HULAMIN

2010 Annual Report

Contents

Cover top left image:
Nqobile Lembethe, *Material Handler*

Cover bottom right image:
Mandla Mbhele, *Foil Slitter Operator*

Introduction

Hulamin is an independent semi-fabricator and fabricator of aluminium products, situated in South Africa. Although much of the primary aluminium metal produced in the region is exported with little added value, Hulamin, as the only major aluminium rolling operation in sub-Saharan Africa, remains the primary local beneficiator of the metal. Hulamin is focused on specific product and end-user markets around the world.

We create value for stakeholders by meeting our customers' needs for high-value semi-fabricated aluminium products. In so doing, we stimulate economic activity in our region, which is situated in the province of KwaZulu-Natal, generating an increase in business activity, creating employment and contributing to the upliftment of the local community.

We contribute to the upliftment of manufacturing in South Africa, through our role as both supplier and customer, and through our role as a responsible leader in sustainable development in Southern Africa.

Each of our businesses shares a passion for aluminium – a unique metal with a superior range of benefits and endless application possibilities.

Elphias Ngcobo, *Hot Finishing Mill Operator*

Hulamin statement of value

Our philosophy

Through the commitment to a common purpose we can forge our own destiny. Knowledge and attitude gives us power over our business challenges and personal circumstances.

Our business

We manufacture and market high-quality rolled and extruded aluminium products which meet the needs of our customers in South Africa and internationally.

Our core purpose

Our core purpose is to consistently meet or exceed the reasonable expectations of our major stakeholders (which specifically include our employees, customers, suppliers, shareholders and the communities that surround us). We do this by creating value through the manufacture of high-value aluminium semi-fabricated products. In doing so, we contribute to the upliftment of the standard of living in the region. We achieve this by stimulating business activities associated with adding value to the large quantities of primary aluminium produced in the region and through pursuing related business opportunities within which we can further apply our capabilities.

Our vision

We continually seek to grow our business by satisfying the demands of our customers and supporting the growth of aluminium usage in our chosen market sectors. Our logo, the circle of synergy, shows our commitment to partnerships with our suppliers, customers and the communities in which we operate.

Our statement of value

We deliver on our promises.

Our promises

- Earn a reputation for excellent customer service;
- Generate respectable profits in our operations;
- Set the benchmark in our industry for safe and responsible manufacturing; and
- Assist all employees to uplift their skill levels.

Mutual respect

We treat each other as we would like ourselves to be treated. We respect the rights and fair expectations of others – this has particular importance in our diverse society.

Working safely and responsibly

Every employee has the right to work without fear or risk of personal injury and has the responsibility to work in ways that give the same right to fellow workers. Furthermore, every employee has the additional responsibility to ensure zero harm to our environment.

Honesty and integrity

We behave in ways that are ethical and result in trust, openness and fairness.

Customer value

- We strive to exceed our customers' expectations;
- We recognise that our customers have alternatives; and
- We strive to be our customers' first-choice supplier.

Teamwork

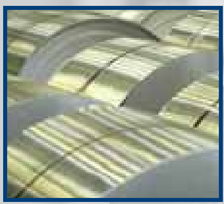
We are all team players. We achieve more working together than the total of everyone's efforts working alone. Our logo symbolises our commitment to teamwork.

The standards we set ourselves

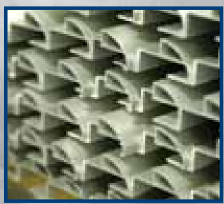
Our success will be measured by the extent to which:

- We are respected and admired by all our stakeholders;
- We are regarded as an employer of choice;
- We are filled with pride in our achievements; and
- We make the world a better place.

Group operations



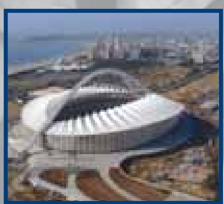
Hulamin Rolled Products
Hulamin Rolled Products supplies a range of niche and standard aluminium rolled products to customers in South Africa and in major markets around the globe. We produce a range of technologically sophisticated aluminium rolled products for the packaging, transport, automotive, engineering and construction markets.



Hulamin Extrusions
Hulamin Extrusions is the leading supplier of aluminium extrusions to the demanding engineering and architectural markets in Southern Africa.

Hulamin Building Systems (50% with Mazor Limited)
Hulamin Building Systems provides aluminium extrusion-based fenestration, curtain walling and cladding systems to the architectural market.

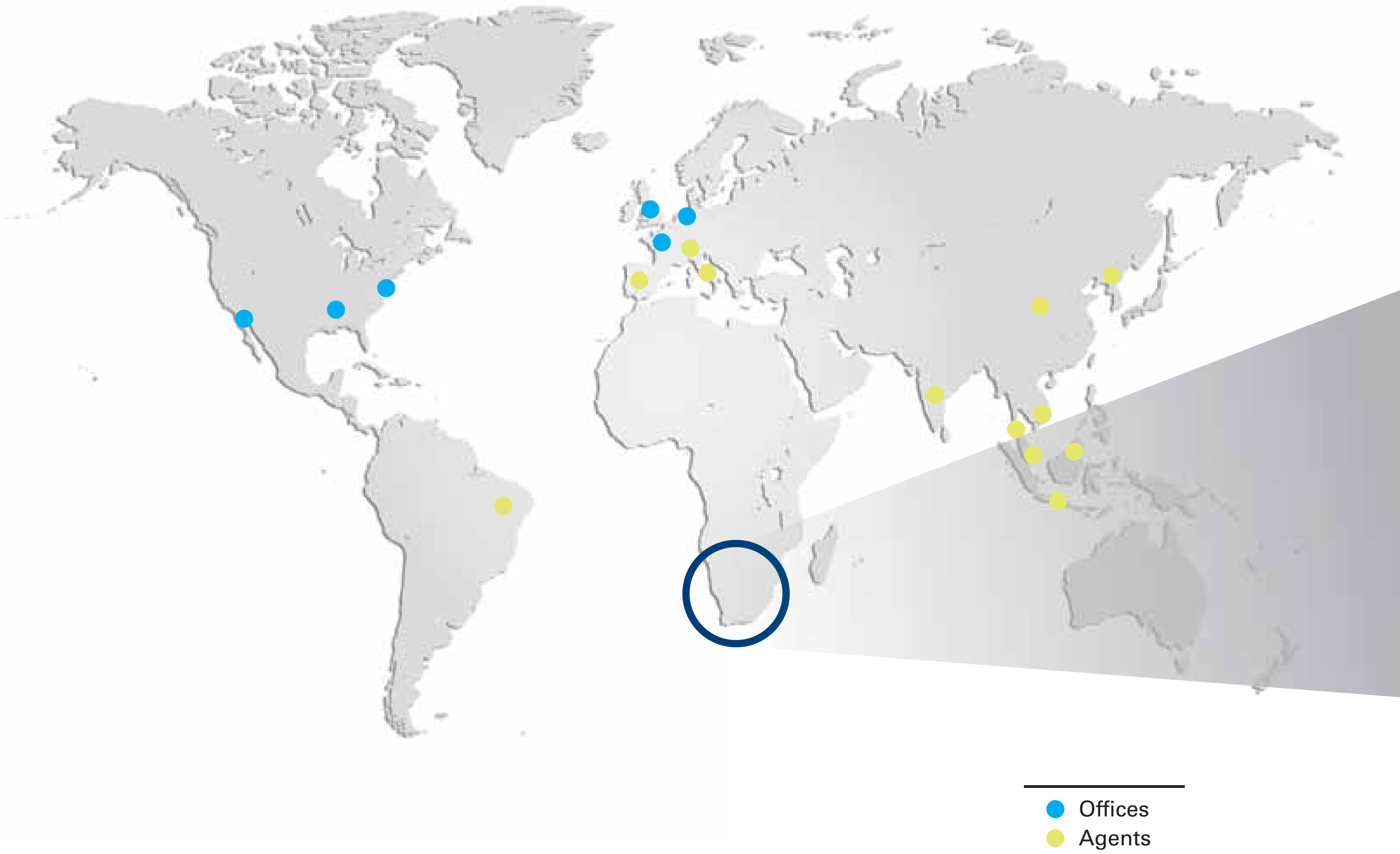
Hulamin Containers
Hulamin Containers is South Africa's leading producer of rigid aluminium foil containers for the catering industry. It also supplies related branded household items such as foil and confectionary dishes.



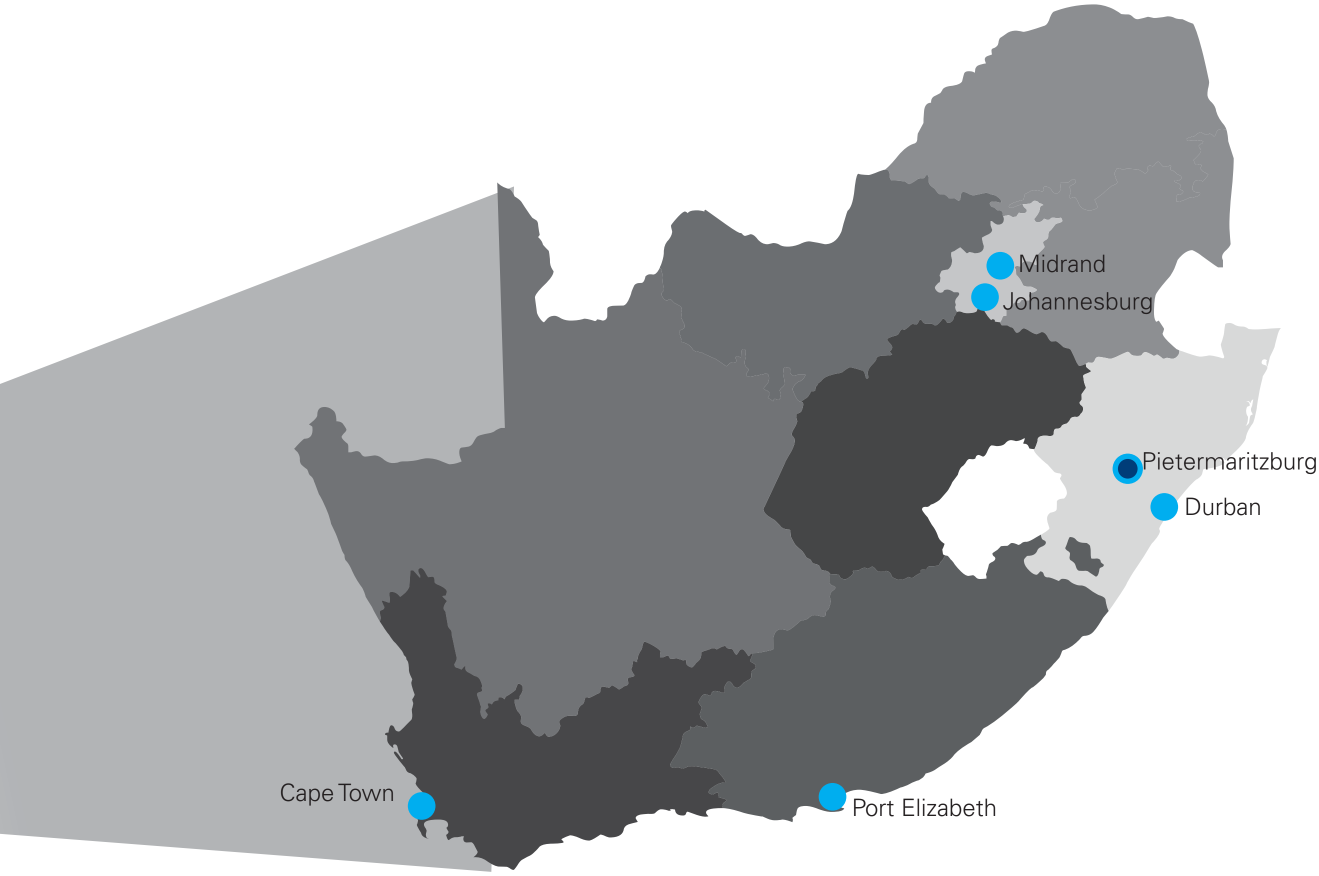
Hulamin Roofing Solutions
Hulamin Roofing Solutions is the only producer of aluminium standing seam roofing and cladding systems in Southern Africa and produces a unique range of aluminium roofing and cladding systems for the architectural market.

Richards & Barlow (Pty) Limited (50% with Duro Pressings (Pty) Limited)
Richards & Barlow is a manufacturer of aluminium windows and doors supplied to the "ready-to-install" market through builders' merchants and other trade channels.

Geographic profile



With activities stretching over 60 countries, we export to customers around the globe, while distinguishing ourselves as a key supplier to the South African industry. We are committed to developing the South African aluminium industry and making a meaningful contribution to sustainable development in Southern Africa.



Edendale (left) and Camps Drift (right) sites, separated by the uMsunduzi River

The rolling process

Remelting and scrap recycling
Scrap from the Hulamin manufacturing processes is charged into melting furnaces together with primary aluminium and alloying elements.

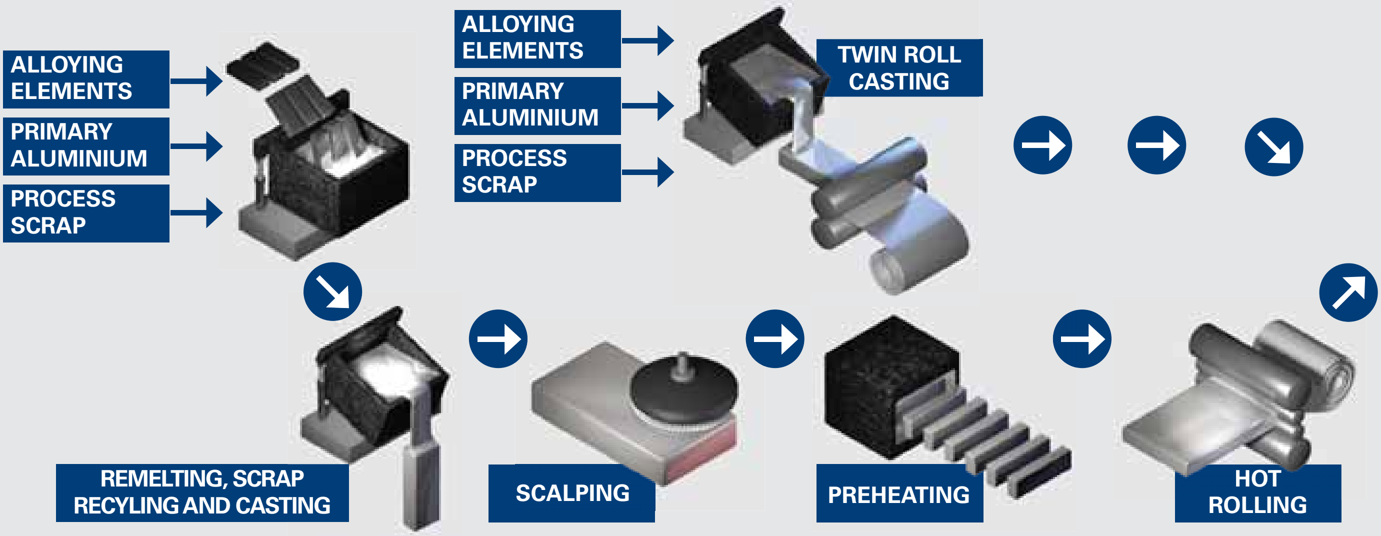
1

Casting
Molten metal is transferred into holding furnaces, where the liquid metal is treated and impurities allowed to settle out. Molten metal is then filtered, skimmed to remove floating dross and further cleaned. The furnace is thereafter tilted, allowing the liquid aluminium to flow through a system of launders into water-cooled rectangular moulds. This process, known as direct chill (DC) casting, results in rolling slabs that weigh up to 16 tons. During casting, the metal is further treated and filtered. Additional rolling slab is purchased from the smelters.

