a period of tightening global aluminium supply through 2016 and early 2017, driving the LME aluminium price higher, this trend reversed through the first four months of 2018. The LME declined consistently through this period to a low point of around $1950 per ton in early April, a fall of some $300 per ton. This decline was suddenly reversed on the announcement of US sanctions targeted at Russia, which placed pressure on primary aluminium supply from Rusal. As a result, the aluminium price rose quickly and suddenly by approximately $650 per ton within two weeks. The price has since retreated to levels of around $2100 per ton. The net impact of this volatility was a MPL loss of R25 million for the period, compared to a R78 million gain in the comparative period.

The imposition of US tariffs on aluminium in March 2018 had a major disruptive effect on imports into the US, which eventually turned net-positive for the pricing of Hulamin's general rolled products as supply out of China contracted, while demand remained stable. In the majority of cases, Hulamin delivers its product to the port of entry into the USA, and our customers are paying the newly imposed import duties. Hulamin supplies foil, heat treated plate, as well as standard coils and flat sheet into the USA market, representing approximately 22% of Hulamin sales.

Group turnover increased by 3% to R5.3 billion (2017 H1: R5.1 billion), in spite of the stronger Rand. Manufacturing conversion costs in Rolled Products were nominally 2% lower in aggregate and 6% lower after allowing for the effects of inflation, as a result of ongoing "cost out" efforts. Unit costs were up 2% (2% lower in real terms).

Earnings before interest and taxation ("EBIT") at R99 million decreased by 66%. This decline was driven by a sharply stronger Rand and metal price lag reversal of R103 million compared to the prior period. EBIT before metal price lag decreased by 41% to R124 million. Net interest charges decreased by 5% to R37 million, on the back of consistently declining borrowings that closed at R297 million compared to R656 million in June 2017. Attributable earnings amounted to R42 million for the six months under review.

Free cash flow[3] of R75 million was generated in the period (2017 H1: R38 million outflow).

Dividends are considered on an annual basis and no interim dividend was declared.

CHANGES IN DIRECTORATE

During the interim period, the board of directors announced the resignation of Mr. M E Mkwanazi as Board chairman and the appointment of Mr. TP Leeuw as the new Chairman. Mr. Mkwanazi was appointed Board chairman on the listing of Hulamin in 2007. Ms. AT Nzimande, resigned with effect from 30 June 2017. The board thanks both Mr. Mkwanazi and Ms. Nzimande for their contributions and Mr. Mkwanazi in particular for his outstanding leadership over the past 11 years.

PROSPECTS

Hulamin expects the positive operational momentum from the first two quarters of 2018 to continue into the second half. Order books for Rolled Products are firm for the balance of the year. In the United States, market conditions remain volatile, although currently at stronger rolling margins. The Rand has weakened again since the highs of R11.50 in the first quarter that reduced profits through the first quarter. Should these weaker levels persist, we expect improved results in the second half.

TP Leeuw
Chairman

RG Jacob
Chief Executive Officer

Pietermaritzburg
26 July 2018

[1] Underlying earnings represents headline earnings before metal price lag adjusted for abnormal items.
[2] Constant currency results are calculated by applying prior period exchange rates to the current period's results.
[3] Free cash flow represents cash flow before debt/equity raising or repayment, as measured by "cash flow before financing activities" in the cash flow statement.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Unaudited Half-year 30 June 2018 R'000	Unaudited Restated* Half-year 30 June 2017 R'000	Unaudited Restated* Year ended 31 December 2017 R'000
Revenue from contracts with customers*		**5 262 882**	5 096 650	10 162 295
Cost of sale of goods		**(4 869 643)**	(4 532 570)	(9 061 294)
Cost of providing services*		**(32 542)**	(29 962)	(56 431)
Gross profit		**360 697**	534 118	1 044 570
Selling, marketing and distribution expenses		**(221 279)**	(220 570)	(450 277)
Administrative and other expenses		**(89 346)**	(74 726)	(148 152)
Net impairment reversal/(losses) on financial assets**		**19**	–	(501)
Other gains and losses		**48 423**	47 611	92 326
Operating profit		**98 514**	286 433	537 966
Interest income		**941**	840	3 079
Interest expense		**(37 642)**	(39 381)	(80 704)
Profit before tax		**61 813**	247 892	460 341
Taxation	4	**(20 252)**	(70 010)	(128 109)
Net profit for the period attributable to ordinary shareholders of the company		**41 561**	177 882	332 232
Earnings per share attributable to the ordinary equity holders of the company (cents)	6			
Basic		**13**	56	104
Diluted		**13**	54	100
Headline earnings per share attributable to the ordinary equity holders of the company (cents)				
Basic		**13**	56	104
Diluted		**13**	54	101
Dividend declared (cents per share)		**–**	–	15
Currency conversion				
Rand/US dollar average		**12.30**	13.22	13.32
Rand/US dollar closing		**13.71**	13.03	12.38

