UNAUDITED INTERIM RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

HULAMIN

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UNAUDITED INTERIM RESULTS
FOR THE HALF-YEAR ENDED 30 JUNE 2017

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AGENDA

2

1. Opening remarks / market update
2. Financial results
3. Operational review
4. Strategy update
5. Outlook

Unaudited results for the half-year ended 30 June 2017


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OPENING REMARKS / MARKET UPDATE

KEY POINTS

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- 8% Higher group sales volume at 119 000 tons (H1 2016: 111 000 tons)
  - Rolled Products H1 sales 221 000 tons annualised (H1 2016: 205 000 tons)
- 17% Higher profits of R178 million for the period
- Despite a stronger currency R13.22/US$ on average (H1 2016: R15.46/US$)
- Driven by:
  - Increased volume (+8%)
  - Increased mix / margins
  - Lower costs
  - Metal price lag benefit

Unaudited results for the half-year ended 30 June 2017

MARKET OVERVIEW

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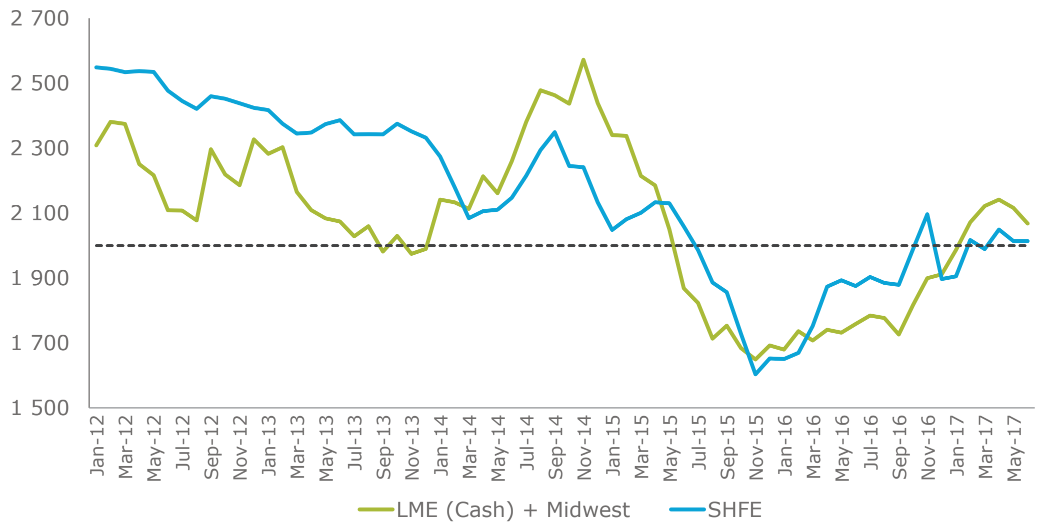
- Aluminium price stable and continuing to recover
  - US$1 879 average LME aluminium price (H1 2016: US$1 543)
  - Geographic premiums have remained stable
- Automotive demand growth for aluminium continues, steady at firm level in SA
- Local can stock volumes growing
- Soft local architectural and general engineering in SA
- Regulatory uncertainty in USA
  - US ITC investigation aluminium imports

Unaudited results for the half-year ended 30 June 2017

ALL-IN ALUMINIUM PRICE (USD/TON)

6



Source: Metal Bulletin

Unaudited results for the half-year ended 30 June 2017


1 2 3 4 5
FINANCIAL RESULTS

SALIENT FEATURES

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		H1 2017	H1 2016	% Change
Key parameters and activities				
Average LME	US$	**1 879**	1 543	22
Average exchange rate	R/US$	**13.22**	15.46	(14)
Group sales volume	tons	**119 000**	111 000	8
Rolled Products sales volume	tons	**110 000**	102 000	8
Group turnover	Rm	**5 095**	4 928	3
Profitability				
Group EBIT	Rm	**286**	257	11
Group EBITDA	Rm	**392**	350	12
EBITDA / turnover	%	**7.7**	7.1	8
ROE	%	**8.1**	7.6	7
HEPS	cps	**56**	48	17
Normalised EPS	cps	**56**	48	17

Unaudited results for the half-year ended 30 June 2017

SALIENT FEATURES | CONTINUED

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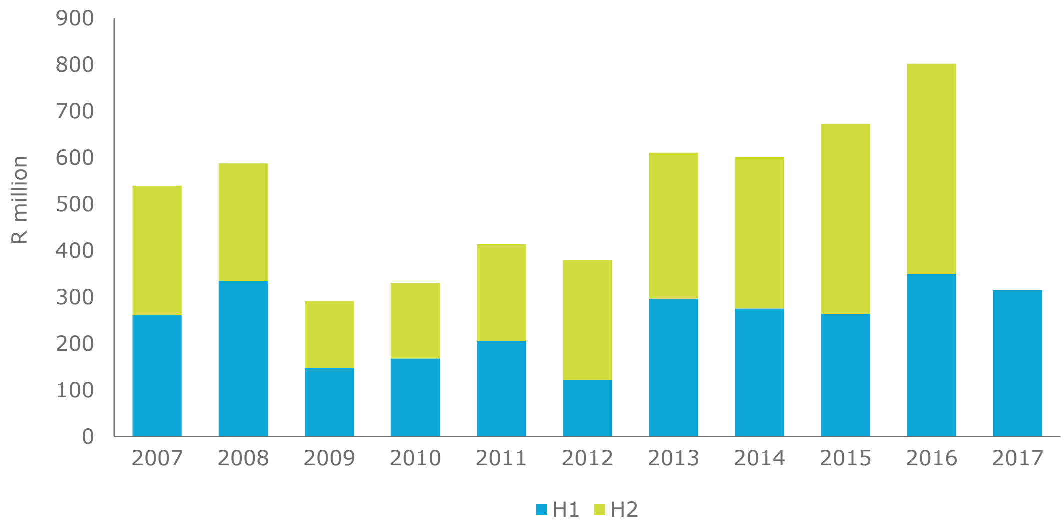
Financial, cash flow and borrowings		H1 2017	H1 2016
Capital expenditure	Rm	**137**	136
Cash flow before financing activities	Rm	**(38)**	33
Net borrowings	Rm	**656**	952
Debt equity ratio	%	**15**	23
NAV per share	cps	**1 394**	1 283
Share price (VWAP)	cps	**621**	589