2

Scalping
The surface of a rolling ingot contains oxides and segregated layers formed during the solidification process. This surface layer is detrimental to the product and the rolling slabs are therefore machined in a milling operation to remove this surface.

3



Preheating
Rolling slabs are loaded into gas-fired pre-heating furnaces at between 500˚C and 620˚C. These are pusher type furnaces where rolling slabs are 'pushed' sequentially through the furnace's five heating zones. Automated control systems regulate the temperatures for precise homogenisation.

4

Hot rolling
Rolling slabs are heated and are then processed through the reversing hot roughing mill. This initial hot rolling process reduces the thickness by up to 95% and increases its length up to 24 times. Lead and tail ends of the strip are cropped during this process to ensure uniformity along the length. The strip is then transferred along a roller table to the hot finishing mill to ensure that it is rolled to a tight tolerance intermediate thickness. The temperature of the coil after rolling is 300˚C to 360˚C. It is then removed from the hot line and cooled to ambient temperature.

5

Twin roll casting
The alternative route to steps one through to five, known as TRC, is a continuous process that produces an aluminium strip directly from molten metal. The combination of a high solidification rate and deformation in a semi-solid state imparts specific characteristics to the resulting material that cannot be achieved through conventional DC casting and hot rolling. These same mechanisms limit the range of alloys that can be produced via the TRC process to the more dilute alloys of the 1xxx, 3xxx and 8xxx series. Typical products produced from TRC reroll stock include foil, closures, finstock, rigid foil containers, general engineering and painted sheet.

- ANNEALING
- FOIL ROLLING
- PLATE PRODUCTION
- COIL COATING
- COIL PROCESSING
- INSPECTION AND PACKING
- SHIPPING

FINISHING AREAS

COLD ROLLING

6 Cold rolling

Cold rolling is the process where hot rolled coils are rolled to the customer's required thickness.

Cold rolling derives its name from the fact that coils are at ambient temperature when starting the rolling process, unlike hot rolling which requires preheating. Cold rolling pass schedules are designed by experienced metallurgical and control engineers to achieve the required tight gauge tolerances and mechanical properties.

7 Annealing

After cold rolling, some products must be softened through reheating known as annealing. This is done to regulate the mechanical properties or to permit further reduction in thickness during cold rolling.

8 Foil rolling

Foil rolling is a cold rolling process designed for very thin products and certain alloys. Hulamin's stand-alone foil mills can reduce cold rolled products to gauges as low as 6 micros.

9 Plate production

Plate products are those that do not require cold rolling and they generally include sheets thicker than 6 mm. Most plate rolled by Hulamin is produced from heat-treatable alloys. Heat treatment imparts strength to the final products and involves heating, water cooling, and artificial hardening. Once the required mechanical properties are achieved, the plates are processed for width, length, flatness and surface finish via automated shears, saws and cut-to-length lines.

10 Coil coating

Products may require paint or lacquer for the manufacture of beverage can ends, building and construction products. The aluminium surface is cleaned, dried, and pre-treated. Paint or lacquer is applied using rollers and is thereafter oven cured. The coil coating process is designed to ensure highly consistent quality.

11 Coil processing

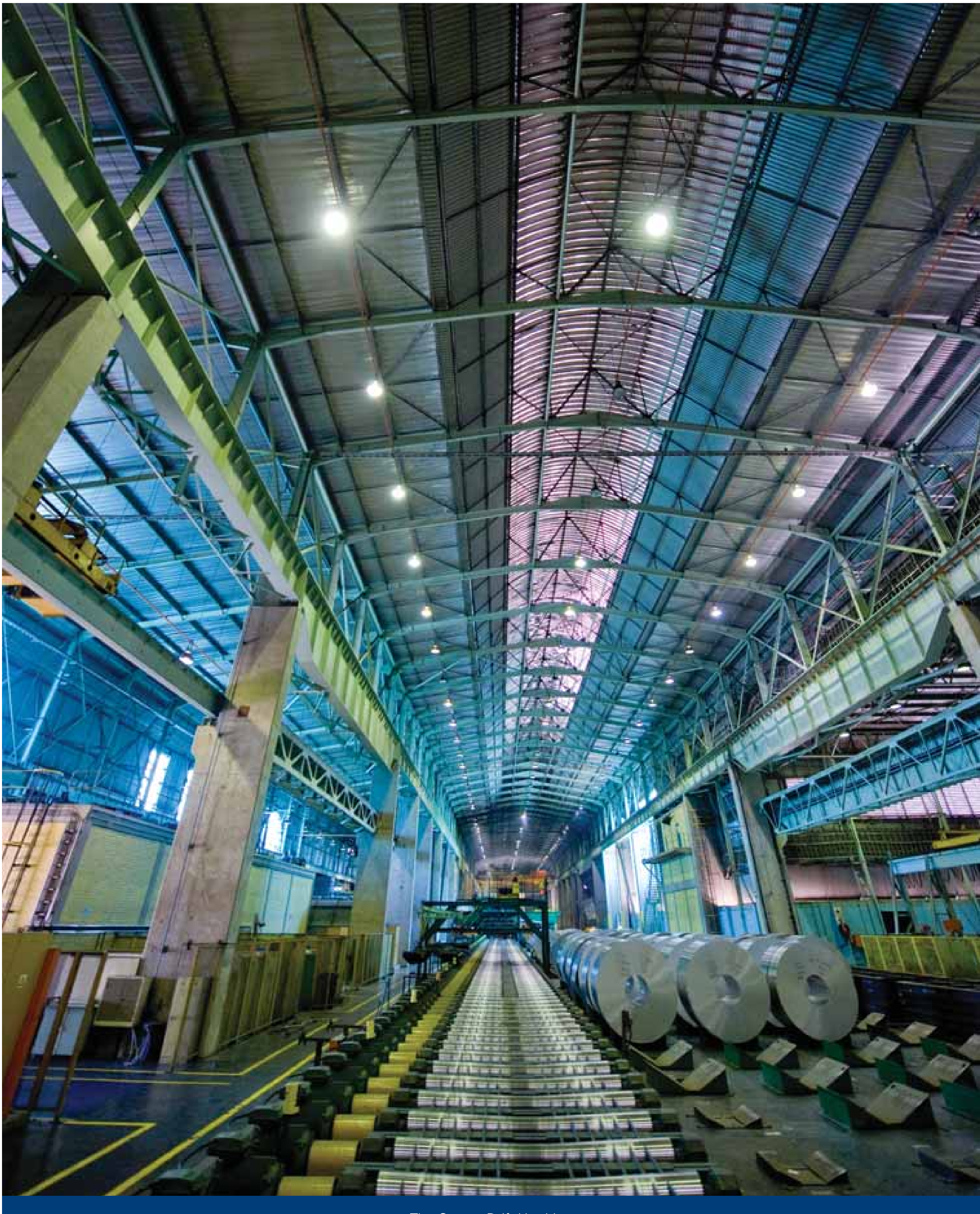
Many customers require widths, lengths or coil sizes that are not ideal for cold rolling, and further processing is able to achieve the required dimensions. Also, flatness and metal surface cleanliness can be mechanically improved through precision slitters, cut-to-length lines, shears, tension levellers, embossing rolls and degreasing lines.

12 Inspection and packing

Hulamin's inspection process includes a variety of tests performed to verify properties and finish of the material. These are then released for shipment according to applicable international standards. Coils, sheets and plates are then packed for transportation to the customer.

13 Shipping

Coils are transported to local customers, or to the port of Durban where containers are loaded at the harbour. Hulamin exports to more than sixty countries around the world, on all continents.



The Camps Drift Hot Line

The extrusion process

Profile design and die manufacturing

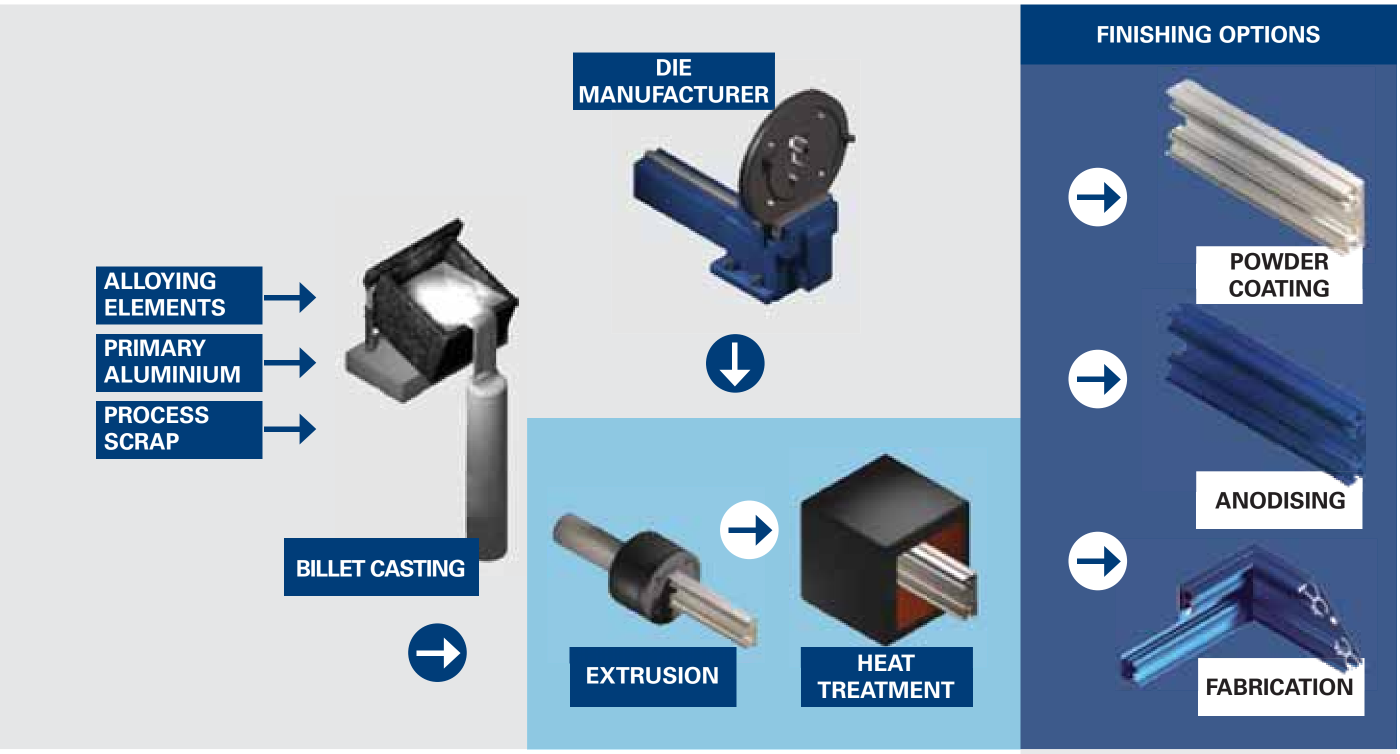
The aluminium extrusion process begins with the design and production of the die required for the profile of the extrusion requested by the customer.

Billet casting

The billet is the starting stock for the extrusion operation. Hulamin buys its billet in a range of alloys and also casts its own from recycled scrap, primary aluminium and alloying elements.

Extrusion

The heated billet is placed into an extrusion press, a powerful hydraulic device in which a ram pushes the softened metal through the die to produce the desired profile. The pressure capacity of the press determines the size of the extrusion it can produce. The completed extrusion is cut off at the die and the remainder of the extruded billet is removed for recycling. The still-hot extrusion is cooled, mechanically treated and aged to give it the required mechanical strength properties. It is also stretched to correct any twisting that may have occurred subsequent to extrusion.



Heat treatment and finishing

A finish cut saw is used to cut the profile to the specified commercial length. Saw chips and off-cuts of the profiles are collected for recycling. The profiles are further hardened through controlled thermal treatment in an ageing oven and may be coated, anodised and/or fabricated depending on the requirements of the product.

Packaging

The finished product is packaged according to customer requirements. Specific types of product may require a particular method of packaging for ease of storage and/or delivery.

Application of our products

Applications for our products are numerous and are available for everyday use. They are used in the manufacture of a wide range of packaging, building, construction, transport, automotive and general engineering end-use products through manufacturers, distributors and specifiers in more than 60 countries across the globe.

Our coated and uncoated building products are used in a wide range of structures in the building and construction industry, including roofs, facades, panels, components, awnings, cladding, gutters and downpipes, ceilings and many more.

Due to its payload advantages, aluminium is widely-used in the transport industry, e.g. truck bodies, trailers, tankers, boats and train wagons, together with their components.

In cars, our products are used in the manufacture of radiators, heat shields, car jacks, extruded suspension components, dashboards and other components.

Some of our extruded products are used in airplanes due to aluminium's light-weight properties.

Our extruded aluminium sections are used in the making of various household frames. These include doors, windows, facades, partitionings, furniture, pumps, scaffolding, ladders, fridges, stoves and lights.

Our foil is used in pie dishes, airline food containers and other catering containers, which meet the quality requirements of ISO 22000.

In the wine and beverage industry, closures made from our products offer a number of advantages including a more secure way of reclosing opened wine.

Our extrusions are used in power stations and general machinery.

Foil is used in many packaging applications, including peel-off ends, laminated cartons, confectionary packets etc.

Hulamin has supplied the beverage industry with coated can-end and tab stock for more than 25 years.

In the general engineering industry, Hulamin supplies material that is used in the making of vacuum chambers for computer chips, distribution boards, assembly plates in keyboards, plasma displays, bus-bars and many more.

Key performance indicators

5 809	Revenue (R million)
206	Sales volumes (000 tons)
24%	Increase in Rolled Products local sales volumes
15%	Decrease in Rolled Products unit costs (inflation adjusted)
5%	Increase in US$ rolling margins per ton
27	Headline earnings per share (cents)
(282)	Net cash flow before financing activities (R million)

Business objectives
and deliverables

Business objective	Achievement in 2010
Achieve a return that exceeds the cost of capital	Hulamin's ROCE reduced from 3,8% in 2009 to 3,4% in 2010.
Grow Rolled Products sales volumes	Rolled Products sales volumes grew by 32% compared to 142 000 tons in 2009.
Enhance product mix	Rolled Products mix of high value products improved to 68% compared to 58% in 2009.
Maintain a competitive cost structure	Specific cost reduction projects have generated sustainable cost savings approaching R200 million per annum.
Grow the local market	Hulamin sales of Rolled Products in the local market grew by 24,3% compared to 2009.

Strategic priorities for 2011

- Continue the path of manufacturing excellence with emphasis on equipment reliability, process control and our Lean/Six Sigma projects.
- Maintain our overall safety performance improvement momentum.
- Improve our cost competitiveness.
- Improve our mix of high value products.
- Grow Rolled Products sales volumes towards full capacity of 250 000 tons.
- Optimise our investment in working capital.

Chairman's statement

Mafika Edmund Mkwanazi

The year 2010 proved to be one of the most challenging for South African manufacturing. Factors in the broader economy, specifically the strength of the Rand and energy inflation, notably electricity, impacted on Hulamin and other manufacturers. In spite of these challenges, Hulamin showed many important improvements, reverting to its growth path, which had been interrupted by the impact of the global financial crisis in 2008/9.

Corporate governance

The directors of Hulamin are fully committed to the principles of sound corporate governance, in particular engaging with integrity, transparency, responsibility, fairness and accountability with all stakeholders. Corporate Governance is covered in more depth on pages 44 to 49 of this report.

Sustainability

Hulamin continues to place a high priority on its sustainability initiatives and recognises that the achievement of its growth objectives and its sustainability performance are heavily intertwined. It is therefore imperative to continue with the maintenance of good and positive relationships with our stakeholders such as government, communities we operate in, capital providers and employees. We are committed to engaging with these stakeholders in an informed, responsive and socially accountable manner. It is most pleasing that Hulamin is one of only five small cap companies to be included in the JSE Socially Responsible Index (SRI) and also, for the first time, has completed a limited external assurance of its sustainability report. Sustainability is covered extensively in pages 22 to 43 of this report.

