



AUDITED RESULTS

for the year ended 31 December 2010

- Improved markets and production performance drive 32% sales growth in Rolled Products to 187 000 tons
- Headline earnings reduced to 27 cents per share as strong Rand offsets operational improvements
- Focus on manufacturing excellence leads to improved operational performance
- Metal supply outlook improves



HULAMIN

Commentary

Market conditions and plant performance continued to improve throughout the year, resulting in increased overall sales volumes as well as those of higher margin products, particularly can-end stock, brazing sheet and heat treated plate. These increases resulted in turnover increasing to R5,81 billion from R4,50 billion in the previous year.

Other operational performance improvements were made in the areas of improved working capital utilisation, higher production volumes, improved recoveries and lower unit costs, while margins in US Dollars also improved.

As Hulamin is one of South Africa's leading beneficiating exporters, the continued strengthening of the Rand against the US Dollar had a severe impact on translating export revenue into Rand. During 2010, the Rand strengthened by 13%, from an average of R8,42 in 2009 to an average of R7,32 in 2010. This eroded most of the operational improvement benefits achieved. Operating profit therefore reduced to R218 million from R244 million in 2009.

Headline earnings for the year reduced to R75 million (27 cents per share) from R92 million (37 cents per share) in 2009.

In addition to the strong Rand, Hulamin faced a number of other challenges, including the termination of billet supply by BHP Billiton to Hulamin Extrusions, weak demand in the South African market and significant inflationary price increases, particularly related to manpower and electricity. The business also faced higher fixed operating costs resulting from the startup of the new Rolled Products expansion project, ahead of the revenue benefits from the new assets.

Notwithstanding these challenges, Hulamin improved its manufacturing performance through increased focus on its manufacturing excellence programme, which resulted in direct annualised benefits of some R200 million.

In June 2010, Hulamin raised R750 million in a fully subscribed rights offer to shareholders. The proceeds from this were used to reduce both short and long-term borrowings. Net borrowings reduced from R1 409 million at December 2009 to R958 million at December 2010.

Given the recent earnings performance and working capital and capital expenditure required for future growth, the Board has decided not to declare a dividend for the current year.

Rolling Slab and Extrusion Billet Supply

Hulamin produces both extrusion billet and rolling slab in its own facilities in Pietermaritzburg, and supplements this with imports of extrusion billet and with rolling slab supplied by BHP Billiton. Agreement has been reached with BHP Billiton to extend the existing rolling slab supply agreement until June 2012.

Prospects

The focus for Hulamin remains on accelerating and then sustaining its improved operational performance. International markets continue their steady improvement, resulting in firmer US Dollar margins being realised for contracts currently being booked. Cost competitiveness, volume growth, mix improvement and working capital controls remain the core objectives as Hulamin continues its growth path to full capacity.

ME Mkwazazi
Chairman

RG Jacob
Chief Executive

24 February 2011

Audit opinion

The auditors, PriceWaterhouseCoopers Inc., have issued their opinion on the group's financial statements for the year ended 31 December 2010. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. A copy of their audit report is available for inspection at the company's registered office. These condensed financial statements have been derived from the group financial statements and are consistent, in all material respects, with the group financial statements.

Corporate information

HULAMIN LIMITED

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

Business and postal address

Moses Mabhidia 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
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 Matyumza
(with effect from 1 March 2010), ME Mkwazazi (Chairman), SP Ngwenya, PH Stauda

Executive directors:

RG Jacob (Chief Executive Officer, with effect from 1 July 2010),
A Fourie (retired with effect from 30 June 2010), CD Hughes, MZ Mkhize

Condensed Income Statement

	Note	2010 R'000	2009 R'000
Revenue		5 808 667	4 499 582
Cost of sales		(5 260 954)	(3 895 842)
Gross profit		547 713	603 740
Other gains and losses	3	71 744	53 968
Selling and marketing expenses		(312 113)	(323 438)
Administrative expenses		(89 111)	(90 296)
Operating profit		218 233	243 974
Net finance costs		(116 923)	(113 813)
Share of profits of associates and joint ventures		2 654	383
Profit before tax		103 964	130 544
Taxation	4	(30 716)	(40 911)
Net profit for the year attributable to shareholders		73 248	89 633
Headline earnings			
Net profit for the year attributable to shareholders		73 248	89 633
Loss on disposal of property, plant and equipment		2 174	2 731
Tax effects of adjustments		(609)	(765)
Headline earnings attributable to shareholders		74 813	91 599
Earnings per share (cents)	5		
Basic		26	37
Diluted		26	36
Headline earnings per share (cents)			
Basic		27	37
Diluted		26	37
Dividends per share (cents)			
Interim paid		-	-
Final declared		-	-
Currency conversion			
Rand/US dollar average		7,32	8,42
Rand/US dollar closing		6,63	7,39

Condensed Cash Flow Statement

	2010 R'000	2009 R'000
Cash flows from operating activities		
Operating profit	218 233	243 974
Net interest paid	(136 596)	(170 409)
Loss on disposal of property, plant and equipment	2 174	2 731
Non-cash items:		
Depreciation and amortisation	192 899	197 733
Other non-cash items	(69 502)	(82 156)
Income tax payment	(16 408)	(66 949)
Changes in working capital	(244 532)	599 333
	(53 732)	724 257
Cash flows from investing activities		
Additions to property, plant and equipment	(186 899)	(351 811)
Additions to intangible assets	(6 005)	(3 554)
Proceeds on disposal of property, plant and equipment	3 664	3 534
Increase in investment in associates and joint ventures	(38 770)	-
	(228 010)	(351 831)
Cash flows from financing activities		
Borrowings repaid	(490 482)	(339 742)
Shares issued	736 275	1 639
Settlement of share options net of reversals	(4 025)	(7 547)
Dividends paid	-	(28 537)
	241 768	(374 187)
Net decrease in cash and cash equivalents	(39 974)	(1 761)
Balance at beginning of year	64 413	66 174
Cash and cash equivalents at end of year	24 439	64 413