* *Financial information has been restated in accordance with note 10 due to the implementation of new accounting standards.*

** *New disclosure requirements by International Accounting Standard 1 Presentation of Financial Statements to separately disclose on the face of the statement of profit or loss, the impairment losses on financial assets, including reversals of impairment losses.*

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half-year 30 June 2018 R'000	Unaudited Half-year 30 June 2017 R'000	Audited Year ended 31 December 2017 R'000
Net profit for the period attributable to ordinary shareholders of the company	**41 561**	177 882	332 232
Other comprehensive income for the period	**(48 596)**	(9 963)	3 635
Items that may be reclassified subsequently to profit or loss:	**(47 125)**	(9 984)	(3 976)
Cash flow hedges transferred to statement of profit or loss	**(16 014)**	(21 536)	(21 536)
Cash flow hedges created	**(49 438)**	7 669	16 014
Income tax effect of the above	**18 327**	3 883	1 546
Items that will not be reclassified to profit or loss:	**(1 471)**	21	7 611
Remeasurement of retirement benefit obligation	**933**	518	8 782
Remeasurement of retirement benefit asset	**(2 976)**	(489)	1 753
Income tax effect of the above	**572**	(8)	(2 924)
Total comprehensive income for the period attributable to ordinary shareholders of the company	**(7 035)**	167 919	335 867

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Half-year 30 June 2018 R'000	Unaudited Half-year 30 June 2017 R'000	Unaudited Year ended 31 December 2017 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	**3 311 540**	3 303 262	3 324 593
Intangible assets	**55 111**	68 171	64 144
Retirement benefit asset	**129 717**	118 373	127 054
Deferred tax asset	**46 676**	25 463	21 152
	3 543 044	3 515 269	3 536 943
Current assets			
Inventories	**2 219 908**	1 860 010	2 150 061
Trade and other receivables	**1 312 996**	1 650 004	1 241 963
Derivative financial assets	**34 546**	52 872	143 767
Cash and cash equivalents	**75 843**	233 544	111 472
Income tax asset	**40 075**	–	39 331
	3 683 368	3 796 430	3 686 594
Non-current asset held for sale	**6 529**	–	6 529
Total assets	**7 232 941**	7 311 699	7 230 066
EQUITY			
Stated capital and consolidation shares	**1 817 580**	1 817 580	1 817 580
BEE reserve	**51 776**	51 776	51 776
Employee share-based payment reserve	**59 707**	42 562	71 201
Hedging reserve	**(35 595)**	5 522	11 530
Retained earnings	**2 698 827**	2 537 957	2 696 590
Total equity	**4 592 295**	4 455 397	4 648 677
LIABILITIES			
Non-current liabilities			
Non-current borrowings	**81 000**	135 000	108 000
Deferred tax liability	**593 714**	524 565	578 568
Retirement benefit obligations	**276 149**	268 609	266 767
	950 863	928 174	953 335
Current liabilities			
Trade and other payables	**1 260 383**	1 151 989	1 262 967
Current borrowings	**292 253**	754 558	320 699
Derivative financial liabilities	**135 323**	12 053	43 267
Income tax liability	**1 824**	9 528	1 121
	1 689 783	1 928 128	1 628 054
Total liabilities	**2 640 646**	2 856 302	2 581 389
Total equity and liabilities	**7 232 941**	7 311 699	7 230 066
Net debt to equity (%)	**6**	15	7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Stated capital and consolidation shares R'000 A	Hedging reserve R'000 B	Employee share-based payment reserve R'000 C	BEE reserve R'000 D	Retained earnings R'000 E	Total equity R'000
Balance at 1 January 2017		1 817 580	15 506	55 852	51 776	2 405 974	4 346 688
Net profit for the period		–	–	–	–	177 882	177 882
Other comprehensive income – net of tax		–	(9 984)	–	–	21	(9 963)
Equity-settled share-based payment scheme		–	–	(13 290)	–	2 581	(10 709)
Dividends paid		–	–	–	–	(48 501)	(48 501)
Balance at 30 June 2017		**1 817 580**	**5 522**	**42 562**	**51 776**	**2 537 957**	**4 455 397**
Net profit for the period		–	–	–	–	154 350	154 350
Other comprehensive income – net of tax		–	6 008	–	–	7 590	13 598
Equity-settled share-based payment scheme		–	–	28 639	–	(3 301)	25 338
Dividends paid		–	–	–	–	(6)	(6)
Balance at 31 December 2017		**1 817 580**	**11 530**	**71 201**	**51 776**	**2 696 590**	**4 648 677**
Change in accounting policy*	10	**–**	**–**	**–**	**–**	**196**	**196**
Balance at 1 January 2018		**1 817 580**	**11 530**	**71 201**	**51 776**	**2 696 786**	**4 648 873**
Net profit for the period		**–**	**–**	**–**	**–**	**41 561**	**41 561**
Other comprehensive income – net of tax		**–**	**(47 125)**	**–**	**–**	**(1 471)**	**(48 596)**
Equity-settled share-based payment scheme		**–**	**–**	**(11 494)**	**–**	**10 453**	**(1 041)**
Dividends paid		**–**	**–**	**–**	**–**	**(48 502)**	**(48 502)**
Balance at 30 June 2018		**1 817 580**	**(35 595)**	**59 707**	**51 776**	**2 698 827**	**4 592 295**