Availability of rolling slab and extrusion billet

BHP Billiton discontinued the supply of extrusion billet in 2009 and announced their intention to discontinue supply of rolling slab at the end of 2010, which was subsequently revised to the end of June 2012. We have continued to engage with BHP Billiton and other stakeholders in order to ensure long-term supply of aluminium rolling slab and extrusion billet. In addition to satisfying Hulamin's requirements, our aim has also been to participate fully on a local industry basis to develop solutions for the benefit of all. We remain concerned that the potential unavailability of essential aluminium raw material threatens the viability of the entire local aluminium industry. South Africa requires a healthy manufacturing industry for the growth of employment and there is much potential for a vibrant and growing downstream aluminium beneficiation sector.

Appointments and restructuring

In July 2010, the Hulamin board appointed Richard Jacob as the new Chief Executive Officer following the retirement of Alan Fourie, and agreed to changes to the Executive Committee. These changes to the Executive Committee support Hulamin's focus on operational efficiency, sustainable growth and effective business support. New executives are Hector Molale and Pierre Taljaard who are responsible for corporate affairs and business technology respectively.

Appreciation

In June 2010, Alan Fourie retired from Hulamin after 27 years with the company, eight of which were as Managing Director and Chief Executive Officer. The board and I express our appreciation for the valuable contribution that Alan has made to Hulamin and wish him the best in his retirement.

On behalf of the board, I would like to thank the Hulamin team for their hard work and renewed efforts focusing on operational performance improvements.

Conclusion

Whilst headwinds remain, Hulamin has demonstrated renewed efforts to exploit the increased capacity and opportunities provided by substantial investment in recent years, and to improve returns to shareholders and other stakeholders. I look forward to a year of continued market recovery and further progress in manufacturing performance.

Mafika Edmund Mkwanazi
Independent Non-executive Chairman

Chief Executive Officer's review


Richard Jacob

Hulamin emerged from the challenges of 2010 a healthier and more resilient business. Operational performance improved to record levels, our major cost reduction and efficiency programme is continuing to show good results and inventory levels are reducing. Most pleasingly, employees have responded with renewed determination to the difficult economic climate and the restructuring that was completed in July.

Career in brief

1988	Appointed as a Training Officer in the South African Navy.
1990	Joined Hulett Aluminium as an Industrial Engineer.
1992	Promoted to Area Manager: Coil Coating following commissioning of the company's R75 million Coil Coating Line project.
1996	On completion of an MBA, he was appointed as Market Manager for the company's Building and Painted Products divisions. He also assumed the role of Business Development Manager responsible for growing the market for aluminium rolled products within the South African fabrication industry.
2002	Appointed to the board of directors of Hulett Aluminium and to the Executive Committee as director responsible for Coated Products, Hulamin Roofing Solutions and Corporate Affairs.
2010	Appointed to the board of Hulamin Limited as Chief Executive Officer.

Demand for aluminium products continues unabated. In 2010, global aluminium consumption grew by 13%, as the world economy recovered from the 2009 recession. In the longer term, aluminium's remarkable strength-to-weight ratio, ductility, barrier properties, conductivity, reflectivity, corrosion resistance and, most importantly, its recyclability will continue to fuel growth ahead of global GDP.

World demand growth is being fuelled by developing countries. In Brazil, demand for aluminium grew by almost 16% in 2010 while in China, which uses more than one third of the world's aluminium, consumption grew by approximately 21%. Through Hulamin's packaging and automotive products particularly, we are well positioned to capitalise on the accelerating demand for packaged food and motor vehicles in the developing world.

The year 2010 provided a number of challenges for Hulamin. The inconsistent pace of global recovery resulted in variable demand while the Rand strengthened sharply against the US Dollar. In addition, Hulamin's aluminium supplier, BHP Billiton, who has given notice to terminate supply of rolling slab, ceased shipments of extrusion billet towards the end of 2009. As an added complexity, completion of the R970 million Hulamin Rolled Products expansion project resulted in testing learning curves for the newly installed equipment and significant fixed cost increases ahead of the planned sales growth.

2010 Financial performance

Sales volumes increased to 206 000 tons from 159 000 in 2009, which resulted in turnover increasing to R5,81 billion in 2010 from R4,50 billion in the previous year.

Operating profit was further enhanced by better US Dollar margins and a reduction in unit costs, the latter despite an increase in the cost base resulting from the start-up of new equipment and rising energy costs. This improvement in operational performance was offset by the strengthening of the Rand against the US Dollar, from R7,39 at the end of 2009 to R6,63 at the end of 2010, and operating profit therefore reduced to R218 million from R244 million in 2009.

Operating cash flow totalled R48 million. Net cash outflow before financing activities amounted to R282 million after deducting capital expenditure of R193 million, which was severely curtailed but included R71 million on the rolling slab and other capacity expansion projects, and interest paid of R137 million.

In June, Hulamin raised R750 million in a fully subscribed rights offer to shareholders, resulting in short and long-term borrowings being reduced. This capital was raised to fund additional slab casting capacity, to protect the business from aluminium price volatility and to fund working capital increases related to sales volume growth.

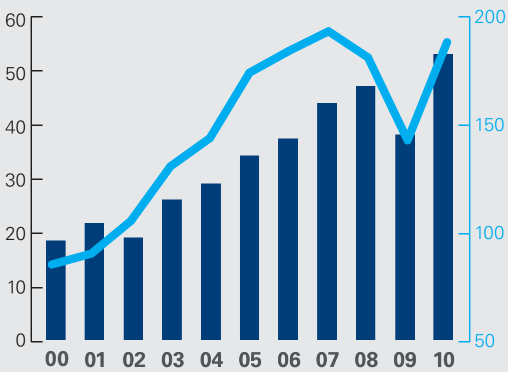
Hulamin Rolled Products

Rolled Products achieved sales of 187 000 tons in 2010, an increase of 32% over 2009 sales of 142 000 tons. Sales improved consistently during the year to 203 000 tons (annualised) in the second half, due to increased demand and higher production. The product mix improved in 2010 with sales of high-value products growing to 65% of the total, on the back of improvements in sales of can-end stock, brazing sheet, light gauge foil and heat treated plate. Can-end stock exports grew by 53% and foil by 200%, the latter due to the installation of new foil rolling capacity.

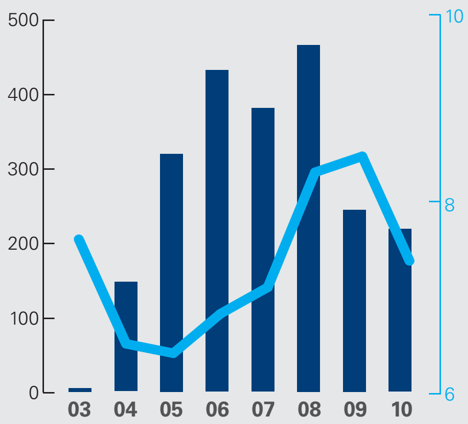
Brazing sheet, used for automotive heat exchangers such as radiators and charge air coolers, grew by 94% over 2009, although off a base severely affected by the global financial crisis. Export markets for heat treated plate and standard products (sheet and plate) firmed steadily throughout the year, and Hulamin ended 2010 with full order books and rising US Dollar prices into the first quarter of 2011.

Rolling margins (revenue less metal costs) in US Dollars improved consistently over the course of the year. The overall average rolling margin earned improved by 5%, driven both by firming demand and by the weakening Dollar. End-user products (largely automotive and packaging) continued their steady margin improvement, while the traditionally more volatile standard products (sheet and plate) improved more strongly as the year closed.

Can-end sales ('000 tons)
Rolled Products sales ('000 tons)



EBIT before corporate structuring costs
Annual average ZAR/USD rate



Chief Executive Officer's review
continued

In contrast to growing global demand, the South African manufacturing industry remains troubled by the same headwinds as Hulamin: declining Rand export selling prices and imports flooding in as a result of the strong Rand. The Bureau for Economic Research reports that South African production volumes have declined overall since 2005 and capacity utilisation remains below 80%. The flood of imports has also been fuelled by current trade policy allowing free access of many imported products into the South African market from nations with subsidised and supported manufacturers. Hulamin's local sales peaked in 2006.

The strength of the Rand has resulted in reduced export proceeds while local South African costs, particularly energy, continue to rise. Responding to this margin squeeze, Hulamin has intensified its focus on reducing manufacturing costs and improving efficiencies, increasing sales volumes and unlocking working capital. Particularly pleasing in 2010 were the improvements resulting from Hulamin's manufacturing excellence programme, specifically product recoveries, unit cost reduction and throughput rates. Total annualised direct savings and improvements from interventions during the year amounted to R200 million.

Employment costs are the operation's single largest manufacturing cost element, and the total effective employment complement has been reduced by six percent and total overtime hours worked have been reduced by close to 70%. At the same time total plant output increased to a six-month record of 200 000 annualised tons in the second half.

Installation and commissioning of the recent R970 million expansion project is complete. Specific focus is on the upgraded foil operation, on which approximately 55% of capital investment was spent. This operation, which is on its light gauge foil customer qualification curve, has added approximately R20 million annually to the business' fixed cost base, and it is therefore a strong management focus for 2011 to accelerate the additional revenue generation from the new foil rolling operation.

Hulamin Rolled Products has two downstream businesses: Hulamin Containers continues to produce healthy profits and strong cash flows, while Hulamin Roofing Solutions continues to establish itself and its Ziptech brand as one of the leading providers of sophisticated roofing solutions in the region.

Hulamin Extrusions

The extrusions industry in South Africa continues to face a broad range of challenges. These include the weak South African manufacturing and construction industries, the dependence on imported raw material in the form of extrusion billet and the sharp increase in imports from China.

Hulamin Extrusions incurred an operating loss of R8 million for the year, a disappointing turnaround from the operating profit of R5 million in 2009 and R12 million in 2008. Volumes increased by 11% over 2009, while margins declined on the back of low priced imports into the local market. Costs were impacted by rising energy and manpower costs and the need to import billet, the latter also impacting the cash cycle, resulting in a reduced cash inflow of R3 million.

Sales were affected by the South African port workers' strike in April, which caused a temporary shortage of imported billet and the consequent loss of approximately 300 tons of sales. The building and construction industry, which provides the major market for aluminium extrusions, continues to decline, compounding the negative impact on sales. Plans passed in South Africa in 2010 reduced by 4,6% compared to 2009, while buildings completed declined by 19,6%. It was therefore not entirely unexpected that Africa Glass Industries, owner of the AGI Profal extrusion business, was placed in liquidation at the end of 2010.

While the South African market for extrusions recovered in 2010 off the low 2009 base, there was also a marked increase in the share of imported extrusions, primarily from China. The strength of the Rand, termination of extrusion billet supply in late 2009 and subsidised exports, especially from China, motivated the South African extruders under the auspices of the Aluminium Federation of South Africa (AFSA) to apply to the International Trade Administration Commission (ITAC) for the re-instatement of import duties on extrusions. Import duties were phased out by ITAC in 2009 – a move opposed by Hulamin at the time. Hearings at the Commission were completed at the end of 2010, the outcome of which is expected early in 2011.

All of Hulamin Extrusion's downstream operations showed improved performance in 2010. The Hulamin Building Systems joint venture with Mazor Limited showed a pleasing turnaround and has returned to consistent profitability, as has the Richard and Barlow joint venture with Duro Pressings. Equally encouraging has been the performance of Almin in Zimbabwe.

Metal supply

Until the end of 2009, Hulamin purchased three formats of metal from BHP Billiton. These included rolling slab and extrusion billet, the raw material inputs for the rolling and extrusion processes respectively, as well as melting ingot, from which Hulamin casts its own slab and billet. In November 2010, Hulamin signed a new five-year agreement with BHP Billiton for the supply of its melting ingot requirements to 2015.

In 2009, BHP Billiton announced its plans to cease manufacturing both extrusion billet and rolling slab for the South African aluminium industry. Billet supply terminated in September 2009, while the contractual arrangement for slab supply will conclude in June 2012.

Hulamin produces both extrusion billet and rolling slab in its own facilities in Pietermaritzburg, but requires additional volumes over and above its own capacity. After the termination of local billet supply, Hulamin Extrusions commenced importing billet from October 2009, however at the cost of numerous technical, working capital and logistic complexities.

Throughout 2010, Hulamin worked closely with other industry stakeholders including BHP Billiton, extruders, the cable and wire industry, casting industry, government, the Aluminium Federation of South Africa and other agencies to explore alternatives to ensure long-term supply security necessary for the survival and growth of the beneficiation industries currently supplied by the Bayside casthouse.

In April 2010, Hulamin approved a R75 million expansion of its slab casting and recycling capacity at its Pietermaritzburg plant which will start-up during the first half of 2011 and will add approximately 50 000 tons of annual slab casting capacity.

Additional projects, cumulatively required to provide sufficient rolling slab to enable Hulamin Rolled Products to reach full capacity of 250 000 tons, will remain on hold until all preferred alternatives have been exhausted.

Appreciations

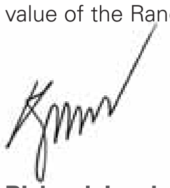
Doug Timmerman served Hulamin for 32 years, most recently as Operations Director in Hulamin Rolled Products, and decided to take early retirement at the end of 2010. Doug's passion for the company has inspired many, and he will be remembered for his enormous contribution in shaping Hulamin as a leading aluminium rolling operation.

Wolfgang Ortner joined Hulamin in 2007 and assisted in establishing its North American and European sales infrastructure. Wolfgang brought a wealth of international experience to the Hulamin team, led the international sales team from start-up and provided a valuable external perspective to the executive.

Prospects

The renewed focus on achieving global benchmarks in manufacturing performance and in utilising best practices in improving operational performance maintained its acceleration throughout 2010 and will continue to be the focus of management effort in the year ahead. Hulamin has invested in product technology to further improve its product range and sell higher margin products. The benefits of these investments will be seen in improvements to both the mix of high value products and margins earned.

After the disruptions resulting from the 2008/9 economic crisis, Hulamin has returned to its trajectory of increasing volume growth, mix improvement, cost containment and working capital optimisation to deliver an attractive return on the capital invested in the business. With the operational improvements currently underway, Hulamin is well positioned to show significant benefits from the satisfactory resolution of the rolling slab and extrusion billet supply issues, further improvement in its markets and any return to the purchase-power-parity/interest-rate-parity measured value of the Rand.



Richard Jacob
Chief Executive Officer

Brian Ngcobo, *Foil Inspector*

Mauritz van der Westhuizen and Sibusiso Hlongwane, *CNC Machine Operators*

Aluminium rolling slab on the Hot Roughing Mill

Directorate

Standing from left to right: Mafika Mkwanazi and Vusi Khumalo
Seated from left to right: Lungile Cele, Thabo Leeuw and Johannes Magwaza

Mafika Edmund Mkwanazi (56)
Independent Non-executive Chairman
Member of the Remuneration and Nomination Committee; Businessman; Director of companies
BSc (Mathematics); BSc (Engineering); Management Development Programme; Strategies of Successful Business Management

Mafika has held various business positions including chief executive officer of Metro Rail Services from 1995 to 1996, executive director of Spoornet from 1996 to 1998, managing director of Transnet from 2000 to 2003, chairman of Western Areas, Letseng Diamonds and Orlyfunt Holdings from 2003 to 2006, and he is also the chairman of the BEE entity Shamsko Investment Holdings. He was also appointed as Chairman of Transnet Limited in December 2010. Other directorships he holds include Stefanutti & Stocks and the South African Bureau of Standards. He was appointed to the Hulamin board in 2007.