Unaudited results for the half-year ended 30 June 2017

NORMALISED EBITDA BEFORE METAL PRICE LAG

10



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FOCUSING ON THE KEY VALUE DRIVERS

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Sales volume	↑ Up 8%	• Driven by strong manufacturing performance in Rolled Products
Currency	↓ 14% stronger	• Negative impact on rolling margins in Rand terms
$ Aluminium price	↑ 22% stronger	• Resulting in metal price lag benefit, after 50% hedging
$ Rolling margins	↑ 5% stronger	• Increased local can stock mix • Stronger Euro
ZAR Conversion costs / unit	↑ Down 8%	• Increased utilisation of UBC's • CNG conversion • High fixed cost base • Improved cost control

Unaudited results for the half-year ended 30 June 2017

H1 2016 vs H1 2017 EBIT BRIDGE

Unaudited results for the half-year ended 30 June 2017

STRENGTHENING THE BALANCE SHEET

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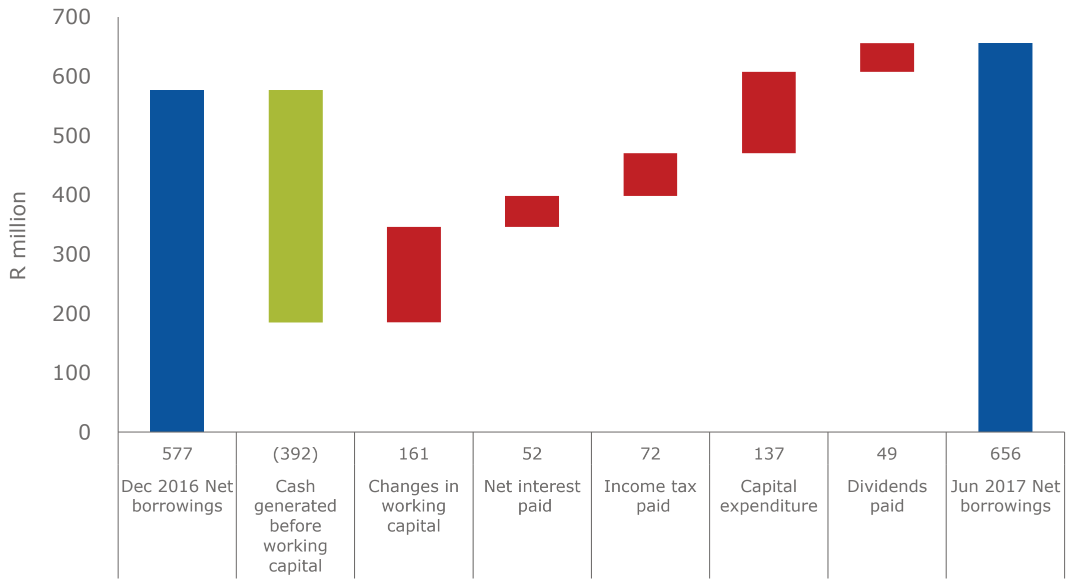
Focus areas	Delivered FY 2016	Progress H1 2017
Improve liquidity	• New 3-year working capital facility • Covenant light • R400m additional headroom	• Headroom in facilities maintained
Drive operating performance	• EBITDA before metal price lag up 25%, driven by strong manufacturing fundamentals	• Improvements in volume, margin/mix and costs delivers R238m improvement in EBIT to offset effect of currency
Working capital	• Significant improvements in inventory efficiencies	• Continued momentum despite challenges
Capital discipline	• Optimising SIB capex	• Discipline maintained

Unaudited results for the half-year ended 30 June 2017

H1 2017 CASH FLOW



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MAINTAINING WORKING CAPITAL GAINS

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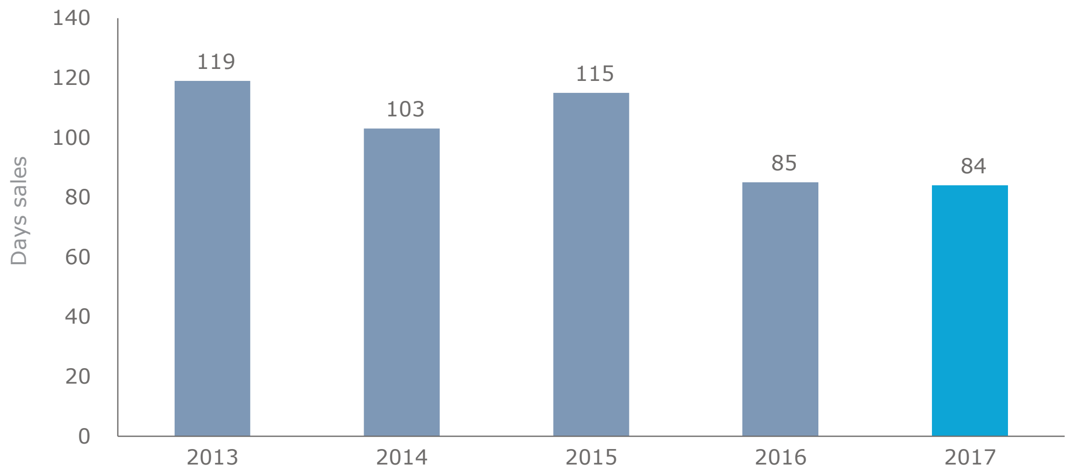
Average inventory days