NOTES

A: Stated capital and consolidation shares

Stated capital represents the group's issued share capital held by outside shareholders. Consolidation shares represent shares held under various BEE transactions.

B: Hedging reserve

The hedging reserve is used to record gains or losses on derivatives that are considered to be effective in terms of IFRS. Amounts are reclassified to profit or loss when the associated hedge items affects profit or loss.

C: Employee share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees. On settlement the value of the reserve is transferred to retained earnings.

D: BEE reserve

The BEE reserve is used to recognise the grant date fair value of options issued to identified BEE participants and Isizinda BEE participants.

E: Retained earnings

The retained earnings represents the cumulative historic profit and loss reinvested in the group. No restrictions exist on the use of the retained income.

* *Financial information has been adjusted in accordance with note 10 due to the implementation of new accounting standards.*

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	Unaudited Half-year 30 June 2018 R'000	Unaudited Half-year 30 June 2017 R'000	Audited Year ended 31 December 2017 R'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	A	**227 985**	223 777	783 948
Net interest paid		**(39 502)**	(52 413)	(99 113)
Income tax payment		**(14 962)**	(71 868)	(127 669)
		173 521	99 496	557 166
Cash flows from investing activities				
Additions to property, plant and equipment		**(98 951)**	(131 355)	(256 427)
Additions to intangible assets		**–**	(5 901)	(4 607)
		(98 951)	(137 256)	(261 034)
Cash flows before financing activities		**74 570**	(37 760)	296 132
Cash flows from financing activities				
Repayment of current portion of non-current borrowings		**(27 000)**	(27 000)	(54 000)
Net (repayment of)/proceeds from current borrowings*		**(28 446)**	264 114	(169 745)
Settlement of share options		**(9 231)**	(17 620)	(15 153)
Dividends paid		**(48 502)**	(48 501)	(48 507)
		(113 179)	170 993	(287 405)
Net (decrease)/increase in cash and cash equivalents		**(38 609)**	133 233	8 727
Cash and cash equivalents at beginning of period		**111 472**	75 627	75 627
Effects of exchange rate changes on cash and cash equivalents		**2 980**	24 684	27 118
Cash and cash equivalents at end of period		**75 843**	233 544	111 472
A: **CASH GENERATED FROM OPERATIONS**				
Profit before tax		**61 813**	247 892	460 341
Net interest cost		**36 701**	38 541	77 625
Operating profit		**98 514**	**286 433**	**537 966**
Adjust for non-cash flow items:				
Depreciation		**114 804**	99 129	200 598
Amortisation of intangible assets		**9 033**	6 888	15 776
Loss on disposal of property, plant and equipment		**–**	–	10 188
Net movement in retirement benefit asset and obligations		**4 676**	8 754	8 798
Value of employee services received under share schemes		**11 567**	(10 711)	32 991
Movements in derivatives		**135 825**	(5 410)	(56 745)
Foreign exchange gains on cash and cash equivalents		**(2 980)**	–	(27 118)
Gain on impairment reversal of investment in associate		**–**	–	(6 529)
Other non-cash items		**11**	(588)	(227)
Cash generated before working capital changes		**371 450**	**384 495**	**715 698**
Changes in working capital	B	**(143 465)**	(160 718)	68 250
Cash generated from operations		**227 985**	**223 777**	**783 948**
B: **CHANGES IN WORKING CAPITAL**				
Increase in inventories		**(69 847)**	(34 789)	(324 840)
(Increase)/decrease in trade and other receivables		**(71 033)**	(136 908)	271 133
(Decrease)/increase in trade and other payables		**(2 585)**	10 979	121 957
		(143 465)	**(160 718)**	**68 250**