Lungile Constance Cele (57)
Independent Non-executive Director
Chairman of the Transformation Committee; Member of the Audit Committee; Businesswoman
BCom; Post Grad. Dip Tax; MAcc (Taxation); Executive Leadership Development Programme

Zee practices as a tax consultant and financial accountant and has been running her Durban-based business, Tax Solutions CC, since 1989. She serves on the boards of Eskom, Combined Motor Holdings, Three Cities Investments Limited and Sport For All Franchising. Zee is a commercial member of the Tax Court and is a member of the Standing Advisory Committee on Company Law. She was appointed to the Hulamin board in 2007.

Vusi Noel Khumalo (48)
Non-executive Director
Member of the Remuneration and Nomination Committee; Senior manager: Industrial Development Corporation
BCom; BCompt (Hons); CA (SA)
Global Executive Development Programme

Vusi joined the IDC in 1998 and in his current position is responsible for managing IDC's investment portfolio. His directorships include Atlantis Forge, Ernani Investments and Golden Frontiers Citrus. He was appointed to the Hulamin board in 2006.

Thabo Patrick Leeuw (47)
Independent Non-executive Director
Chairman of the Audit Committee; Executive director: Thesele Group
BCom (Accounting); BCompt (Hons); Management Advancement Programme

Thabo is the executive director and founder shareholder of Thesele. He served articles at Deloitte & Touche, and has held financial management positions in Afric Oil (a subsidiary of Worldwide Africa Investment Holdings), Oceana Fishing, National Sorghum Breweries and Old Mutual Employee Benefits. He joined Cazenove SA in 1998 as a research analyst, in 2002 he became a director of Cazenove SA and in 2004 became a director of Cazenove Group Plc. He is also the chairman of ICAS Southern Africa (Pty) Limited and a non-executive director of Prudential Portfolio Managers SA and a member of the Eskom Pension and Provident Fund's Strategic Investment Committee. He was appointed to the Hulamin board in 2007.

Johannes Bhekumuzi Magwaza (68)
Non-executive Director
Chairman of the Remuneration and Nomination Committee; Member of the Transformation Committee; Director of companies
BA (Psychology & Social Anthropology); MA (IR); Dip (IR); Dip (PM)

JB joined Hulett Sugar in 1975, becoming personnel director for Hulett Refineries in 1988. He was appointed personnel director for Hulamin in 1992 until he became an executive director of Tongaat Hulett in 1994. He retired in 2003 but remained on the board in a non-executive capacity and was appointed Chairman in 2009. His directorships include Nedbank, Dorbyl, Rainbow Chickens, Mutual and Federal, Imbewu Capital Partners and Anglo American South Africa. He was appointed to the Hulamin board in 2007.

Standing from left to right: Peter Staude and Charles Hughes
Seated from left to right: Nomgando Matyumza, Peter-Paul Ngwenya, Richard Jacob and Moses Mkhize

Nomgando Nomalungelo Angelina Matyumza (47) *Independent Non-executive Director* Member of the Audit Committee BCom; BCompt (Hons); CA (SA); LLB Ordained Minister of Religion	Nomgando has held various positions in financial and general management and was employed between 1994 and 2004 at Petronet, firstly as financial manager and then as deputy CEO from 1999 to 2004. From 2004 to 2008 she was employed at Eskom Distribution as general manager for the Eastern Region. Nomgando is presently an ordained Minister of the African Methodist Episcopal Church at Umlazi, KwaZulu-Natal. She is a director on a number of boards, including Transnet Limited, Wilson Bayley Holmes-Ovcon Limited and, with effect from 1 February 2010, Cadiz Holdings Limited. She was appointed to the Hulamin board with effect from 1 March 2010.
Sibusiso Peter-Paul Ngwenya (57) *Non-executive Director* Executive chairman: Makana Investment Corporation BCom (Hons)	Following his release from Robben Island in 1991, Peter-Paul joined Engen and later South African Breweries. In 1997 he joined Makana Trust, where he is a founding trustee and former chairman. He later co-founded Makana Investment Corporation of which he is the current executive chairman. Peter-Paul is the treasurer of the Ex-Political Prisoners Committee. He is also the chairman of South African Airlink, Heart 104.9 and Igagasi 99.5 radio stations and Sebenza Forwarding and Shipping Consultancy. He was appointed to the Hulamin board in 2007 as an alternate to Johannes Bhekumuzi Magwaza and a full director of Hulamin in October 2009.
Peter Heinz Staude (57) *Independent Non-executive Director* Chief executive officer: Tongaat Hulett Limited BSc (Ind Eng) (Hons) (cum laude); MBA	Peter lectured at the University of Pretoria before joining Hulamin in 1978. In 1990 he became managing director of Hulamin Rolled Products and in 1996 managing director of Hulamin. He was appointed chief executive officer of Tongaat Hulett in 2002. Peter was chairman of the Hulamin board from 2002 to July 2007. He is also chairman of Trade and Investment KwaZulu-Natal.
Richard Jacob (45) *Chief Executive Officer* BSc (Engineering); MBA	Richard joined Hulamin in 1990 and was appointed Chief Executive Officer with effect from 1 July 2010. Prior to his appointment as Chief Executive Officer in 2010, he led Hulamin Rolled Products coated products business, which included can-end stock and painted products. Richard was also responsible for the communication and investor relations functions at Hulamin and for Hulamin Roofing Solutions.
Charles Daniel Hughes (55) *Chief Financial Officer* BAcc; CA (SA)	Charles joined Hulamin in 1979 and was appointed financial director of Hulamin in 2003 and chief financial officer in 2007. Charles is also director of a number of Hulamin subsidiaries.
Moses Zamani Mkhize (49) *Executive Director: Foil Products* BCom (Hons); Higher Diploma (Electrical Engineering)	Moses joined Hulamin in July 1982, was appointed Hot Mill production manager in 1989 and Foil Mill manager in 1994. In 1997 he became a director of Hulamin Rolled Products and in 2000 he was appointed a director of Hulamin. He is also a director of a number of subsidiaries of Hulamin.

Note: Ages quoted for all directors are at 31 December 2010

Executive Committee

Standing from left to right: Colin Little, Richard Jacob and Charles Hughes
Seated from left to right: Pierre Taljaard and Hector Molale

Colin Little (54) BSc (Engineering); Pr Eng; MBA	Colin joined Hulamin in 1998 and is responsible for Hulamin Extrusions as well as for Hulamin Building Systems, the downstream stocking and building products business. He also oversees Hulamin's interests in Almin Metal Industries in Zimbabwe (a joint venture with Zimbabwe's IDC).
Pierre Taljaard (52) BEng (Metallurgical) (cum laude); MEng; BCom; MBL	Pierre has been with Hulamin since 1994 and is responsible for the technology, quality assurance, production planning and information technology functions in Hulamin Rolled Products. Pierre's portfolio also includes the responsibility for performance management.
Richard Jacob (45) BSc (Engineering); MBA	Richard joined Hulamin in 1990 and was appointed Chief Executive Officer with effect from 1 July 2010. Prior to his appointment as Chief Executive Officer in 2010, he led the Hulamin Rolled Products coated products business, which included can-end stock and painted products. Richard was also responsible for the communication and investor relations functions at Hulamin and for Hulamin Roofing Solutions.
Charles Hughes (55) BAcc; CA (SA)	Charles has been with Hulamin since 1979 and was appointed to the board in 2003 and as Chief Financial Officer in 2007. He is responsible for the financial function within the group.
Hector Molale (44) BS (Metallurgical Engineering) Advanced Business Programme	Hector joined Hulamin in 1993, and is responsible for the corporate affairs function which includes responsibility for communications, government, shareholder, investor, stakeholder, regulatory and statutory bodies relations.

From left to right: Moses Mkhize, Frank Bradford, Doug Timmerman and Kenneth Mshengu

Moses Mkhize (49) BCom (Hons); Higher Diploma (Electrical Engineering)	Moses started his career with Hulamin in 1982, and was appointed to the board in 2000. Moses is responsible for Rolled Products manufacturing. Moses has held a broad range of operational management positions.
Frank Bradford (50) BSc (Engineering); Graduate Diploma in Engineering (GDE); MBA	Frank's career at Hulamin spans 18 years. He is responsible for marketing, sales and commercial issues in Hulamin Rolled Products. This includes responsibility for the supply chain function ranging from metal supply contracts, distribution, logistics and commercial contracts.
Doug Timmerman (56) Mechanical Engineer; T4 Diploma; Government Certificate of Competency (GCC); Management Development Programme	Doug started working for Hulamin in 1978 and retired on 31 December 2010. His core responsibilities were the remelt, hot and cold rolling operations in Rolled Products. Doug was also responsible for engineering, planning, technology, the integration of all the manufacturing areas of Rolled Products, and leading the expansion project approved in 2006.
Kenneth Mshengu (58) BA; HDPM; Industrial Relations Diploma; Executive Business Programme	Kenneth's career at Hulamin started 19 years ago, in the Human Resources function, for which he now has responsibility. He is also on the board of Hulamin Extrusions. Kenneth is also responsible for the corporate social investment portfolio and is a trustee of the Hulamin pension funds.

Note: Ages quoted for all executives are at 31 December 2010

Sustainability report

One of Hulamin's beneficiaries, Ekukhanyeni School for mentally impaired children, is located in Imbali township near Pietermaritzburg

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

At Hulamin we remain committed to our core purpose of being accountable to our stakeholders for the impact we have on our community, environment and industry.

Despite operating in a tough business environment in 2010, Hulamin continued to improve its performance in the broader areas of sustainability. For the first time, in line with the requirements of South Africa's King Code of Governance Principles (King III), Hulamin has engaged in a sustainability assurance programme. We continue using Global Reporting Initiative (GRI) G3 guidelines, supported by Hulamin's internal guidelines to standardise our reporting process and to afford stakeholders the opportunity to compare Hulamin with other organisations.

The aim of our sustainability report is to provide those Hulamin stakeholders a more in-depth level of detail about our sustainability performance. For this reporting period, selected KPIs were identified and subjected to external independent limited assurance. This same report is communicated to employees through various internal communication channels.

We recognise that growing our business is ultimately dependent on attracting and retaining the best and most skilled employees, those who are proud of Hulamin's performance in all spheres of activity. This growth is also achieved by maintaining positive relationships with other principal stakeholders; including funders, shareholders, suppliers and customers, and the communities we operate in. We are committed to continue conducting our business in an informed, responsive and socially responsible manner.

Economic development, climate change, energy and water scarcity are challenges that are becoming important and have a bearing on our business activities. We do, however, recognise that we are part of a collective society in responding to these challenges.

I am particularly proud of the work of my colleagues who have contributed to this report and would like to acknowledge these efforts in reporting the positive contributions to society by the entire Hulamin team.

REPORT PROFILE

This report is an overview of Hulamin's sustainability performance during the 2010 financial year, with references to, and comparison with, data from previous years where appropriate.

The foundation for Hulamin's strategic agenda and vision of being a recognised global enterprise is based on the principle that organisation health and growth cannot be separated and consequently, sustainability must underpin all our actions.

We have been conscious of making positive socio-economic contributions in the region where we operate, by stimulating job creation, contributing to skills development, investing in the community, and promoting broad-based black economic empowerment (BBBEE). We have also actively pursued a culture of safety in the workplace. As a responsible corporate citizen we have sought to reduce our environmental footprint, especially in reducing our greenhouse gas emission and water usage impacts.

This report does not cover the entire list of GRI G3 indicators; rather it follows the format of the 2009 report with the added dimension of limited assurance on selected KPIs.

Where available, targets are covered in this report. Where targets are absent, notably in the Environmental section, this is due to the complexity in understanding what is possible in our unique circumstances. In these cases, the philosophy of continuous improvement is adopted until such time as targets have been set.

STAKEHOLDER ENGAGEMENT

We interact with our stakeholders on a regular basis. Our most important stakeholder group remains our employees with whom we conduct structured and regular communication.

Our key stakeholder categories are as follows:

Employees

Employees are the foundation upon which all our activities depend. Effective communication with employees is essential to the ongoing functioning of the business. We use many different channels to communicate with employees, including:

1. Weekly shopfloor walkabouts by all members of the Executive Committee;
2. Regular letters from the Chief Executive Officer;
3. Internal newsletters;
4. Communication boards;
5. Employee relations meetings;
6. Shop-floor briefings; and
7. Interim and full-year financial performance updates.

We continuously seek ways for further engagement with our employees.

Government

We continually work to establish and maintain constructive relations with government through a range of agencies at national, provincial and local levels. We constantly seek to integrate and align with government policy and growth objectives in our growth planning.

Investors

Our funders and the broader investment community are constantly updated of our financial results and other topical issues through regular presentations and discussions with bankers, investment analysts, fund managers and journalists. The broader investment public receives information about Hulamin in key daily newspapers, radio and television.

Suppliers and customers

We work closely with our contractors, service providers and our customers to understand and address their concerns and requirements on material issues.

Other stakeholders

We continue to engage cooperatively with our peers through industry associations, which also provide a conduit for communication with government.

Local communities and non-governmental organisations

We engage with the communities where we operate to better understand their concerns and interests, giving us an opportunity to participate appropriately. We contribute widely in corporate social investment activities within the immediate communities.

The media

We remain engaged with the media in sharing information that seeks to promote Hulamin, its activities and products.

Scope and boundaries

Apart from sales offices in Europe and North America, Hulamin is located entirely in South Africa. All reporting takes place within the South African regulatory and socio-economic context, with consideration for international standards.

Participating in sustainability indices

In 2010, Hulamin was admitted into the Socially Responsible Index (SRI) by the Johannesburg Securities Exchange (JSE) for notable corporate governance, and environmental and social responsibility practices. The JSE's SRI encourages companies to embrace the triple bottom line (social, economic and environmental performance) as a method of doing business, while balancing this with the need to demonstrate a return for the shareholders. We are proud to be only one of five small cap companies to be inducted in 2010.

STATEMENT OF VERIFICATION

All content and qualitative data included in this report has been reviewed and approved by Hulamin senior management. KPMG has provided limited assurance over selected KPIs. Particular emphasis has been placed on ensuring that the report reflects a complete and fair picture of sustainability issues impacting the company.

INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY INFORMATION

To the directors of Hulamin Limited

We have undertaken an assurance engagement on selected sustainability information, as described below and presented in the Sustainability Report included in the 2010 Annual Report of Hulamin Limited (Hulamin) for the year ended 31 December 2010 (the Report).

We have complied with the International Federation of Accountants' Code of Ethics for Professional Accountants, which includes comprehensive independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our engagement was conducted by a multidisciplinary team of health, safety, social, environmental and assurance specialists with extensive experience in sustainability reporting.

Selected sustainability information and level of assurance

We are required to provide limited assurance on the indicators below:

- Employment equity indicators (expressed as the total number of people for each category) – black representation at senior management; black representation at middle management; black representation at skilled and supervisory level; women at senior management; women at middle management; women at skilled and supervisory level; people with disabilities (page 37).
- Social performance indicators (expressed in Rand) – socio-economic development (SED) (CSI component) spend (page 30); total BBBEE spend (page 29); total skills development spend for disabled and black employees (page 41); total enterprise development spend (page 27).
- Environmental indicators – direct energy consumption (page 32); indirect energy consumption (page 32); carbon footprint (page 33); total water consumption (page 35); total weight of waste disposed (by category) or recycled (page 34); number of environmental incidents (page 32).
- Health and safety indicators – HIV/AIDS spend (expressed in Rand) (page 39); noise induced hearing loss (NIHL) cases for year (page 43); employee and contractor lost time injury frequency rate (LTIFR) (page 42).

Directors' responsibilities

The directors are responsible for the selection, preparation and presentation of the sustainability information, the identification of stakeholders and stakeholder requirements, material issues, for commitments with respect to sustainability performance, and establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived, and for such internal control as the directors determine is necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

The directors are also responsible for the selection and application of the criteria, which are the Global Reporting Initiative (GRI) G3 Guidelines, to the selected sustainability information.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the selected sustainability information based on our work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected information is free from material misstatement.