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CAPITAL EXPENDITURE

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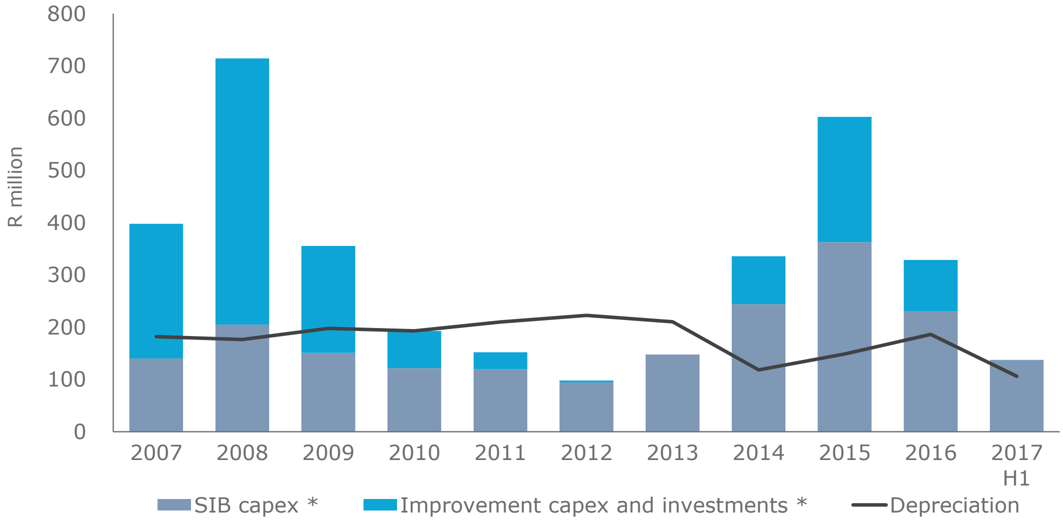

* Excludes capitalised borrowing costs

Unaudited results for the half-year ended 30 June 2017

LIQUIDITY AND CAPITAL STRUCTURE

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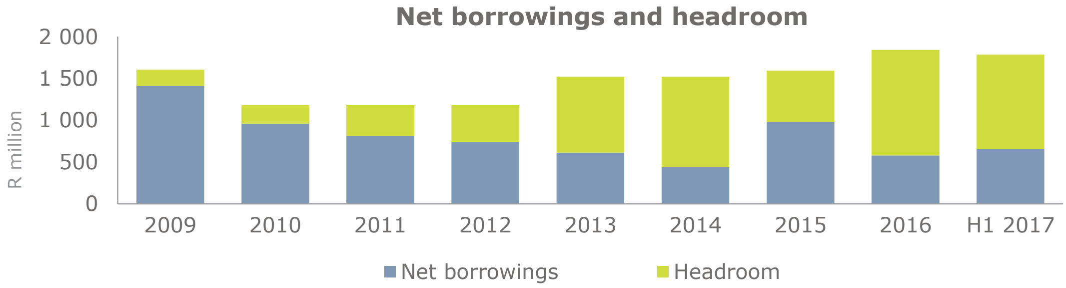

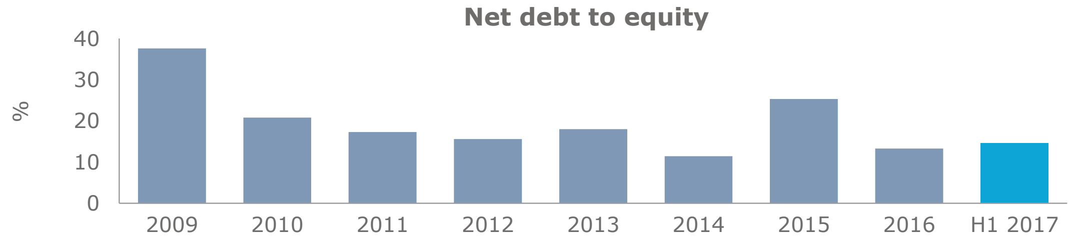

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FOCUS ON VALUE IMPROVEMENT

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Drive free cash flow generation	• Maintain volume gains • Drive mix / margin improvement • Focused cost reduction • Improved metal input mix • Maintain inventory efficiencies, shorten cash cycle • Prudent stay in business capex
De-risk the balance sheet	• Reduce borrowings and maintain sufficient facility headroom
Invest in growth opportunities	• Grow return on capital employed

Unaudited results for the half-year ended 30 June 2017

OPERATIONAL REVIEW

ROLLED PRODUCTS – KEY FEATURES

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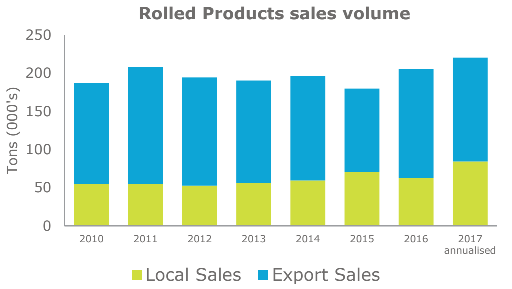
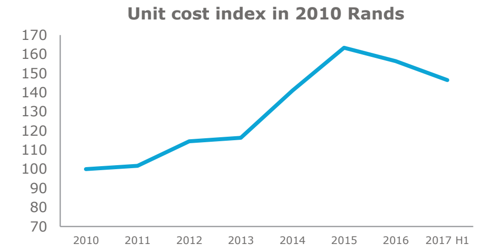
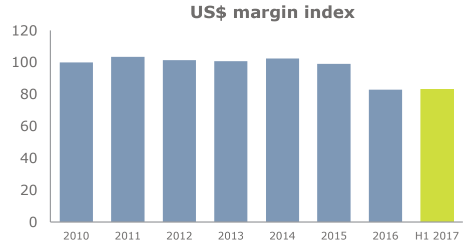
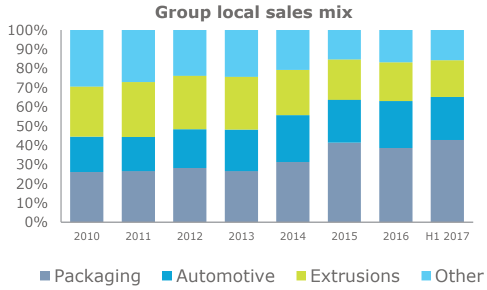