** Movement in the current borrowings represents the net movement on the Nedbank facility which is drawn down or settled on a daily basis.*

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF HALF YEAR-END REPORT

The unaudited condensed consolidated interim financial information of the group for the half-year ended 30 June 2018 has been prepared in accordance with IAS 34 *Interim Financial Reporting,* the Companies Act, 71 of 2008, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, under the supervision of the Chief Financial Officer, Mr AP Krull CA(SA). The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the group's 2017 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards, and any public announcements made by the group during the interim reporting period. These interim financial results have not been audited nor reviewed by the company's auditors.

The accounting policies adopted are in terms of International Financial Reporting Standards and are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period and the group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- IFRS 9 *Financial Instruments;* and
- IFRS 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed in note 10 below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

(b) Impact of standards issued but not yet effective

(i) IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of R43.8 million. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The group does not intend to adopt the standard before its effective date.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
continued

2. OPERATING SEGMENT ANALYSIS

The group's reportable segments, which have been determined in accordance with how the Hulamin Executive Committee, which is the group's most senior operating decision-making body, allocates resources and evaluates performance and is predominantly based on business segments which is representative of the internal reporting used for management purposes. The group is organised into two major operating divisions, namely Hulamin Rolled Products and Hulamin Extrusions. The Hulamin Rolled Products segments, which comprises the Hulamin Rolled Products and Hulamin Containers businesses, manufactures and supplies fabricated and rolled semi-finished aluminium products. The Hulamin Extrusions segment manufactures and supplies extruded aluminium products. Isizinda Aluminium (Pty) Ltd supplies slab to Hulamin Rolled Products. The activities of Isizinda Aluminium are integrated into the Hulamin Rolled Products segment. Reportable segments are based and managed in South Africa.

	Unaudited Half-year 30 June 2018 R'000	Unaudited Half-year 30 June 2017 R'000	Unaudited Year ended 31 December 2017 R'000
REVENUE FROM CONTRACTS WITH CUSTOMERS: EXTERNAL			
Hulamin Rolled Products	**4 834 283**	4 663 001	9 287 442
Hulamin Extrusions	**428 599**	433 649	874 853
Group total revenue from contracts with customers	**5 262 882**	5 096 650	10 162 295
Timing of revenue recognition:			
At a point in time	**5 230 340**	5 066 688	10 105 864
Over time	**32 542**	29 962	56 431
OPERATING PROFIT			
Hulamin Rolled Products	**112 788**	272 877	522 544
Hulamin Extrusions	**(14 274)**	13 556	15 422
Group total operating profit	**98 514**	286 433	537 966
Interest income	**941**	840	3 079
Interest expense	**(37 642)**	(39 381)	(80 704)
Profit before tax	**61 813**	247 892	460 341
Taxation	**(20 252)**	(70 010)	(128 109)
Net profit for the year	**41 561**	177 882	332 232
TOTAL ASSETS			
Hulamin Rolled Products	**6 805 535**	6 926 537	6 870 355
Hulamin Extrusions	**427 406**	385 162	359 711
Group total	**7 232 941**	7 311 699	7 230 066

Sales between segments are carried out at arm's length and are eliminated on consolidation. The amounts provided to the Hulamin Executive Committee with respect to segment revenue and segment assets are measured in a manner consistent with that of the financial statements.