Our procedures and the extent of our procedures depend on our judgement, including the risks of material misstatement of the selected sustainability information. In making our risk assessments, we considered internal control relevant to Hulamin's preparation of the Report. In a limited assurance engagement, the evidence gathering procedures are less than where reasonable assurance is expressed. We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Summary of work performed

Our work included the following evidence gathering procedures:

- Interviewing management to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- Testing the controls which generate, collate, aggregate and monitor the selected sustainability information;
- Inspecting supporting documentation and performing analytical procedures; and
- Evaluating whether the information presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at Hulamin.

Conclusion

Based on our work performed, nothing has come to our attention that causes us to believe that the selected sustainability information set out above, for the year ended 31 December 2010, is not fairly stated in all material respects in accordance with the Global Reporting Initiative (GRI) G3 Guidelines.

Limitation of liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected sustainability information to the Directors of Hulamin in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Hulamin, for our work, for this Report, or for the conclusion we have reached.

KPMG Services (Pty) Limited

Per **PD Naidoo**
Director
Johannesburg

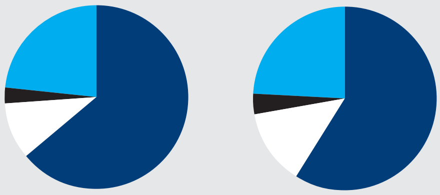
16 March 2011

Sustainability report
continued

ECONOMIC VALUE

Value added analysis

Distribution of value added



2010		2009
63,9%	Employees	59,1%
10,2%	Providers of capital	13,2%
2,7%	Tax	3,8%
23,2%	Reinvested	23,9%

Value added analysis

R'000	2010	2009
Turnover	5 808 667	4 499 582
Bought-in materials and services	4 665 636	3 422 944
Value added by operations	1 143 031	1 076 638
Applied as follows:		
To pay employees		
Salaries, wages and benefits	729 997	636 140
To pay providers of capital	116 923	142 350
Interest on borrowings	116 923	113 813
Dividends to ordinary shareholders	–	28 537
Taxation	30 716	40 911
Re-invested in business	265 395	257 237
Depreciation	192 899	197 733
Retained earnings	72 496	59 504
	1 143 031	1 076 638

The minimum wage rate is R29,76 per hour.

SOCIAL RESPONSIBILITY

Enterprise development

Philosophy and why it is important

The goal of Enterprise Development (ED) at Hulamin is to facilitate the development of sustainable black-owned businesses as preferred suppliers. Hulamin is committed to this process by providing business opportunities to new enterprises and support for small, medium and micro enterprises (SMMEs) through the provision of professional, financial and logistical support as well as various start-up support services.

Successful implementation of ED ensures participation of SMMEs in Hulamin's supply, which results in positive cost benefits to the business while facilitating skills development and job creation.

Responsibilities

The Black Economic Empowerment (BEE) Review Committee coordinates activities of enterprise development, as well as procurement activities, and reports to the Transformation Committee, which is a sub-committee of the board. An independent accredited verification agency verifies records of enterprise development activities.

Approach

Enterprise development strategies and activities are mandated by the BEE Review Committee at quarterly reviews, where feedback is provided on ED performance against targets, resources are allocated and fresh mandates are provided. Hulamin has also developed a partnership with the Pietermaritzburg-based Business Support Centre (BSC), a non-governmental organisation which is well equipped to facilitate ED, providing a far broader impact than Hulamin can achieve on its own. Hulamin supported the BSC to the extent of R300 000 in 2010 alone, and a cumulative total of almost R900 000 since 2006.

Targets and performance

Targets for 2010:

- Establish five black business enterprises to provide Hulamin with goods and services; and
- Provide business support to existing Hulamin contractors to maintain or increase business with Hulamin.

Four enterprises were established during 2010, being:

- Hulacore – engineering;
- Progress Engineering – engineering;
- Mapholoba Metal Works – industrial ducting services; and
- Winter Knight – forklifts.

Successful enterprise development projects facilitated by Hulamin in 2010

- Hulamin facilitated the establishment of a new business entity called Hulacore that cuts Hulamin's aluminium and steel cores. Hulacore cuts all cores previously performed internally, which results in turnover in the region of R0,3 million per year. Two entrepreneurs are running this specialised business. This operation will result in an additional three to four permanent jobs. Due to the critical nature of the service that Hulacore is providing, their premises are in close proximity to Hulamin.
- Progress Engineering participates in a business opportunity to repair and refurbish Hulamin's damaged scrap bins, used to store and transport aluminium scrap. This work was previously carried out by larger established businesses. Progress Engineering's involvement in this business resulted in a turnover in excess of R0,5 million and the creation of an additional three to four jobs.
- Hulamin Containers enlisted Mapholoba Metal Works to provide various engineering services, specifically ducting services. Mapholoba Metal Works has since employed three additional staff members and has a turnover of more than R0,2 million a year. Mapholoba Metal Works received operational support and ongoing mentorship from the BSC.
- Winter Knight is a family business providing, amongst others, forklift services to Hulamin. Hulamin afforded Winter Knight an opportunity to supply the services of one forklift – with the potential to grow as opportunities arise.

Hulamin continued to mentor 22 SMMEs, who were its suppliers in 2010. Turnover of these SMMEs rose collectively to R30 million compared to R28 million in 2009, and together they employ over 300 permanent employees.

Enterprise Development expenditure for 2010 was R505 000[LA], equating to 1% of profit after tax.

Business Support Centre's 2010 achievements

Hulamin has contracted with the BSC to embark on providing skills to develop aluminium fabricators. This is a specialty training programme targeting aspirant entrepreneurs who wish to acquire skills that will enable them to set up their own businesses of installing aluminium doors, windows, balustrades, and shop fronts. These entrepreneurs are already working with aluminium material but have no recognised accreditations or qualification. They are assisted with a prior learning programme which requires a trade test upon completion. Fifteen candidates started the programme in September 2010 and will complete the course in June 2011. The programme is conducted by Training Force, based in Pietermaritzburg.

Hulamin has played a key role in the establishment of the BSC which has contributed enormously to the development of entrepreneurs as well as job creation in the region. Since its inception in 1997, the BSC has provided training to more than 11 400 entrepreneurs in various business skills. Currently the BSC registers approximately 200 new businesses per annum, as well as establishing and mentoring these new enterprises to ensure long-term sustainability. In 2010, the BSC coordinated in excess of 30 BBBEE Verification Certificates for SMMEs.

Since 2005 the BSC has been instrumental in creating more than 1 890 jobs. The total spend on enterprise development for the year under review amounted to R1 million.

Eric Sibiya and **Zaba Ngcobo**, owner of Hulacore

Paul Ngcobo, owner of Progress Engineering

LA Limited assurance provided by independent assurance provider (refer page 24).

Sustainability report
continued

Preferential procurement

Philosophy and why it is important

Hulamin promotes the economic empowerment of black South Africans and encourages business relationships with companies which actively pursue sound employment equity and black economic empowerment programmes.

Hulamin's future and the future growth of South Africa are dependent on growing the economic involvement in main stream business, on a sustainable basis, of all previously disadvantaged groups. At Hulamin, these objectives are achieved through the preferential procurement programme.

Responsibilities

The Procurement Review Committee, chaired by a member of the Executive Committee, oversees the company's progress in preferential procurement.

The committee is responsible for strategy and planning, approving suitable supply opportunities, reviewing results and supplier performance, and approving additional suppliers and any preferential terms.

The committee meets on a quarterly basis to review progress and achievements related to preferential procurement and enterprise development opportunities. It plans to increase BBBEE spend and enterprise development, and to discuss and resolve issues or obstacles related to achieving Hulamin's BBBEE targets.

Approach

Hulamin promotes the development of black-owned businesses and in particular wholly African-owned entities as preferred suppliers. Expenditure with these businesses is tracked over time, from which targets are set and performance is managed.

To achieve its preferential procurement objectives, Hulamin ensures that:

- Black businesses are sought as suppliers of choice;
- Hulamin subsequently works closely with these suppliers to assist them in achieving their goals;
- Non-BBBEE suppliers are encouraged to improve their own BBBEE ratings with the objective of becoming BBBEE suppliers to Hulamin; and
- All suppliers are also encouraged to seek opportunities to create partnerships or other interactions, in order to effect a skills and knowledge transfer to BBBEE enterprises.

In addition to its objective of developing black business in general, Hulamin actively seeks African entrepreneurs who have the potential to grow into successful suppliers.

All contracts with preferred suppliers, including African SMEs (small and medium enterprises), are concluded on regular commercial terms, ensuring that all suppliers meet Hulamin's requirement for the best value package, comprising price, quality, service, delivery performance, Safety, Health and Environment, and payment terms.

In order to achieve the objective of developing African SMEs, Hulamin commits to the following:

- In assessing competing suppliers, Hulamin gives preference to African SMEs which present a value package that is equivalent to non-African SMEs. This applies particularly to African SMEs from communities within which Hulamin operates;
- Hulamin actively seeks out African SMEs and encourages them to become suppliers to Hulamin. This is achieved through a database of potential suppliers, as well as working through organisations such as the Business Support Centre;
- Hulamin seeks to work closely with African SME suppliers who would benefit from exposure to Hulamin's technical and management skills, with the goal of encouraging skills transfer and a more competitive supplier base; and
- Hulamin encourages the formation of willing partnerships between African entrepreneurs and established suppliers, where such partnerships permit the transfer of business skills, knowledge and experience, thereby empowering the African entrepreneurs, and over time enabling them to take over the business or to establish their own competitive businesses.

Hulamin's objective of developing African SMEs is pursued through the involvement of all Hulamin's employees. The procurement department consults broadly in all areas in identifying and structuring supply opportunities that will suit African SMEs and in the further development of these suppliers.

Consultation takes many forms: from employees identifying and communicating opportunities they see, to management arriving at a decision to outsource a non-core function, or to close down an internal function and source from a third party. Examples over the past years include the outsourcing of the printing department, the box making department, the canteen, and contractual agreements with ex-employees now rendering cleaning services to the company.

2010 Results/achievements

Due to the nature of its business, Hulamin sources over fifty percent, by value, of its purchases in the form of aluminium metal from the local aluminium smelter, BHP Billiton. This amounted to R3,5 billion over the past 12-month period. In 2010, BHP Billiton moved up to become a level 7 supplier (from level 8 in 2009), allowing 50% of the invoice amount to now be classified as BBBEE expenditure.

This change in BBBEE rating of BHP Billiton has had a significant impact on Hulamin's overall BBBEE spend value and effectively doubles Hulamin's total expenditure with BBBEE enterprises. Now BHP Billiton single-handedly accounts for approximately 64% of Hulamin's total BBBEE spend.

In 2010, Hulamin spent R3,012 billion in total with BBBEE enterprises. Of this total, R129,7 million was spent with Qualifying Small Enterprises (QSEs) and Emerging Micro Enterprises (EMEs), R224,5 million on black enterprises (greater than 50% black-owned), and R22,2 million with black woman-owned businesses (greater than 30% black woman-owned).

BBBEE expenditure now represents 55% of total expenditure for 2010 (after exclusions such as imported goods and services) and shows a significant increase on the 26% in 2009, 18% in 2007 and 22% in 2008.

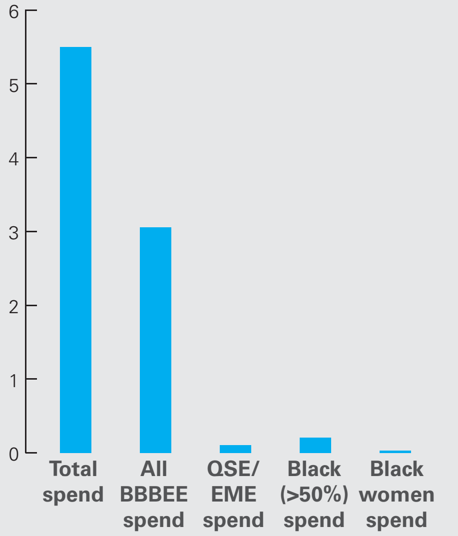
Hulamin met and slightly exceeded the targeted spend of R32 million with wholly African-owned entities for 2010, showing a final spend of R32,7 million.

Summary of Hulamin BBBEE expenditure in 2010:

Total spend	All BBBEE spend	QSE/EME spend	Black (>50%)	Black women spend
5 472 608 128	3 012 593 737[LA]	129 737 588	224 460 904	22 170 721

					Total
Percentage of total	55,05	2,37	4,10	0,41	
Possible points	12,00	3,00	3,00	2,00	20,00
Potential score	12,00	0,71	0,91	0,14	13,76

Analysis of 2010 BBBEE expenditure
(R billion)



Corporate social investment

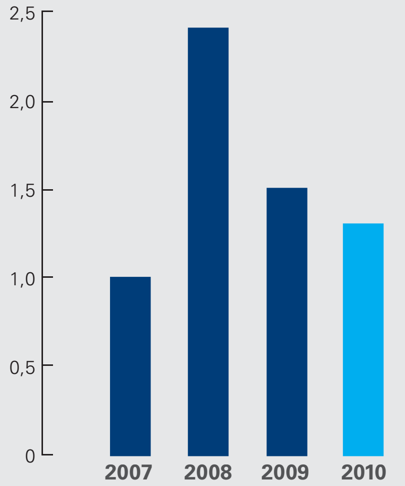
Philosophy and why it is important

Hulamin is committed to improving the quality of life of the people in the regions within which it operates, with particular focus on historically disadvantaged communities. Hulamin continues to direct its efforts primarily towards education, health, development of community skills, welfare, environment, and crime prevention.

Hulamin regards itself as part of the community within which it operates and therefore believes that it is imperative to make a difference by adding value to the development of these communities.

LA *Limited assurance provided by independent assurance provider (refer page 24).*

Comparison of CSI expenditure
(R million)



Responsibilities

The Chief Executive Officer is ultimately responsible for corporate social investment (CSI) but this responsibility is delegated to the Human Resources (HR) executive for execution.

As one of the elements of the BBBEE scorecard, CSI is verified by an independent and accredited verification agency. The latest verification exercise was concluded for the period up to 31 December 2010.

Approach

The Hulamin board, the local community and the community-based organisations and employees are the stakeholders who contribute to defining the CSI strategy.

Hulamin consults with all potential beneficiaries in order to evaluate their needs and the impact to the community. An evaluation is also undertaken to test if the requests are aligned to business priorities and fall within the Hulamin CSI strategy.

Targets and performance against targets

The target for CSI expenditure in 2010 was 1% of profit after tax (PAT).

Total CSI expenditure for 2010 was R1,3 million[LA], which spend represents approximately 2% of PAT.

Key CSI projects undertaken in 2010

In 2010, Hulamin contributed R1,3 million towards CSI projects, which included many beneficiaries such as health care-based organisations, crime-fighting initiatives, and child and family welfare initiatives.

Donations have been made to Edendale and Greys Hospitals, Pietermaritzburg and District Community Chest, Business Fighting Crime, Safe City, PROTEC, Ekukhanyeni Special School, and iThemba Projects, amongst others.

The company has supported the Pietermaritzburg and District Community Chest for many years and in 2010 earned the title of top corporate donor for the third successive year.

Funds raised by the Chest benefit numerous local registered welfare organisations in the Pietermaritzburg region ranging from Child and Family Welfare, care of the homeless and the disabled, poverty alleviation, care of those suffering from HIV/AIDS, education of learners with special needs, crime prevention, and prevention of substance abuse.

PROTEC (Programme for Technological Careers) Pietermaritzburg Academy provides quality Maths and Science enrichment education to children from disadvantaged backgrounds in grades 9 to 12. English tuition and career guidance and lifeskills training are also provided. These programmes are held on Saturdays as well as through the vacation school tuition arrangement. Hulamin has contributed towards these education programmes since the inception of PROTEC in 1989. Over the years, the company has also awarded tertiary study bursaries to post-PROTEC students, some of whom are now employed by Hulamin.