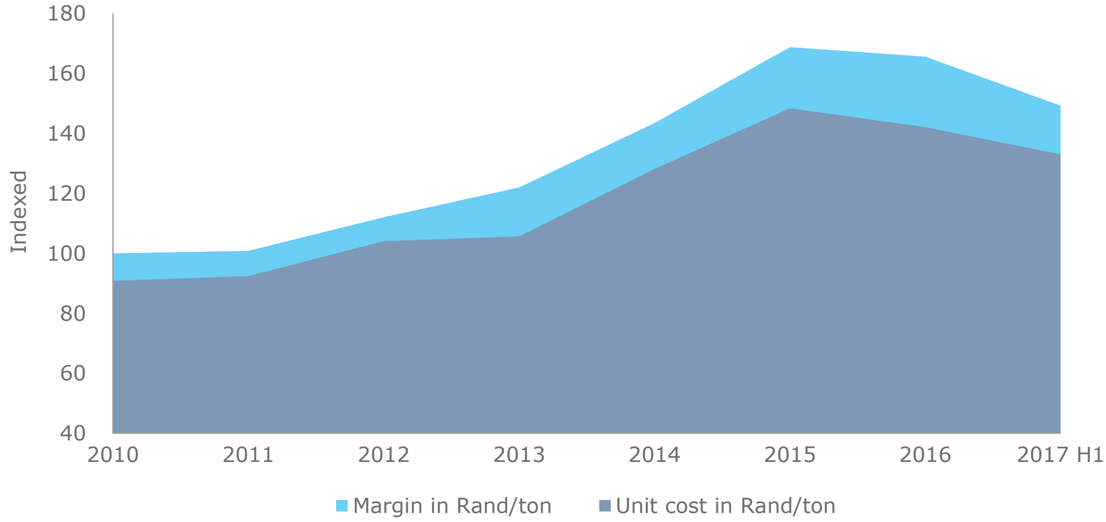




Unaudited results for the half-year ended 30 June 2017

ROLLED PRODUCTS OPERATING MARGIN IN RAND

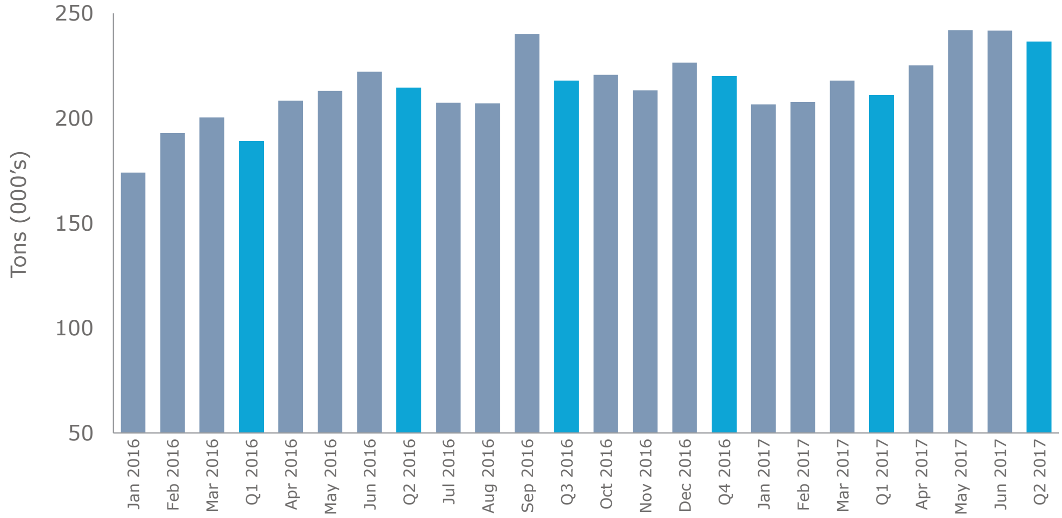
21



Unaudited results for the half-year ended 30 June 2017

ROLLED PRODUCTS PRODUCTION (ANNUALISED)

22



Unaudited results for the half-year ended 30 June 2017

OPERATIONAL EXCELLENCE – H1 2017

23

- Hulamin Rolled Products
  - 8% increase in sales volume
  - Unit cost down 8% (13% in real terms)
- Improved risk mitigation
  - LP Gas supply stable
  - CNG conversion up to ~25%, will be at 45% by September 2017
- Continued strong recovery / yield performance
  - Can body stock improving measurably

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PLANT UPGRADE AND MAINTENANCE Q3 2017

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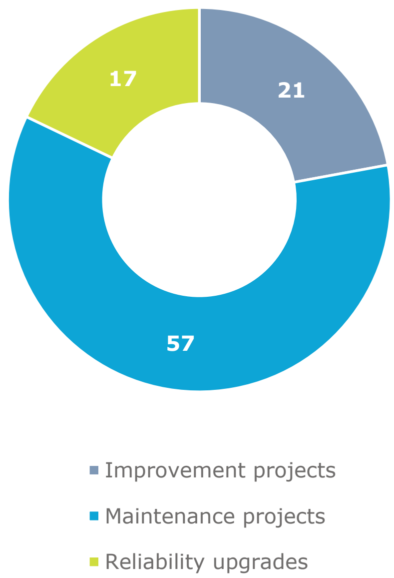
Key items

- Planned for 12 days
- Further conversion of LPG to CNG
- Hot mill drive upgrade
- Cold mill motor upgrade (main drive)
- Recycling furnace improvement



Unaudited results for the half-year ended 30 June 2017

HULAMIN EXTRUSIONS

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- Soft trading conditions
- Ongoing investment for growth
  - Powder coating investment to start in Q4 2017
  - Cost-saving project start-up in September
  - Evaluation of other opportunities continuing
- Profit flat year-on-year H1 2017 vs H1 2016

Unaudited results for the half-year ended 30 June 2017


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STRATEGY UPDATE

HULAMIN THREE STRATEGIC PHASES

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Strategic vision

I. Strengthen the core to compete today

- Cost competitiveness
- Operational performance
- Risk management
- Maximise asset productivity
- Product mix optimisation
- Leverage existing Hulamin brand strength for better margins
- Rationalise product portfolio