Management continues to assess the level of disaggregation to provide with regards to revenue as is required by IFRS 15 *Revenue from Contracts with Customers*. Full disaggregated revenue disclosure will be provided in the annual financial statements for the 12 months ended 31 December 2018.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

continued

3. FOREIGN EXCHANGE AND COMMODITY PRICE RISK

The group is exposed to fluctuations in aluminium prices and exchange rates, and hedges these risks with derivative financial instruments. The group applies hedge accounting to gains and losses arising from certain derivative financial instruments. Hedges of forecast sales transactions are accounted for as cash flow hedges, whereas the hedges of committed, fixed price sales are accounted for as fair value hedges.

Other gains and losses reflect the fair value adjustments arising from fair value hedges, non-hedge accounted derivative financial instruments, non-derivative financial instruments and forward point gains.

The effective portion of cash flow hedge gains and losses are recorded in revenue from contracts with customers when the sale occurs.

The lag between the US Dollar price at which aluminium is purchased and subsequently resold gives rise to a gain or loss. Hulamin hedges 50% of this net exposure in terms of its hedging strategy. Included in gross profit is a pre-tax metal price lag loss of R25.0 million (June 2017: R78 million gain, December 2017: R150 million gain) in respect of the unhedged portion of this exposure.

4. TAXATION

The taxation charge included within these condensed interim financial statements is:

	Unaudited Half-year 30 June 2018 R'000	Unaudited Half-year 30 June 2017 R'000	Audited Year ended 31 December 2017 R'000
Normal	**14 657**	59 012	66 347
Deferred	**5 595**	10 998	61 762
	20 252	70 010	128 109
Normal rate of taxation	**28.0%**	28.0%	28.0%
Adjusted for:			
Exempt income, non-allowable deductions and other items	**4.8%**	0.2%	(0.2%)
Effective rate of taxation	**32.8%**	28.2%	27.8%

5. RELATED PARTY TRANSACTIONS AND BALANCES

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 the pension fund are disclosed below:

	Unaudited Half-year 30 June 2018 R'000	Unaudited Half-year 30 June 2017 R'000	Audited Year ended 31 December 2017 R'000
Loan from pension fund	**76 109**	77 267	72 736
Interest cost incured from pension fund	**3 372**	3 640	7 111

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
continued

6. EARNINGS PER SHARE (EPS)

Headline and normalised earnings attributable to the ordinary equity holders of the company:

	Unaudited Half-year 30 June 2018 R'000	Unaudited Half-year 30 June 2017 R'000	Audited Year ended 31 December 2017 R'000
Net profit for the period	**41 561**	177 882	332 232
Reversal of impairment on associate	**–**	–	(6 529)
Profit on disposal of property, plant and equipment	**–**	–	10 188
Tax effect of adjustments	**–**	–	(2 852)
Headline earnings	**41 561**	177 882	333 039

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

	Number of shares June 2018	Number of shares June 2017	Number of shares December 2017
Weighted average number of shares used for basic EPS	**319 596 836**	319 596 836	319 596 836
Share options	**7 093 154**	11 689 653	11 471 925
Weighted average number of shares used for diluted EPS	**326 689 990**	331 286 489	331 068 761

7. COMMITMENTS AND CONTINGENT LIABILITIES

	Unaudited Half-year 30 June 2018 R'000	Unaudited Half-year 30 June 2017 R'000	Audited Year ended 31 December 2017 R'000
Capital expenditure contracted for but not yet incurred	**89 125**	86 221	42 527
Operating lease commitments	**43 883**	23 685	53 573

8. EVENTS AFTER THE REPORTING PERIOD

No material events have occurred subsequent to the end of the reporting period which may have an impact on the group's reported financial position at that date.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
continued

9. FINANCIAL ASSETS AND LIABILITIES

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

Financial assets and liabilities classified as 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.

Loans and receivables, which include trade receivables, are measured at amortised cost less impairment losses, which are recognised in the statement of profit or loss.

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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. These consist of trade and other payables and interest-bearing borrowings.

The fair values of derivative assets and liabilities are calculated as the difference between the contracted value and the value to maturity at the statement of financial position date. The value to maturity of forward foreign exchange contracts is determined using quoted forward exchange rates at the statement of financial position date. The value to maturity of commodity futures is determined by reference to quoted prices at the statement of financial position date.