Little **Lindo Ndlela** from St Raphaels Crèche in Sweetwaters, near Pietermaritzburg. The crèche is supported by Hulamin through iThemba Projects

LA Limited assurance provided by independent assurance provider (refer page 24).

Ekukhanyeni Special School, a boarding school facility situated in Imbali Stage I, provides education and support to severely intellectually impaired learners and other children with multiple disabilities. The majority of learners are from underprivileged homes, many are either orphans or abandoned children.

iThemba Projects operates within the Mpumuza (Sweetwaters) area, on the outskirts of Pietermaritzburg, where a lack of investment in basic infrastructure has resulted in poverty, lack of education, and the absence of facilities and services. Children form a large percentage of the population in the area and iThemba's purpose is to create an enabling environment for these children through education and training, with a specific focus on Early Childhood Development.

ENVIRONMENT

Hulamin strives to minimise its impact on the environment based on a philosophy of continuous improvement and requiring every employee to be responsible and accountable for the safekeeping of our natural resources.

A healthy environment, continued access to limited natural resources such as water, and containing the demand placed on the related infrastructure are important concerns for the long-term functioning of a manufacturing business such as Hulamin. For this reason, Hulamin promotes the principle of re-use and reduce, which encourages the sustainable use of natural resources, the recycling of materials, and the reduction of waste in order to minimise the impact on the environment.

Hulamin continues with its approach of carbon footprinting, consumption reduction and emission prevention.

Responsibilities

The Executive Committee team is actively involved in the identification of environmental impacts and setting of targets and objectives for the significant impacts of land, water, air, and energy. These objectives are discussed by the Hulamin Safety, Health and Environment Committee, which is an Executive Committee (EXCO), and communicated via the Safety, Health and Environmental (SHE) GAP review meetings.

Further, Hulamin encourages all employees to be environmental custodians. Departmental environmental representatives have recently been nominated. Their role is to identify spillages and waste separation non-conformances.

Approach

Hulamin has focused on climate change in 2010 and commenced developing a carbon footprint database. To complement carbon footprint measurements, the business will focus on waste and water footprints in the near future.

Edendale Hospital's Department of Surgery – computers donated:

Three new computers, including all requisite software, were donated to Edendale Hospital's Department of Surgery for daily use in student teaching sessions and for data collection for research purposes. This Information Technology (IT) equipment will also provide links to the Internet for vital online research, and will also be used to streamline the acquisition of online laboratory results, which will ultimately obviate the current system of obtaining results via a paper-based system.

DUCT

Hulamin has been associated with the Duzi uMngeni Conservation Trust (DUCT) River Cleanup Day since its inception five years ago. The river cleanup project has grown in stature and has become a community involvement project with Hulamin as one of its sponsors. The Pietermaritzburg campaign is spread over the city with the emphasis on the areas of Sobantu, Imbali and Edendale, where masses of waste is disposed of into the Kwapata and Slangspruit tributaries of the Msunduzi River. Hulamin employees, local school children and many other volunteers become involved in removing dumped rubbish from these waterways.

Swift half-marathon

The Hulamin Athletics Club, in partnership with the Rotary Club, hosted a successful Swift half-marathon road running event in the Edendale area during October. The route followed by the race takes participants through the local community in which Hulamin operates and is an opportunity for the business and the local community to interact and strengthen relations.

This year's event was sponsored by Hulamin and KFC, and was co-managed by the local Rotary Club and Hulamin Athletics Club.

This year's charity donation went to Thandanani Children's Foundation, a local non-governmental organisation that facilitates community-based care and support for orphans and other vulnerable children.

The business has addressed the new legislative requirements as covered in the Waste Management Act, 2008 and the air quality emission standards for listed activities, 2010. These activities include air quality, waste management, and the environmental impact assessment process.

The ISO 140001 environmental management system forms the framework for managing environmental issues. Open and constructive interaction with employees, local communities, regulatory agencies, business organisations, and other affected and interested parties is promoted and maintained.

Targets have not been set due to the need for improvement measurements on which to base these targets. Limited improvements and upgrades have been made to the monitoring of key indicators during 2010 and further improvements are planned for 2011.

2010 Results/achievements

There were no fines or sanctions issued in 2010. However, 18[LA] spills were recorded in the reporting period.

Hulamin spent R3,5 million at the Edendale site and R1,3 million at the Camps Drift site on managing effluent.

Environmental training

A new system including environmental representatives, who conduct formal monthly inspections and submit these to the SHE meeting, was introduced at departmental level. These representatives have undergone training on a formal one-day course on basic environmental awareness and spills training.

The process has added value in terms of the identification of spills and compliance to waste separation.

Energy consumption

The total direct energy consumption (LPG, low sulphur oil, diesel and petrol) for 2010 was: 1 658 371 GJ[LA].

The total indirect energy consumption (electricity) for 2010 was 1 045 340 GJ[LA].

LA Limited assurance provided by independent assurance provider (refer page 24).

Energy saved due to efficiency and conservation efforts

Numerous electricity consumption projects were undertaken including work on cooling tower fans at the Campsdrift Hotline, the S6 cold rolling mill and the foil mill. Lighting was improved by installing energy efficient bulbs. All the reciprocating compressors were replaced with the more efficient screw type compressors. This work resulted in a significant saving of 6 069 152 kWh (21 849 GJ).

Electricity consumption – comparative savings: 2008 – 2010

2010	6 069 152,00 kWh	29,8 kWh/MT sold
2009	5 368 879,80 kWh	35,9 kWh/MT sold
2008	5 596 682,84 kWh	30,2 kWh/MT sold

Additional energy savings projects included a focus on support of the internal oil recovery systems (to reduce rolling oil and hydraulic oils consumption) and resulted in a saving of 31 939 GJ. The optimisation of the recuperator operation at the CD remelt facility (LPG) resulted in a saving of 16 900 GJ against "business as usual".

Energy savings between 2009 and 2010

Electricity	21 849 GJ	107,3 MJ/MT sold
Rolling and hydraulic oils	31 939 GJ	156,9 MJ/MT sold
LPG	16 900 GJ	83,0 MJ/MT sold
Total	70 688 GJ	347,2 MJ/MT sold

(Note that the data indicates savings against 203 582 metric tons (MT) of aluminium sold.)

Air quality

A baseline assessment as per the new legislative requirements in terms of listed activities was conducted, the results of which are pending at the time of publication.

Greenhouse gas emissions

Carbon footprint

A carbon footprint is "the total set of greenhouse gas (GHG) emissions caused by an organisation, event or product". Hulamin recognised the need to assess its carbon footprint in 2007 and started to build up annual data regarding greenhouse gas emissions for assessment of the Hulamin carbon footprint. This was soon followed by reporting the GHG emission data to the Carbon Disclosure Project (CDP). Hulamin considers measuring the carbon footprint as a means of monitoring continuous improvement within the organisation, both from an environmental and a business perspective.

The Hulamin Environmental Manager is responsible for recording the Hulamin carbon footprint. Since the scope of the carbon footprint has grown significantly, an internally appointed environmental specialist has been identified to further support this function.

Progress in developing the Hulamin carbon footprint in 2010 has included demarcating the Hulamin main site in Pietermaritzburg into energy accountable centres to enable specific areas to monitor their contribution to the carbon footprint. Hulamin has further included emission sources not previously monitored, such as emissions from company fleet vehicles and those from product use. Other Hulamin manufacturing sites (four) have started monitoring their carbon footprint this year and should be in a position to report their carbon footprint contribution to Hulamin in 2011.

The carbon footprint database is to be expanded in 2011 to cover the waste and water footprint of the business. In addition, the database will be in a position to inform reporting on significant environmental impacts of transporting products and other goods and materials used for the organisation's operations during the course of the year.

Hulamin has developed an internal monitoring system that records and reports emissions at an energy accountable centre level within the main manufacturing facility on a monthly basis. The information is used for monitoring performance and to respond to fluctuations in emissions.

Emissions as per the 2010 Eskom emission factor 1,03 kg CO_2/kWh for electricity sold:

Scope 1	Scope 2	Scope 3	CO_2e total in MT	CO_2e intensity
107 913 MT CO_2e	299 084 MT CO_2e	7 875 MT CO_2e	414 872 MT CO_2e*LA	2,04

** Total direct and indirect emissions.*

For export customers that require emissions to be reported as per the GHG Protocol 2007 default emission factor for electricity purchase in South Africa (0,869 kg CO_2/kWh):

Scope 1	Scope 2	Scope 3	CO_2e total in MT	CO_2e intensity
107 913 MT CO_2e	252 334 MT CO_2e	7 875 MT CO_2e	368 121 MT CO_2e*	1,77

** Total direct and indirect emissions.*

Key:

Scope 1 (GHG Protocol) is based on direct emissions from fuels.
Scope 2 (GHG Protocol) is based on electrical consumption.
Scope 3 (GHG Protocol) is based on lubricant consumption.

Note: Hulamin does not measure NOx and SOx by type and weight.

Greenhouse gas emission reduction initiatives

A strategy to minimise the use of fuel and electricity is in place. No specific targets have been set for reducing emissions. Rather, Hulamin approaches minimisation of consumption levels as an ongoing process of continual improvement. Numerous projects as outlined in the section entitled "Energy saved due to efficiency and conservation efforts" on the previous page resulted in a reduction of emissions.

Emissions reduced following project interventions:

Electricity	5 274 MT CO_2e	25,9 kgCO_2e/MT sold
Rolling and hydraulic oils	2 349 MT CO_2e	11,5 kgCO_2e/MT sold
LPG	1 067 MT CO_2e	5,2 kgCO_2e/MT sold
Total	8 690 MT CO_2e	42,6 kgCO_2e/MT sold

Sabelo Ngcobo, bursary student

Bursary student: Sabelo Ngcobo

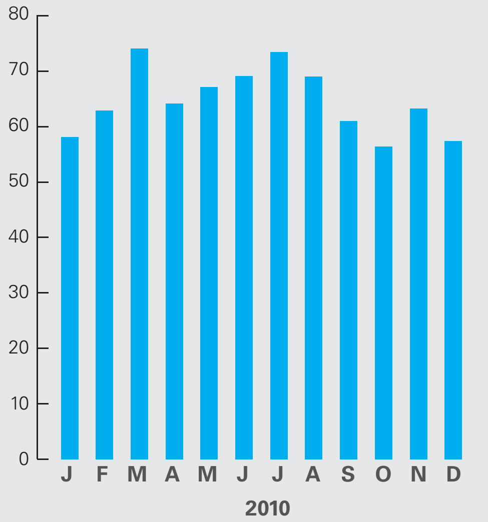
"While in Grade 12, I was fortunate to become a member of PROTEC Pietermaritzburg, a programme for technological careers sponsored by Hulamin. Hulamin was looking for students who were interested in pursuing a career in metallurgical or industrial engineering in order to sponsor their tertiary studies. I applied and was successful. In 2010 I completed my first-year studies in Metallurgy at the University of Pretoria with four distinctions.

As a result of wanting to become an engineer, I chose to study Maths and Science at school. I only got to know about metallurgy whilst doing Grade 12 and was naturally and completely drawn to it. I am thoroughly enjoying my current studies and can hardly wait to do modules like Materials Science in 2011. Although most students do not like this module, I am smitten by it."

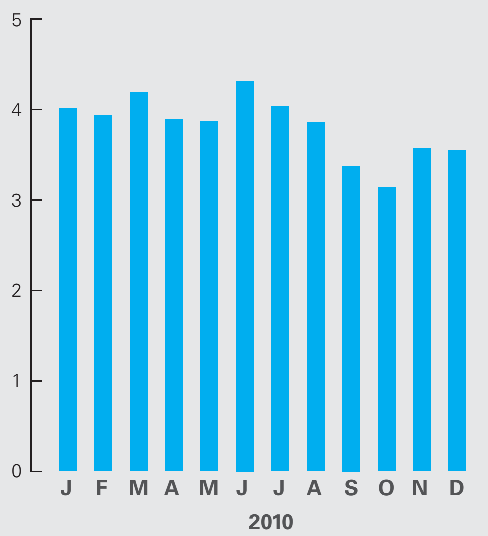
Sabelo is from Mafakatini, a rural area outside Pietermaritzburg.

LA *Limited assurance provided by independent assurance provider (refer page 24).*

Water consumption (kℓ)



Water intensity (kℓ/MT)



Effluent discharge

Hulamin has in the past focused on the reduction of the discharge of sulphates from our Edendale facility. Recently the focus has shifted to address the flocculent, as this presents more of an immediate issue with the blocking of the sewer pipelines. Sulphates need to be reduced because these create corrosion issues for the downstream sewerage works. The flocculent is used to remove the aluminium from the effluent and can cause sludge in the pipelines, if not correctly dosed or managed within set pH limits.

Substantial progress has been made at the Camps Drift facility regarding sulphate levels with positive results of 75% against the permit limit of 1 000 mg/ℓ. This is a result of changing the type of flocculent to a non-sulphate-based product.

Total effluent discharge for 2010 was 193 485 kℓ.

Waste management

Hulamin's existing agreement with its waste service provider is to manage the hazardous waste streams by ensuring that the waste is disposed of in a responsible manner.

This agreement has recently been extended to include all solid waste streams (including scrap metal, wooden pallets and office paper). This is conducted by controlling all waste leaving the site, obtaining the best possible market related prices, and then using the revenue to increase the sorting and recycling opportunities on site.

Hulamin produced an average of 23,6 kg/MT of solid waste in 2010 versus 41 kg/MT in 2009. This was achieved through a significant reduction in the number of aluminium hydroxide skips generated from the effluent plant.

A total of 85 tons[LA] of solid waste (mainly hazardous) was recycled in the course of 2010, while a total of 574 kℓ of oil was recycled in the period January to July 2010 (the full year figure will only be made available in March 2011 after processing by the service provider).

Disposed volumes

Waste streams	Volumes (MT)
General	935[LA]
Low hazardous	3 888[LA]
High hazardous	2[LA]

Since Hulamin exports over 70% of its products, the business is not engaged in any significant system, apart from a return arrangement with a small number of local South African customers, to reclaim and recycle packaging material.

Storm water contamination

In addition to the four already in place, an additional interceptor pit, to handle the increase in volumes resulting from the two newly commissioned foil mills, has been installed at the Pietermaritzburg site. This will assist in ensuring that there are no environmental incidents involving storm water contamination, and brings the total to five interceptor pits at the Camps Drift and Edendale plants combined.

LA *Limited assurance provided by independent assurance provider (refer page 24).*

For this reporting period, Hulamin achieved an average contamination of around 17 mg/ℓ of oil, (similar to that of 2009) at the interceptor pits. An environmental management plan is being drawn up to address the upstream sources of oil leaks.

Water consumption

Water is a scarce resource in South Africa. The need for water conservation is likely to increase in the future in order to ensure sustainable supply.

The total water consumption for 2010 was 3,81 kℓ/MT of aluminium sold, compared to 4,47 kℓ/MT for 2009. The total water consumed was 774 930 kℓ[LA].

Water is drawn from the local Msunduzi Municipality, originally supplied by Umgeni Water. Hulamin recognises that the current infrastructure for water metering needs improvement. Steps have been put in place to improve the measuring and monitoring of water consumption in individual areas to encourage ownership for conservation. Progress has been made in 2010, in particular at the cooling towers.

The emphasis in 2010 was on improving, monitoring and measuring rather than on reducing consumption and recycling. Nevertheless, efforts to reduce leaks at the Edendale site have resulted in a reduction in water consumption and in addition, the Hulamin Extrusions operations at the Edendale site initiated a water recycling project in their cooling towers. As this project is in its early stages, the volume of water being recycled cannot be confirmed. (See side story for details of this project.)

EMPLOYEE PARTICIPATION AND REPRESENTATION

Employees are key to all aspects of Hulamin's performance and future success. Hulamin's employee representation strategy is based on open communication and consultation with its employees and their representatives.