II. Improve rolling margins to grow

- Leverage Hulamin brand strength for better margins
- Develop new niche products
- Existing products
- New markets
- New channels
- Local and regional opportunities
- Increase scrap input
- Other business models e.g. trading of selected products in niche markets

III. Build the assets of tomorrow to win

- Investment to create niche differentiated positions for higher margins
- Scrap and Recycling
- Invest in liquid aluminium
  - Isizinda
  - On site
  - Richard bay IDZ
- Drive industry transformation for improved market position

Unaudited results for the half-year ended 30 June 2017

IMPROVING MARKET OPPORTUNITIES

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- Downstream beneficiation opportunity being pursued (6 000 – 7 000 tons)
- New distribution relationship into USA
    - » *Better cash flow*
    - » *Improved transparency*
    - » *Increased control over Hulamin brand*
    - » *Improved customer service*
- Auto body sheet investment delayed due to volume forecast reduction
- New HT plate opportunities in USA
    - » *Aerospace components*
    - » *Material handling components*

Unaudited results for the half-year ended 30 June 2017

ONBOARD WI-FI PROJECT

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SECURE AND COMPETITIVE METAL SUPPLY

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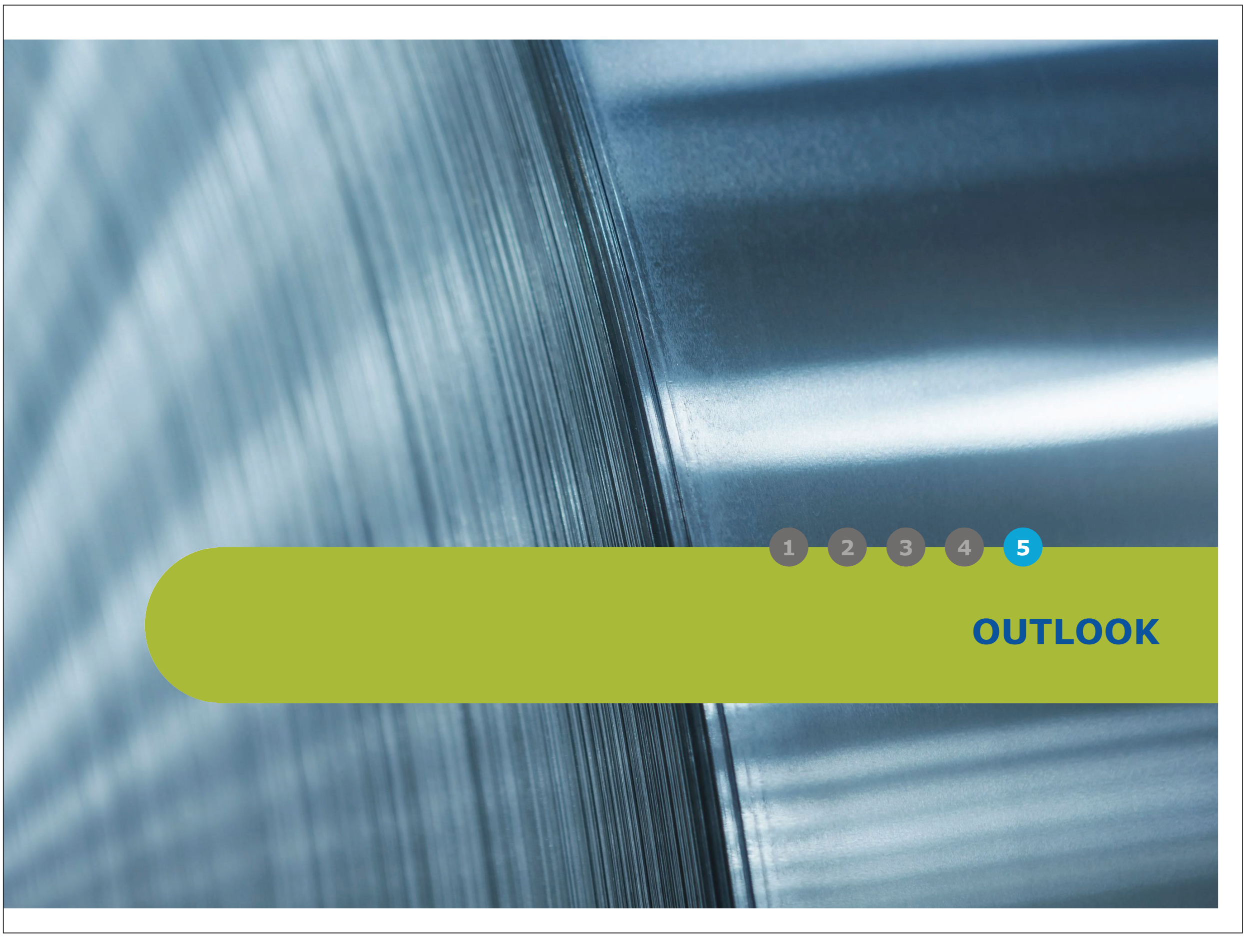
- Bayside cast house benefits increasing:
  - Cost
  - Working capital (product range and alloy balance)
  - Supply risk
- Strategy execution: To increase usage of liquid metal at Isizinda
  - Investment opportunities identified and feasibilities underway
    - » *Extrusion billet*
    - » *Wire rod*
    - » *Automotive castings*
    - » *Monobloc for aerosol manufacture*

Unaudited results for the half-year ended 30 June 2017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OUTLOOK

OUTLOOK

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- 12-day maintenance and upgrades shutdown in Q3
  - Investing in reliability
  - Risk mitigation (preventing breakdowns and obsolescence)
  - Improvement projects
- Continued focus on rolling margin, working capital and cost improvement
- Conclude improvement project feasibility studies
  - Expand revenue from new market opportunities
  - Metal investments