IFRS 13 requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

All fair values disclosed in these financial statements are recurring in nature and all derivative financial assets and liabilities are level 2 in the valuation hierarchy (consistent with December 2017 and June 2017). Key inputs used in the determination of the fair value relate to London Metal Exchange aluminium prices and currency exchange rates.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
continued

10. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

As a result of the changes in the company's accounting policies, prior year financial statements had to be restated. As explained in note 10(b) below, IFRS 9 was generally adopted without restating comparative information in accordance with the transitional provisions. A retrospective adjustment is made in opening retained earnings on 1 Janaury 2018. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated statement of financial position as at 31 December 2017, but are recognised in the opening statement of financial position on 1 January 2018.

The following tables show the adjustments recognised for each individual line item. The line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Statement of financial position (extract) (R'000)	31 December 2017 as originally presented	IFRS 9 adjustment	1 January 2018
ASSETS			
Non-current assets			
Deferred tax asset	21 152	(76)	**21 076**
	3 536 943	(76)	**3 536 867**
Current assets			
Trade and other receivables	1 241 963	272	**1 242 235**
	3 693 123	272	**3 693 395**
Total assets	**7 230 066**	196	**7 230 262**
EQUITY			
Retained earnings	2 696 590	196	**2 696 786**
Total equity	**4 648 677**	196	**4 648 873**
LIABILITIES			
Total liabilities	**2 581 389**	–	**2 581 389**
Total equity and liabilities	**7 230 066**	196	**7 230 262**

Statement of profit or loss and other comprehensive income (extract) – six months to June 2017 (R'000)	As previously presented	IFRS 15 adjustment	Restated June 2017
Revenue from contracts with customers	5 095 326	1 324	5 096 650
Cost of sales of goods	(4 561 208)	28 638	(4 532 570)
Cost of providing services	–	(29 962)	(29 962)
Gross profit	**534 118**	**–**	**534 118**

Statement of profit or loss and other comprehensive income (extract) – 12 months to December 2017 (R'000)	Audited results as previously presented	IFRS 15 adjustment	Restated December 2017
Revenue from contracts with customers	10 159 698	2 597	10 162 295
Cost of sales of goods	(9 115 128)	53 834	(9 061 294)
Cost of providing services	–	(56 431)	(56 431)
Gross profit	**1 044 570**	**–**	**1 044 570**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

continued

10. CHANGES IN ACCOUNTING POLICIES continued

(b) IFRS 9 *Financial Instruments* – Impact of adoption

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 *Financial Instruments* from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 10(c) below. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

Management has elected to defer the implementation of the hedging component of IFRS 9 *Financial Instruments* and will continue to account for hedges utilising IAS 39's hedging guidance until management has finalised its revised hedging strategy and related documentation.

The total impact on the group's retained earnings as at 1 January 2018 is as follows:

		R'000
Retained earnings 31 December – IAS 39		**2 696 590**
Decrease in provision for trade receivables and contract assets – net of tax	(i)	**196**
Opening retained earnings 1 January – IFRS 9 (before restatement for IFRS 15)		**2 696 786**

(i) Impairment of financial assets

The group has trade receivables for sales of inventory and from the provision of transport services that is subject to IFRS 9's new expected credit loss model. The group was required to revise its impairment methodology under IFRS 9. The impact of the change in impairment methodology on the group's retained earnings is disclosed in the table in note 10(b) above.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance method for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The group also covers all trade receivables through the Credit Guarantee Insurance Company (CGIC) and cover is subject to an excess and first loss aggregate. The CGIC cover is taken out at the inception of the sale and is integral to the enactment of the sale. Therefore the CGIC cover is included in the calculation of the loss allowance.

The loss allowances for trade receivables as at 31 December 2017 reconcile to the opening loss allowances on 1 January 2018 as follows:

R'000	Allowance on trade receivables
At 31 December 2017 – calculated under IAS 39	1 507
Amounts restated through opening retained earnings	(272)
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	**1 235**

The loss allowance increased by a further R2.6 million to R3.8 million during the six months to 30 June 2018. The increase would have been R2.2 million lower had the incurred loss model of IAS 39 been applied.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the group, and failure to make contractual payments for a period of greater than 120 days past due.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
continued

10. CHANGES IN ACCOUNTING POLICIES continued

(c) IFRS 9 *Financial Instruments* – Accounting policies applied from 1 January 2018