Responsibilities and structures

Responsibility for employee relations lies jointly with the Human Resources (HR) executive and line management.

Formal communication with employees and their representatives takes place regularly and at various levels, including the Departmental Action Forums (DAFs), where employees meet with line management, and the Employee Relations Committee (ERC), where employee representatives meet with senior management. In addition, employees regularly engage with management through weekly Visual Felt Leadership structures.

Policies and procedures

Hulamin's grievance and disciplinary policies and procedures are in place. These are guidelines for both employees and management when dealing with disciplinary and grievance procedures in the workplace and a disciplinary code is given to all employees on commencement of employment.

66% of Hulamin employees are covered by collective bargaining agreements

No time was lost due to work stoppages, strikes or stay-aways during 2010.

LA Limited assurance provided by independent assurance provider. (refer page 24).

Rowan Moses involved in installing booster pump

Water Conservation Project: Hulamin Extrusions

Aluminium extrusions require cooling or quenching as they leave the extrusion press in order to control mechanical properties of the aluminium alloy. This is achieved through forced air convection, water spray, water immersion or a combination of these three methods.

In 2006, Hulamin Extrusions started producing aluminium forging bars for an automotive application. It was found that by spray-quenching the bars with water, increased productivity could be achieved. The water was drawn from the municipal ring main for spray quenching, rather than the internal process water, due to the higher pressure and cleanliness. The water drawn for this spray process feeds back into the plant process water. Initially this was not an issue as the consumption of about 200 kℓ per month was less than the makeup water required by the process water cooling tower. However, by early 2010, volume on the forging bar project had increased to the extent where water consumption was over 2 000 kℓ per month, and costing over R30 000 per month. It was no longer feasible to consume the higher volume of spray water in the cooling towers, resulting in an overflow and wastage.

The installation of a booster pump with filtration system reduced the need to use municipal water. After the commissioning of this project in September 2010, water consumption dropped to below 500 kℓ per month.

Sustainability report

EMPLOYMENT EQUITY

Philosophy and why it is important

Hulamin believes in the development of all its employees regardless of race and gender, with emphasis on the people from designated groups, and regards employment equity as a special intervention required to address the situation resulting from blacks having been previously disadvantaged in South Africa.

Employment equity is an integral component of Hulamin's business strategy and is focused on the following:

- The elimination of unfair discrimination within the workplace; and
- The implementation of affirmative action measures to achieve equitable representation of designated groups across all occupational levels within the organisation.

Responsibilities

The CEO is ultimately responsible for employment equity within the organisation and the HR executive is the appointed senior employment equity manager to drive the implementation thereof. Employment equity progress is monitored through divisional employment equity committees, which report to the Hulamin Employment Equity Committee. This committee in turn reports to the Transformation Committee.

Structure

The Hulamin board, Executive Committee, employee representatives and employees are the stakeholders for employment equity.

Over and above the annual consultation process as required by law, consultation takes place regularly within the following forums:

- Employment equity committees, comprising employees, which exist at a strategic and an operational level, monitor and evaluate progress on employment equity issues at meetings held quarterly; and
- The Transformation Committee is chaired by a non-executive director and the Hulamin Employment Equity Meeting is chaired by the CEO. Meetings take place quarterly.

Targets are set according to a three-year horizon. Targets were set in 2008 to be achieved by 31 December 2010. (See table "Performance against targets" on the next page.) New targets will be set for the period 1 January 2011 to 31 December 2013.

The following measures are in place to ensure targets are reached:

- Training and development initiatives;
- Talent and performance management;
- Mentorship and coaching programmes;
- Career development programmes;
- Development programmes for technologists;
- Development plans for women;
- Diversity management programmes;
- Targeted recruitment and selection for people from designated groups;
- Targeted promotion for people from designated groups;
- Learnership programmes for people with disabilities;
- Developed strategic partnerships with universities and Universities of Technology to recruit people from disciplines relevant to our business; and
- Retention strategies.

Targets and achievements

Areas of achievement include:

- During the past two years steady progress has been achieved in improving the percentage of black representation at management level from 51% to 58%. This is notable progress considering that black representation at this level remained at around 50% for some time;
- During the past two years the number of women employees has increased to 372 from 317 in January 2008. Over the past three years the number of women technologists has increased from 12 to 28, with most of these women being appointed through the in-service training programme;
- The 2010 in-service trainee intake comprised of 76% women compared to 50% in 2009;
- Sixteen women apprentices qualified as artisans in less than the required four-year training period. Currently there are four women apprentices out of a total of 20. Plans are in place to accelerate the development of female artisans to senior artisan positions. Some of the strategies being employed include coaching, mentoring, on-the-job training, specialised technical training and inter-departmental rotation;
- There are 174 women workers at shop floor level compared to 151 in January 2009. Efforts remain focused on developing women at shop floor level so as to have a pool of technically qualified women from which apprentices can be sourced. Three women from shop floor positions have been appointed to team leader positions, which previously were predominantly occupied by males. Training programmes are in place to enhance the development of women at shop floor level; and
- Eight people with disabilities completed a learnership programme at Hulamin which began in May 2007 and ended in February 2010. Four of these learners have been appointed to permanent positions and one has been offered a limited duration contract of 12 months. Of the remaining three people, two have been appointed to permanent administrative positions at Standard Bank and one has been appointed to a learnership programme at the local municipality.

  In September 2009, an additional eleven people with disabilities began an 18-month learnership programme. One of these learners has been appointed permanently to a switchboard operator position.

Performance against targets

Criterion	Target	Status in 2010	Number of people
Black representation at senior management	42%	39%	26[LA]
Black representation at middle management	64%	61%	140[LA]
Black representation at skilled and supervisory level	80%	90%	875[LA]
Women at senior management	17%	7%	5[LA]
Women at middle management	20%	20%	45[LA]
Women at skilled and supervisory level	17%	16%	157[LA]
People with disabilities	1,3%	1,3%	82[LA]

Due to the current business climate, little or no recruitment took place during 2010, restricting Hulamin's ability to meet its 2010 targets.

Data submitted to the Department of Labour

In accordance with the Employment Equity Act (No 55 of 1998), employment equity reports are submitted to the Department of Labour on an annual basis.

In terms of section 22 of the Act, Hulamin is required to publish a summary of its employment equity report in its Annual Report. The table below reflects Hulamin's employee profile as at 31 May 2010.

Total number and rate of employee turnover with a breakdown by gender

Employee turnover for 2010 was 263. This represents 11% of the total complement. The gender split of the departing employees was as follows:

Females 57
Males 206

Ntombizodwa Dlamini, *Auxiliary Operator* in the Twin Roll Casters

LA Limited assurance provided by independent assurance provider (refer page 24).

Occupational levels	Male A	Male C	Male I	Male W	Female A	Female C	Female I	Female W	Foreign nationals Male	Foreign nationals Female	Total
Top management	2	0	0	6	0	0	0	0	0	0	**8**
Senior management	9	2	10	36	1	1	1	2	3	0	**65**
Professionally qualified and experienced specialists and mid-management	42	12	65	55	18	3	8	16	13	0	**232**
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	382	72	305	65	79	17	36	31	3	1	**991**
Semi-skilled and discretionary decision making	712	120	203	16	119	29	19	1	1	0	**1 220**
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0	0	**0**
Total permanent	1 147	206	583	178	217	50	64	50	20	1	**2 516**
Temporary employees	0	0	0	0	0	0	0	0	0	0	**0**
Grand total	**1 147**	**206**	**583**	**178**	**217**	**50**	**64**	**50**	**20**	**1**	**2 516**

Key: A = African, C = Coloured, I = Indian, W = White

Thabisile Kheswa, *Switchboard Operator*

HEALTH

Hulamin regards employee wellness as a shared responsibility with its employees. In this regard the company equips employees with the appropriate education and healthcare facilities in order for employees to best manage their own health.

The good health of employees is essential to motivation, capability and productivity, and likewise offers benefits for employees and their families and friends. The enhancement of employee health also contributes to reduced absenteeism and promotes good working relationships.

Responsibilities

The HR executive leads the Employee Health portfolio, who reports to the CEO who, in turn, reports to the board of directors.

The South African Bureau of Standards conducts an annual audit of the Healthcare Centre, to ensure compliance with ISO 140001 certification (the Environmental Management System) and the OHSAS 18001 standard (Health and Safety Management System).

Approach

A broad range of stakeholders are involved in employee health, including the Hulamin board, management, employee representatives, employee families, health practitioners and the employees themselves. Hulamin is dependant on its workforce for valuable skills and experience, and thus the consequence of poor health affects Hulamin's performance across all indicators.

Several healthcare programmes are in place, including occupation health risk assessment and control measures, hygiene surveys and medical surveillance programmes (which comprise, inter alia, lung function tests, audiograms and eyesight tests). Biological monitoring is also conducted where appropriate. Vision screening, specifically for forklift and crane operators, has started.

A Healthcare Centre is manned by employees with the appropriate skills, competencies and qualifications in the field of medicine and Occupational Health Nursing Practices.

Health and wellness education programmes form a vital component of occupational health. Such programmes are also linked to wellness days which are held bi-annually. The key elements of these programmes include health and lifestyle education, and personal health assessment, including voluntary counselling and testing (VCT).

Progress is monitored through the reviews conducted by the Safety Committee, Health and Environment Committee, Risk Management Committee and the Healthcare Centre.

HIV/AIDS

Hulamin's HIV/AIDS policy provides guidelines for addressing HIV/AIDS related issues in the workplace. These include inter alia:

- Preventing unfair discrimination based on HIV status;
- Promoting a non-discriminatory environment in which employees living with HIV/AIDS are able to be open about their status without fear of stigmatisation or rejection;
- Promoting appropriate and effective ways of managing HIV/AIDS, which includes the following core elements:
  - ensure appropriate structures, plans and programmes are in place to manage HIV/AIDS in the workplace;
  - provide awareness, education and prevention programmes;
  - provide treatment, care and support for HIV positive employees;
  - monitor and address the impact of HIV/AIDS on business operations;
  - participate in, and partner with, community initiatives; and
- Creating a balance between the rights and responsibilities of all parties.

Hulamin has set a goal for all employees to know their HIV status.

2010 Results/achievements

In total 902 employees went through HIV/AIDS testing in 2010, of which 121 were tested for the first time.

VCT total – comparative

2010	902
2009	410
2008	1 361

Hulamin has not yet met its target of all employees knowing their HIV status. A number of employees prefer to consult their own doctors without disclosing the results to the company.

As at the end of 2010, 222 employees (approximately 9% of the Hulamin workforce) were known to be HIV positive, and of these HIV positive employees, 60 were receiving antiretroviral (ARV) support from Hulamin as at the end of 2010.

(Note: these figures reflect the Pietermaritzburg main sites – Edendale and Camps Drift only.)

Expenditure incurred on ARV treatment for 2010 was R477 736[LA].

SKILLS DEVELOPMENT

Philosophy

Hulamin strives to develop skilled and motivated employees through an outcomes-based approach to development that endorses personal growth, individual responsibility and a culture of lifelong learning.

Training and development initiatives draw on the technological, operational and process knowledge that exists within the business, and uses this to guide employees into developing innovative solutions for real business challenges. This further builds organisational learning while maximising the potential of individual employees within the working environment.

Hulamin believes that it is important to continue to develop organisational capabilities for future sustainability, and to contribute to reducing the skills shortage, thus boosting growth within the South African manufacturing context.

Responsibilities

To ensure a consistent approach, the HR executive is given overall responsibility for training and development strategies. Line managers are responsible for leading the training and development efforts within each manufacturing area. They are supported by training and development specialists who report to the HR executive. Engagement at shop floor level takes place through quarterly training committee meetings that include union representatives. Training progress is monitored quarterly at the Hulamin Learning and Development Review, attended by line management and executives.

Approach

The learning programmes are based on a blended approach, which combines class-based programmes with on-the-job training, participation in projects and task teams as well as E-learning. Hulamin has intensive training programmes in place, including but not limited to the following:

- Mission Directed Works Teams (MDWT);
- Goal Oriented Learning (GOL);
- Learnerships – portability of skills;
- Talent management; and
- Traineeship development programmes.

LA Limited assurance provided by independent assurance provider (refer page 24).

Dr JL Dunton, *Company Doctor,* Pietermaritzburg

Performance management remains the key driver in our talent management approach. All staff employees are subject to bi-annual performance reviews. The review process includes feedback from the immediate manager and at least two other colleagues who work closely with the employee. This multiple perspective process provides a broader view of employee capabilities.

Learning programmes: Performance in 2010

Mission Directed Works Teams (MDWT)

The fundamental principle of the MDWT programme is employee involvement in continuous improvement projects. This is monitored through 48 mini business teams that visually measure performance against agreed goals for quality, speed, cost, safety and people (QSCSP).

In sustaining the programme, teams meet daily to visually review the performance of the previous day and to update performance graphs. Support is provided by:

- Nine cross-functional teams that meet for daily problem solving sessions; and
- Monthly multi-level meetings to improve communication and ensure that the mini business teams' goals are aligned to company goals. Multi-level meeting attendees also receive feedback on company performance which is cascaded to the mini business teams' meetings in their daily meetings.

Jetterton Jabulani Ntombela, *Auxilliary Operator,* involved in MDWT

During the 2010 reporting period, MDWT was rolled out to all operations in Hulamin Extrusions, involving 534 employees. The programme will be introduced to the other business operations during 2011.

Goal Oriented Learning (GOL)

In the Rolled Products operations, learning continues to be driven through Goal Oriented Learning, a programme emphasising learning through an individual's own work experience. Visible elements of the programme include a series of on-the-job assessments using competency-based learning units. Assessment of competency includes verification of specific tasks by team leaders and summative assessment with integrated assessment.

The focus areas of Goal Oriented Learning in 2010 were to sustain the programme through building capabilities by increasing the number of verifiers and assessors at machine centres. The table following outlines progress to date:

	Metal	Rolling	Finishing areas
Learning guides	17	22	21
Employees trained	690	218	272
Verifiers	12	58	41
Coaches	3	5	7

Learnership – portability of skills

The project to align shop floor training with the National Qualification Framework (NQF) started as far back as 1999 with the adoption of the Skills Based System (SBS), a multi-skilling framework. The SBS objective is to create a multi-skilled workforce performing a wider and more flexible set of tasks. This is achieved through providing operators with maintenance skills to enhance their level of machine breakdown reporting and perform first line maintenance related tasks.

During 2010, 87 employees were trained in maintenance related tasks and are now capable of performing at least two jobs at the same level and one job at a higher level.

The second phase of this project started three years ago and includes the identification of qualifications and the development of skills programmes. The benefit to employees is that skills acquired through accredited programmes provide them with nationally recognised skills. The company benefits through having standardised programmes with external competency assessment processes. The programmes create more skilled and flexible employees, which enables the business to be more competitive.

Progress in 2010 includes:

- Business administration learnership focusing on high potential unemployed people living with disabilities. The programme has 11 active candidates. Since its inception two years ago, five students have been permanently employed in the company;
- A second learnership programme, started in 2009, aims at improving the representation of women in the business. The mentorship intervention encouraged women in the organisation to share their experience regarding working in a manufacturing environment. There were 21 women enrolled in the skills development programme in 2009. The programme was designed to develop mentoring and coaching skills, and facilitation of learning transfer in the workplace. In 2010, participants of the programme completed their portfolio of evidence and are currently busy with competency assessments;
- A NQF Level 4 supervisory development programme, which equips supervisors with the necessary supervisory and management skills. Of the 59 candidates enrolled in the programme, 45 have been found competent in the theoretical section of the programme and are currently busy with on-the-job training and projects; and
- Eight employees completed a NQF Level 3 metals and engineering manufacturing processes skills programme.

Additional learnership programmes are being planned for rollout at shop floor level in 2011. These include metal production and engineering skills programmes.

Talent management

At Hulamin, the term "talented people" refers to employees who perform well above expectations and who have the potential to grow into leadership roles such as senior manager positions or specialist roles.