Unaudited results for the half-year ended 30 June 2017


APPENDIX

CONDENSED INCOME STATEMENT

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	H1 2017 Rm	H1 2016 Rm
Revenue	5 095	4 928
Cost of sales	(4 561)	(4 394)
Gross profit	534	534
Selling, marketing, distribution and administrative expenses	(296)	(294)
Other gains and losses	48	17
Operating profit	286	257
Net interest expense	(38)	(47)
Profit before tax	248	210
Taxation	(70)	(58)
Net profit for the period	178	152
EBITDA	392	350
EBITDA / Sales (%)	7.7	7.1

Unaudited results for the half-year ended 30 June 2017

GROUP EXPENSES BY NATURE

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	H1 2017 Rm	H1 2016 Rm
Aluminium and other material costs	3 313	3 177
Utilities and other direct manufacturing costs	389	364
Employment costs	564	515
Depreciation and amortisation	106	92
Repairs and maintenance	137	134
Freight and commissions	178	190
Other operating income and expenditure	170	216
	4 857	**4 688**
Classified as		
Cost of sales	4 561	4 394
Selling, marketing and distribution expenses	221	230
Administrative and other expenses	75	64
	4 857	**4 688**

Unaudited results for the half-year ended 30 June 2017

CONDENSED BALANCE SHEET

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	H1 2017 Rm	H1 2016 Rm
Capital employed		
Equity	**4 455**	4 105
Net borrowings	**656**	952
	5 111	**5 057**
Employment of capital		
Property, plant and equipment and intangibles	**3 371**	3 229
Retirement benefit asset	**118**	135
Net working capital (incl. derivatives)	**2 390**	2 450
Net deferred tax liability	**(499)**	(521)
Retirement benefit obligations	**(269)**	(236)
	5 111	**5 057**

Unaudited results for the half-year ended 30 June 2017

CONDENSED CASH FLOW STATEMENT

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	H1 2017 Rm	H1 2016 Rm
Cash flows from operating activities		
Operating profit	**286**	257
Net interest paid	**(52)**	(56)
Depreciation and other non-cash items	**98**	(31)
Income tax payment	**(72)**	(33)
Changes in working capital	**(161)**	(25)
	99	**112**
Cash flows from investing activities		
Net additions to property, plant and equipment and intangibles and investments	**(137)**	*(79)
Cash flows before financing activities	**(38)**	**33**
Cash flows – equity, dividend and other transactions	**(41)**	(10)
Cash flows for the period	**(79)**	**23**
Net borrowings – beginning of period	**(577)**	**(975)**
Net borrowings – end of period	**(656)**	**(952)**

* Net of MCEP grant receipt of R57m

Unaudited results for the half-year ended 30 June 2017

Highlights

HEADLINE EARNINGS PER SHARE UP **17% TO 56 CENTS PER SHARE**

OPERATING PROFIT UP **11%** DESPITE STRONGER LOCAL CURRENCY

STRONG ROLLED PRODUCTS VOLUME PERFORMANCE UP **8% TO 221 000 TONS ANNUALISED**

ROLLED PRODUCTS UNIT COST DOWN **8%**

Commentary

Group sales volumes for the six months to 30 June 2017 totalled 119 000 tons. This is 8% higher than the corresponding period and delivers a 12-month sales performance in excess of 220 000 tons from 1 July 2016 in Rolled Products.

Market conditions in South Africa have remained depressed. However, despite the overall manufacturing economy declining, Hulamin increased its local beverage can packaging volumes by 133% albeit from a relatively low base in the corresponding period, with a consequent increase in scrap purchases. Although export markets remain over-traded, Hulamin benefited from actions to enhance the product mix, improved market positioning and concerns among customers in the US that imports from China are likely to be controlled or curtailed.

In the US, Hulamin's Heat Treated Plate continues to set quality and performance benchmarks. Over and above Hulamin's niche automotive market in the US, our plate has been specified for two additional high-end applications: an aerospace Wi-Fi component and a high tolerance material handling application.

The US Dollar London Metal Exchange aluminium price rose further to close the period above US$1 900/t, following the lows of below US$1 500/t which prevailed in late 2015 and early 2016. Hulamin accordingly recorded a metal price lag profit of R78 million.

Group turnover increased by 3% to R5.1 billion (2016 H1: R4.9 billion) driven by the higher sales volume and an average US Dollar aluminium price that was 22% higher than the comparative period. The increase in these factors more than compensated for the 14% strengthening of the Rand to average R/US$ 13.22 (2016: R/US$ 15.46).

Manufacturing conversion costs in Rolled Products were 1% lower in aggregate and 8% lower on a per unit cost basis (13% lower after allowing for the effects of inflation), benefiting from lower US Dollar denominated costs, improved cost controls, and increased usage of Compressed Natural Gas ("CNG") that now makes up approximately 25% of Hulamin's total gas consumption.

Earnings before interest and taxation ("EBIT") at R286 million increased by 11% compared to the prior period. Net interest charges decreased by 18% to R39 million, driven by lower levels of debt (borrowings closed at R656 million compared to R952 million in June 2016). Attributable earnings amounted to R178 million for the six months under review, an increase of 17% compared to the prior period.

Hulamin Extrusions performed consistently compared to the prior period despite further weakening of local market conditions. The investments in powder coating and packing are due for start-up in the second half that augurs well for an improved performance from 2018.

Cash flow before financing activities amounted to a R38 million outflow (2016 H1: R33 million inflow), after capital expenditure of R137 million.

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 appointment of Ms AT Nzimande and Mr RL Larson as non-executive directors to the board, with effect from 1 April 2017. Ms LC Cele resigned from the board of directors with effect from 27 April 2017.

PROSPECTS

Hulamin expects the momentum that prevailed in the first half of 2017 to continue into the second half. We will compensate for weak local market conditions with further improvements in sales mix, cost controls and operating efficiencies. A number of concurrent shutdown activities are planned for the second half to include routine maintenance and upgrades. Also included is the next phase of conversion of our manufacturing facilities from Liquid Petroleum Gas to CNG that will increase our usage of CNG to around 45% of our total gas consumption. Order books for Rolled Products are healthy for the balance of the year following improvements in our US standard products distribution channel.