Classification

From 1 Janaury 2018, the group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (derivative instruments not designated in a hedging relationship).
- Those to be measured at amortised cost (trade and other receivables, cash and cash equivalents, trade and other payables and borrowings).
- Those instruments used for the purposes of hedging.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss. The group reclassifies debt investments when and only when its business model for managing assets changes.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment

From 1 January 2018, the group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
continued

10. CHANGES IN ACCOUNTING POLICIES continued

(d) IFRS 15 *Revenue from Contracts with Customers* – Impact of adoption

The group has adopted IFRS 15 *Revenue from Contracts with Customers* from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the group has adopted the new rules retrospectively and has restated comparatives for the 2017 financial year. The adoption of IFRS 15 *Revenue from Contracts with Customers* requires the group to identify individual performance obligations. The group has determined that for certain export sales terms the group has two performance obligations, the sale of goods and the provision of transportation services. The group does not charge a margin on transportation services and therefore no impact on previously reported earnings before interest and tax is noted. In summary, the following adjustments were made to the amounts recognised in the statement of profit or loss at the date of initial application (1 January 2018):

Statement of profit or loss and other comprehensive income (extract) – Six months to 30 June 2017 (R'000)	IAS 18 reported value	Reclassi-fication adjustment	Cut-off adjustments for transport still in progress	IFRS 15 carrying amount as at 30 June 2017
Revenue from contracts with customers	5 095 326	–	1 324	5 096 650
Cost of sales of goods	(4 561 208)	28 638	–	(4 532 570)
Cost of providing services	–	(28 638)	(1 324)	(29 962)
Gross profit	**534 118**	**–**	**–**	**534 118**

Statement of profit or loss and other comprehensive income (extract) – 12 months to 31 December 2017 (R'000)	IAS 18 reported value	Reclassi-fication adjustment	Cut-off adjustments for transport still in progress	IFRS 15 carrying amount as at 31 December 2017
Revenue from contracts with customers	10 159 698	–	2 597	10 162 295
Cost of sales of goods	(9 115 128)	53 834	–	(9 061 294)
Cost of providing services	–	(53 834)	(2 597)	(56 431)
Gross profit	**1 044 570**	**–**	**–**	**1 044 570**

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

continued

10. CHANGES IN ACCOUNTING POLICIES continued

(e) IFRS 15 *Revenue from Contracts with Customers* – Accounting policies

(i) Sale of goods

Revenue from contracts with customers of the group comprises revenue from the sale of fabricated and semi-fabricated aluminium products.

Sales are recognised when control of the products has transferred to the buyer. The delivery of products and the transfer of risks are determined by the terms of sale, and specifically by the International Chamber of Commerce Terms of Trade, where applicable.

Products are often sold with retrospective volume discounts, rebates and early-settlement terms. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts, rebates and early settlement discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is probable that a significant reversal will not occur. A refund liability (included in trade and other payables) is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are not made on extended credit terms.

A receivable is recognised when control passes as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Transportation services

Certain International Chamber of Commerce Terms of Trade used include multiple deliverables such as the sale of goods and the provision of transportation services. For some of these specific terms control of the goods sold passes before the transportation service has been provided. The revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total service to be provided, because the customer receives and uses the benefit simultaneously. This is determined based on the actual shipping days incurred relative to the standard time to ship to the specified destination. Where revenue is earned on multiple performance obligations the transaction price is allocated to each performance obligation based on the stand-alone selling prices.

(iii) Time value of money

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

CORPORATE INFORMATION

HULAMIN LIMITED
Registration number: 1940/013924/06
Share code: HLM
ISIN: ZAE000096210

Business and postal address:
Moses Mabhida Road, Pietermaritzburg, 3201
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 Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107

Sponsor:
Questco Proprietary Limited
First Floor, Yellowwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, Johannesburg, 2055
PO Box 98956, Sloane Park, 2152

Directorate:
Non-executive directors:
TP Leeuw* (Chairman), CA Boles*, VN Khumalo, RL Larson*, N Maharajh*, NNA Matyumza*, Dr B Mehlomakulu*, SP Ngwenya , PH Staude*, GHM Watson*, GC Zondi#
** Independent non-executive director*
 # Alternate non-executive director

Executive directors:
RG Jacob (Chief Executive Officer)
AP Krull (Chief Financial Officer)
MZ Mkhize

Company Secretary:
W Fitchat

Date of SENS release: 30 July 2018

www.hulamin.co.za