Notes

- Basis of preparation**
The audited group financial statements for the year ended 31 December 2010, from which these condensed financial statements are derived, are prepared in accordance with International Financial Reporting Standards. These condensed financial statements are prepared in terms of IAS 34 - Interim Financial Reporting. The principal accounting policies and methods of computation adopted are consistent with those of the previous annual financial statements.
 - Operating segment analysis**
The group is organised into two major operating segments, namely Hulamin Rolled Products and Hulamin Extrusions.
- | | 2010
R'000 | 2009
R'000 |
|------------------------------|------------------|---------------|
| REVENUE | | |
| Hulamin Rolled Products | 5 191 705 | 3 881 393 |
| Hulamin Extrusions | 616 962 | 618 189 |
| Group total | 5 808 667 | 4 499 582 |
| INTER-SEGMENT REVENUE | | |
| Hulamin Rolled Products | - | 9 550 |
| Hulamin Extrusions | - | 6 959 |
| OPERATING PROFIT | | |
| Hulamin Rolled Products | 226 868 | 239 377 |
| Hulamin Extrusions | (8 635) | 4 597 |
| Group total | 218 233 | 243 974 |
| TOTAL ASSETS | | |
| Hulamin Rolled Products | 7 069 431 | 6 554 198 |
| Hulamin Extrusions | 288 341 | 360 004 |
| Group total | 7 357 772 | 6 914 202 |
- 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.

Condensed Balance Sheet

	2010 R'000	2009 R'000
ASSETS		
Non-current assets		
Property, plant and equipment	4 989 646	4 979 278
Intangible assets	33 346	29 874
Investments in associates and joint ventures	51 887	10 463
Retirement benefit asset	73 819	-
Deferred tax asset	22 102	13 899
	5 170 800	5 033 514
Current assets		
Inventories	1 189 929	1 015 029
Trade and other receivables	792 357	695 228
Derivative financial assets	180 247	97 970
Income tax asset	-	8 048
Cash and cash equivalents	24 439	64 413
	2 186 972	1 880 688
TOTAL ASSETS	7 357 772	6 914 202
EQUITY		
Share capital and share premium	1 728 830	992 555
BEE reserve	174 686	174 686
Employee share-based payment reserve	91 219	74 097
Hedging reserve	38 840	(522)
Retained earnings	2 575 959	2 503 463
Total equity	4 609 534	3 744 279
LIABILITIES		
Non-current liabilities		
Non-current borrowings	627 759	763 496
Deferred tax liability	941 260	912 876
Retirement benefit obligations	147 909	132 946
	1 716 928	1 809 318
Current liabilities		
Trade and other payables	607 917	580 420
Current borrowings	355 077	709 822
Derivative financial liabilities	66 971	70 363
Income tax liability	1 345	-
	1 031 310	1 360 605
Total liabilities	2 748 238	3 169 923
TOTAL EQUITY AND LIABILITIES	7 357 772	6 914 202
Net debt to equity	% 20,8	37,6

Condensed Statement of Comprehensive Income

	2010 R'000	2009 R'000
Net profit for the year	73 248	89 633
Cash flow hedges, net of tax	39 362	(102 174)
Total comprehensive income/(loss) for the year attributable to shareholders	112 610	(12 541)

Condensed Statement of Changes in Equity

	2010 R'000	2009 R'000
Shareholders' interest at beginning of year	3 744 279	3 760 146
Total comprehensive income for the year	112 610	(12 541)
Shares issued	736 275	1 639
Value of employee services	20 355	29 492
Settlement of employee share incentives	(4 025)	(7 547)
Tax on employee share incentives	40	1 627
Dividends paid	-	(28 537)
Total equity	4 609 534	3 744 279

4. Taxation

	2010 R'000	2009 R'000
The tax charge included within these condensed financial statements is:		
Normal	25 801	12 382
Deferred	4 915	25 675
STC	-	2 854
	30 716	40 911
Normal rate of taxation	% 28,0	28,0
Adjusted for:		
STC	% -	2,2
Other non-allowable items	% 1,5	1,1
	% 29,5	31,3

5. Earnings per share

	Number of shares 2010	Number of shares 2009
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*	281 206 387	244 338 984
Share options	3 498 720	2 897 707
Weighted average number of shares used for diluted EPS	284 705 107	247 236 691

*Adjusted for effects of rights issue concluded in June 2010.

6. Commitments and contingent liabilities

	2010 R'000	2009 R'000
Capital expenditure contracted for but not yet incurred	90 381	112 557
Operating lease commitments	9 392	21 090
Guarantees and contingent liabilities	25 962	22 594

7. Borrowings

The borrowing facilities of the group comprise long-term facilities of R630 million, which are repayable by 2015, and short-term facilities totalling R550 million. The repayment of borrowings during the year, following the conclusion of the rights issue in June 2010, improved the group's debt to equity ratio from 37.6% to 20.8%.