M E Mkwanazi
Chairman

R G Jacob
Chief Executive Officer

Pietermaritzburg
27 July 2017

Condensed consolidated income statement

FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Notes	**Unaudited Half-year 30 June 2017 R'000**	Unaudited Half-year 30 June 2016 R'000	Audited Year ended 31 December 2016 R'000
Revenue		**5 095 326**	4 927 689	10 099 349
Cost of sales		**(4 561 208)**	(4 393 268)	(8 957 621)
Gross profit		**534 118**	534 421	1 141 728
Selling, marketing and distribution expenses		**(220 570)**	(229 608)	(443 881)
Administrative and other expenses		**(74 726)**	(64 783)	(144 892)
Other gains and losses		**47 611**	17 141	68 559
Operating profit		**286 433**	257 171	621 514
Interest income		**840**	462	1 309
Interest expense		**(39 381)**	(47 444)	(88 005)
Profit before tax		**247 892**	210 189	534 818
Taxation	4	**(70 010)**	(58 002)	(149 885)
Net profit for the period		**177 882**	152 187	384 933
Headline and normalised earnings				
Net profit for the period		**177 882**	152 187	384 933
Profit on disposal of property, plant and equipment		**–**	–	(6 093)
Tax effect of adjustments		**–**	–	897
Headline earnings		**177 882**	152 187	379 737
Equity-settled share-based payment: Isizinda		**–**	411	552
Normalised earnings		**177 882**	152 598	380 289
Earnings per share (cents)	5			
Basic		**56**	48	120
Diluted		**54**	44	117
Headline earnings per share (cents)				
Basic		**56**	48	119
Diluted		**54**	44	116
Normalised earnings per share (cents)				
Basic		**56**	48	119
Diluted		**54**	44	116
Dividend per share (cents)		**–**	–	15
Currency conversion				
Rand/US dollar average		**13.22**	15.46	14.71
Rand/US dollar closing		**13.03**	14.86	13.61

Condensed consolidated statement of comprehensive income

FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Unaudited Half-year 30 June 2017 R'000	Unaudited Half-year 30 June 2016 R'000	Audited Year ended 31 December 2016 R'000
Net profit for the period	**177 882**	152 187	384 933
Other comprehensive income for the period	**(9 963)**	89 628	93 851
Items that may be reclassified subsequently to profit or loss	**(9 984)**	90 788	107 628
Cash flow hedges transferred to income statement	**(21 536)**	127 947	127 947
Cash flow hedges created	**7 669**	(1 853)	21 536
Income tax effect	**3 883**	(35 306)	(41 855)
Items that will not be reclassified to profit or loss	**21**	(1 160)	(13 777)
Remeasurement of retirement benefit obligation	**518**	439	(14 032)
Remeasurement of retirement benefit asset	**(489)**	(2 050)	(5 103)
Income tax effect	**(8)**	451	5 358
Total comprehensive income for the period	**167 919**	241 815	478 784

Condensed consolidated statement of changes in equity

FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Unaudited Half-year 30 June 2017 R'000	Unaudited Half-year 30 June 2016 R'000	Audited Year ended 31 December 2016 R'000
Balance at beginning of period	**4 346 688**	3 854 517	3 854 517
Total comprehensive income for the period	**167 919**	241 815	478 784
Value of employee services	**7 914**	16 830	26 998
Settlement of employee share incentives	**(17 620)**	(9 196)	(12 436)
Tax on employee share incentives	**(1 003)**	–	(1 727)
Equity-settled share-based payment	**–**	655	552
Dividends paid	**(48 501)**	–	–
Total equity	**4 455 397**	4 104 621	4 346 688

Condensed consolidated balance sheet

AS AT 30 JUNE 2017

		Unaudited Half-year 30 June 2017 R'000	Unaudited Half-year 30 June 2016 R'000	Audited Year ended 31 December 2016 R'000
ASSETS				
Non-current assets				
Property, plant and equipment		**3 303 262**	3 163 999	3 263 500
Intangible assets		**68 171**	63 539	69 086
Retirement benefit asset		**118 373**	134 500	117 397
Deferred tax asset		**25 463**	19 808	25 463
		3 515 269	3 381 846	3 475 446
Current assets				
Inventories		**1 860 010**	1 795 481	1 825 221
Trade and other receivables		**1 650 004**	1 633 076	1 513 096
Derivative financial assets		**52 872**	97 410	64 445
Cash and cash equivalents		**233 544**	69 689	75 627
Income tax asset		**–**	6 832	2 603
Asset held for sale		**–**	1 588	–
		3 796 430	3 604 076	3 480 992
TOTAL ASSETS		**7 311 699**	6 985 922	6 956 438
EQUITY				
Share capital and share premium		**1 817 580**	1 817 580	1 817 580
BEE reserve		**51 776**	51 879	51 776
Employee share-based payment reserve		**42 562**	55 093	55 852
Hedging reserve		**5 522**	(1 334)	15 506
Retained earnings		**2 537 957**	2 181 403	2 405 974
Total equity		**4 455 397**	4 104 621	4 346 688
LIABILITIES				
Non-current liabilities				
Non-current borrowings		**135 000**	189 000	162 000
Deferred tax liability		**524 565**	540 595	516 533
Retirement benefit obligations		**268 609**	236 035	258 879
		928 174	965 630	937 412
Current liabilities				
Trade and other payables		**1 151 989**	1 039 786	1 141 011
Current borrowings		**754 558**	832 747	490 444
Derivative financial liabilities		**12 053**	43 138	15 168
Income tax liability		**9 528**	–	25 715
		1 928 128	1 915 671	1 672 338
Total liabilities		**2 856 302**	2 881 301	2 609 750
TOTAL EQUITY AND LIABILITIES		**7 311 698**	6 985 922	6 956 438
Net debt to equity	%	**15**	23	13

Condensed consolidated cash flow statement

FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Unaudited Half-year 30 June 2017 R'000	Unaudited Half-year 30 June 2016 R'000	Audited Year ended 31 December 2016 R'000
Cash flows from operating activities			
Operating profit	**286 433**	257 171	621 514
Net interest paid	**(52 413)**	(55 702)	(101 792)
Profit on disposal of property, plant and equipment	**–**	–	(6 093)
Non-cash items:			
Depreciation and amortisation of property, plant and equipment	**106 017**	92 418	186 000
Movement in derivatives	**(5 410)**	(155 371)	(126 987)
Other non-cash items	**(2 545)**	32 762	68 679
Income tax payment	**(71 868)**	(32 947)	(127 972)
Changes in working capital	**(160 718)**	(25 786)	165 679
	99 496	112 545	679 028
Cash flows from investing activities			
Additions to property, plant and equipment	**(131 355)**	(132 772)	(314 856)
Additions to intangible assets	**(5 901)**	(3 381)	(13 551)
Proceeds on disposal of property, plant and equipment	**–**	–	7 681
MCEP grant receipt	**–**	57 046	57 047
	(137 256)	(79 107)	(263 679)
Cash flows before financing activities	**(37 760)**	33 438	415 349
Cash flows from financing activities			
Increase/(decrease) in borrowings	**237 114**	(23 654)	(392 957)
Settlement of share options	**(17 620)**	(9 196)	(12 436)
Dividends paid	**(48 501)**	–	–
	170 993	(32 850)	(405 393)
Net increase in cash and cash equivalents	**133 233**	588	9 956
Cash and cash equivalents at beginning of period	**75 627**	70 158	70 158
Effects of exchange rate changes on cash and cash equivalents	**24 684**	(1 057)	(4 487)
Cash and cash equivalents at end of period	**233 544**	69 689	75 627

Notes

FOR THE HALF-YEAR ENDED 30 JUNE 2017

1. Basis of preparation

The unaudited condensed consolidated interim financial information of the group for the half-year ended 30 June 2017 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and 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 A P Krull CA(SA), and should be read in conjunction with the group's 2016 annual financial statements, which have been prepared in accordance with International Financial Reporting Standards. These interim financial results have not been audited or reviewed by the company's auditors.

Hulamin believes normalised earnings to more accurately reflect operational performance and is arrived at by adjusting headline earnings to take into account non-operational and abnormal gains and losses.

The accounting policies and methods of computation adopted are in terms of IFRS and are consistent with those used in the preparation of the group's 2016 annual financial statements.

Hulamin has not adopted any new or revised accounting standards in the current period which have had a material impact on reported results.

	Unaudited Half-year 30 June 2017 R'000	Unaudited Half-year 30 June 2016 R'000	Audited Year ended 31 December 2016 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	**4 661 677**	4 503 912	9 237 127
Hulamin Extrusions	**433 649**	423 777	862 222
Group total	**5 095 326**	4 927 689	10 099 349
OPERATING PROFIT			
Hulamin Rolled Products	**272 877**	242 828	587 318
Hulamin Extrusions	**13 556**	14 343	34 196
Group total	**286 433**	257 171	621 514
TOTAL ASSETS			
Hulamin Rolled Products	**6 926 537**	6 649 841	6 663 575
Hulamin Extrusions	**385 162**	336 081	292 863
Group total	**7 311 699**	6 985 922	6 956 438

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 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 cost of sales is a pre-tax metal price lag gain of R78 million (June 2016: R6 million gain, December 2016: R50 million gain) in respect of the unhedged portion of this exposure.

Notes

FOR THE HALF-YEAR ENDED 30 JUNE 2017

		Unaudited Half-year 30 June 2017 R'000	Unaudited Half-year 30 June 2016 R'000	Audited Year ended 31 December 2016 R'000

4. Taxation

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

		Unaudited Half-year 30 June 2017 R'000	Unaudited Half-year 30 June 2016 R'000	Audited Year ended 31 December 2016 R'000
Normal		**59 012**	38 576	163 518
Deferred		**10 998**	19 426	(13 633)
		70 010	58 002	149 885
Normal rate of taxation	%	**28.0**	28.0	28.0
Adjusted for:				
Exempt income, non-allowable deductions and other items	%	**0.2**	(0.4)	–
Effective rate of taxation	%	**28.2**	27.6	28.0

5. Earnings per share (EPS)

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 2017	Number of shares June 2016	Number of shares December 2016
Weighted average number of shares used for basic EPS	**319 596 836**	319 596 836	319 596 836
Share options	**11 689 653**	29 487 803	9 064 508
Weighted average number of shares used for diluted EPS	**331 286 489**	349 084 639	328 661 344

6. 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 income statement.

Financial assets carried at amortised cost are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In particular, the trade receivables provision is established where there is objective evidence that the group will not collect all amounts due according to the original terms of receivables. Evidence of impairment may include indications that the debtors are experiencing significant financial difficulty.

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 balance sheet date. The value to maturity of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The value to maturity of commodity futures is determined by reference to quoted prices at the balance sheet 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 2016 and June 2016).

Notes

FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Unaudited Half-year 30 June 2017 R'000	Unaudited Half-year 30 June 2016 R'000	Audited Year ended 31 December 2016 R'000
7. Commitments and contingent liabilities			
Capital expenditure contracted for but not yet incurred	**86 221**	194 888	109 734
Operating lease commitments	**23 685**	36 343	30 782

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

Notes

Corporate information

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

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TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196; PO Box 61051, Marshalltown, 2107

SPONSOR
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PO Box 98956, Sloane Park, 2152

DIRECTORATE
NON-EXECUTIVE DIRECTORS:
ME Mkwanazi* (Chairman)
CA Boles*
VN Khumalo
RL Larson*
TP Leeuw*
N Maharajh*
NNA Matyumza*
Dr B Mehlomakulu*
SP Ngwenya
AT Nzimande*
PH Staude*
GHM Watson*
GC Zondi#

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

*Independent non-executive director
#Alternate non-executive director

COMPANY SECRETARY
W Fitchat

Date of SENS release: 31 July 2017

www.hulamin.co.za