Our talent management programmes comprise psychometric assessment centres, career development workshops, and the development of talent pools into various career pathways as per discipline. This year a series of career development workshops were organised as a follow up to the company-wide competency and potential assessment centres that were implemented last year. The career development workshops comprise professional career advice, and identification of mentors and development strategies to enhance the participants' careers within Hulamin. The process benefitted 48% of the 174 employees who completed the original assessment. The programme will be continued in 2011 for the remaining employees.

Pipeline management programmes

Another critical component of the talent management strategy is the pipeline management. Hulamin's approach is to focus on bursary recipients, apprentices and in-service trainees. These programmes ensure a continuous flow of talent into Hulamin. Over the last three years, six bursary recipients, 23 apprenticeship and 20 in-service trainees were recruited as engineers, technicians and artisans into various areas of the business.

Traineeship development programme

The company also offers a traineeship development programme. Candidates in the programme undergo a structured training programme for two years which exposes them to various sections of the business. Potential programme recruits include newly qualified graduates from our bursary scheme and employees with leadership potential identified through company performance feedback sessions and verified through the competency assessment centre process.

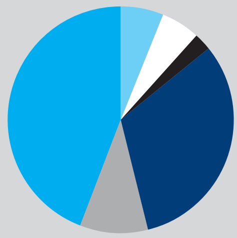
Skills transfer programme

In 2010, eight metallurgist candidates completed a specialist skills transfer programme mentored by one of our international technological partners. The programme comprised courses in basic metallurgy, review of Hulamin strategic technological reports, and regular feedback sessions through tele-conferencing.

Skills development – key indicators		2010
Investment in employee training and development as percentage of leveable amount	(%)	3,5
Proportion of the above focused on black employees	(%)	2,8
Percentage of employees trained	(%)	67,3
Average learning hours per employee	(hours)	27,4
Investment in pipeline management programmes	(R)	6 784 910
Employees currently in learnership programmes		89
Investment in bursary scheme	(R)	1 608 811
Employees in company sponsored education programmes		211
Total skills development spend	(R)	16 619 468[LA]

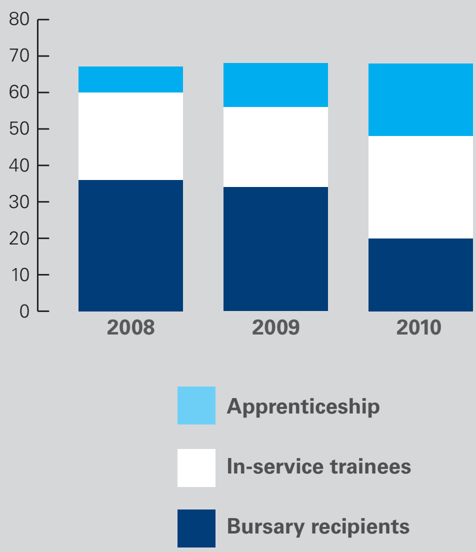
LA Limited assurance provided by independent assurance provider (refer page 24).

Number of employees trained in other training interventions



119	Career developments
108	Industry specific courses
53	Management and supervisory training
620	Business continuous practices
190	Job competency programmes
853	SHE

Pipeline management programmes over the last three years (employees)



An average of twenty employees are involved in pipeline management programmes at any particular time.

Anne Gouws, *Coating Line Operator*, conducts a fire-fighting demonstration

SAFETY

Philosophy and why it is important

Hulamin is committed to operating its plants safely and protecting employees from injury or harm due to incidents or exposure by embedding a culture of safety. This is driven by encouraging employees and the teams in which they work to take responsibility for their own safety. Hulamin seeks to continuously improve its safety performance by measuring and monitoring both leading and lagging indicators which are aligned to industry best practice.

The commitment to the well-being of employees and providing a safe working environment ensures that the business continues to function effectively and to retain and attract skilled people in future.

Responsibilities

The Hulamin Executive Committee is accountable for safety in the organisation. There are formal structures in place to identify, evaluate, and control operational risks. The Hulamin Safety, Health and Environment Committee meets quarterly. All management structures are involved in Visible Felt Leadership processes, which involve a walkabout on the shop floor to discuss progress and identify barriers and constraints to improving performance. Employees are expected to take ownership of their own safety; however, management provides structured direction aimed at inculcating a culture of safe behaviour. Line management is responsible for safety in their respective areas and is centrally supported by the safety, health and environmental team. Hulamin is audited for verification and compliance in line with OHSAS 18001 annually.

Approach

Hulamin has an integrated approach to safety, adopting the principle of behaviour-based safety and the OHSAS 18001 standard.

Processes have been implemented to address high and low potential risks through formal risk assessment principles.

The low potential risks, such as nip points, personal protective equipment (PPE), and scrap handling are addressed by means of the following tools:

- Behaviour-based safety;
- Housekeeping audits;
- Visible felt leadership;
- Baseline risk assessments; and
- System reviews.

The high potential risks, which include explosions, the operation of cranes, and driving of forklifts, are addressed by utilising the more comprehensive risk assessments tools such as Fault Tree and FMEAs.

The reporting of near misses is a priority as this is a leading indicator that can assist in forecasting potential injuries. Teams are encouraged through the behaviour-based safety PACTING process to report their near misses and these are then investigated as if they were injuries.

2010 Results/achievements

	Target		Actual	
Indicators	Rate	Number of incidents	Rate	Number of incidents
2010 LTIFR	0,20	7	0,33[LA]	10
2010 TRCFR	0,87	23	1,87	45

There were ten Lost Time Incidents (LTI) in 2010, resulting in targets not being met. The 2009 targets were retained for 2010. However, in 2010, production activity levels returned to those of pre-2009, resulting in more shifts being covered, and increased risk exposure. The incidents experienced encompassed the following:

- Three injuries associated with hands;
- Three incidents associated with the back;
- One incident associated with the head; and
- Three incidents associated with falls, bumping against load and falling from a ladder.

In order to mitigate incidents in the future, an incident verification review has been introduced that audits the following:

- Timeous submission of investigation forms;
- Quality of the investigation;
- Evidence of conducting of safety talks;
- Closure of corrective actions; and
- Completion of task-based risk assessment.

LA Limited assurance provided by independent assurance provider (refer page 24).

A record of the investigation of each incident is distributed throughout the organisation to serve as a learning point and improve safe behaviour. Target incidents are set with an objective of bettering the previous year's performance. Hulamin uses two measures to measure and track safety performance:

- The Lost Time Injury Frequency Rate (LTIFR) is measured by dividing the number of lost time injuries by total man hours worked, and multiplying by 200 000 for standardisation. LTIFR refers only to lost time injuries and excludes light duty; and
- The Total Recordable Frequency Case Rate (TRFCR) is measured by dividing the number of all recordable cases by the total man hours worked, and multiplying by 200 000 for standardisation. The TRFCR allows for the identification and management of the circumstances in which incidents occur, thus ultimately reducing the overall risk of having a serious accident. TRFCR refers to fatalities, lost time and medical treatment cases.

A formal risk assessment process has been adopted to identify potential safety hazards related to non-routine maintenance tasks. This process involves artisans and maintenance contractors assessing the potential risk before carrying out their tasks.

SABS conducted a surveillance audit on OHSAS 18001:2007. Eight findings were issued. All the findings were minor, mainly operational safety findings, and have been addressed.

Once again, in 2010, focus was placed on specialised training. The training courses were conducted by external specialised service providers and were aimed mainly at artisan level.

Practical training sessions included:

- Fire team;
- Height safety and rescue; and
- Lifting tackle inspector.

There are over 100 Health and Safety Representatives supporting the philosophy of employees taking responsibility for their own and their colleagues' safety, and thus embedding the culture of safety.

Emphasis has been placed on addressing leading indicators by auditing the following systems and procedures:

- Forklift and crane checklists;
- Safety device checklists;
- Banned item control;
- Permit to work/non-routine risk assessments;
- Safety training;
- Incident review;
- Statutory inspections; and
- Near miss reporting.

The audit report findings are discussed at management meetings and closure addressed at the subsequent audit.

There have been no noise induced hearing loss (NIHL) claims during 2010[LA].

As part of the Behaviour Based Safety (BBS) approach, Safety Awards are held every year. These awards recognise individuals and teams that have worked safely and responsibly during the year.

LA *Limited assurance provided by independent assurance provider (refer page 24).*

Joshua Nzimande, *Top Coach* on safe behaviour

BBS Best Coach Winner

The 2010 winner of the best BBS coach was Joshua Nzimande from the Coil Processing department. Joshua is passionate about safety and has been very helpful in guiding colleagues, especially new employees, through the BBS process. He makes sure that his team understands that safety for oneself and the team is everyone's responsibility. As a consequence the method of corrective coaching has been very successful with his team. Joshua is also a driving force when it comes to "near miss reporting" and is very helpful with investigations and finding long-term preventative solutions.

Word from Joshua:

"People understand BBS is behaviour-based safety but people must understand that BBS is a total strategy to improve safety, health, and environment (SHE) that can be done through the IMBOP process. The change in behaviour is important among the team members. The psychologists and behaviourists show that the consequence of behaviour reinforces behaviour or eliminates all at-risk behaviour. This is why corrective coaching is so important."

Corporate governance

VK "Kido" Daniso, jigging aluminium extrusions onto a flight bar in preparation for anodising

The board of directors is committed to comply in all material respects with the King III principles and best practice recommendations.

Hulamin views the implementation of good corporate governance practices as integral to its business and recognises the need to conduct its business with openness, integrity and accountability.

The company has complied with the provisions of the King II Report, other than that the majority of members of the Remuneration and Nomination Committee are not independent directors, and has complied with the Listings Requirements of the JSE Limited during the period under review. The board of directors is committed to comply in all material respects with the King III principles and best practice recommendations. Various initiatives are in progress to ensure that Hulamin will be able to report compliance with King III by the end of December 2011.

Board of directors

As set out in its charter, the board's objective is to provide responsible business leadership to the group with due regard to the interest of all stakeholders.

Hulamin has a unitary board consisting of three executive directors and eight non-executive directors of whom five are independent.

Details of the directors are listed on pages 18 and 19 together with a brief resume of each director. The roles of M E Mkwanazi as an independent non-executive Chairman and R G Jacob as the Chief Executive Officer are separate with a clear division of responsibilities.

At board level there is a clear division of responsibilities to ensure a balance of power and authority, such that no one individual has unfettered powers of decision making.

Attendance of directors at board and committee meetings during the year ended 31 December 2010

Meetings	Board		Audit and Risk		Remuneration and Nomination		Transformation	
	Total#	Attended	Total	Attended	Total	Attended	Total	Attended
Non-executive directors								
L C Cele*	9	8	3	3			3	3
V N Khumalo	9	8	3	2^	7	7		
T P Leeuw*	9	8	3	3				
J B Magwaza	9	7			7	7	3	3
M E Mkwanazi*	9	9			7	7		
P H Staude*	9	8						
N N A Matyumza* (note 1)	8	5	2	1				
S P Ngwenya	9	6						
Executive directors								
A Fourie (note 2)	6	6			5	5^	2	2
C D Hughes	9	9	3	3^				
R G Jacob (note 3)	5	5			5	5^	2	2
M Z Mkhize	9	9					3	3

\# *Includes three telephone conference board meetings held relative to the rights issue.*

* *Independent non-executive director*

^ *Attendance by invitation*

Note 1: Appointed as a director with effect from 1 March 2010.

Note 2: Retired with effect from 30 June 2010.

Note 3: Appointed as a director with effect from 1 July 2010.

In accordance with the company's articles of association, non-executive directors are subject to retirement by rotation at intervals of three years and may be re-elected at the annual general meeting at which they retire. Newly appointed directors hold office until the next annual general meeting at which they retire. The appointment and removal of directors, as well as changes to the composition of the board, is based on the recommendations of the Remuneration and Nomination Committee. There are no term contracts of service between any of the directors and the company or any of its subsidiaries.

Newly appointed directors are introduced to the group via a formal induction programme. In order to improve the board's effectiveness, external evaluations of the board, individual directors, board committees and the Chairman are carried out annually.

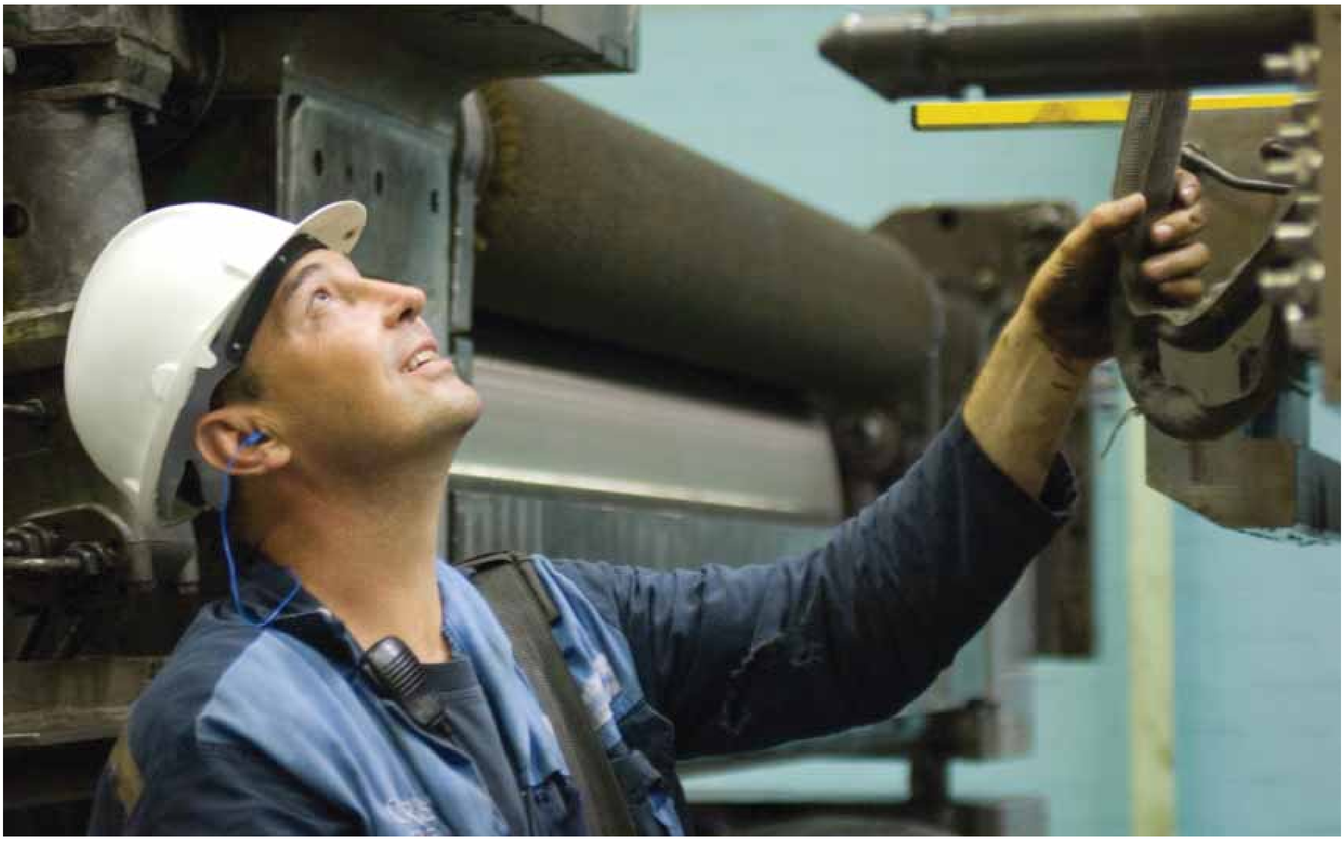
The board normally meets five times a year, with special or additional meetings convened as circumstances dictate. The responsibilities of the board are set out in the board charter.

The board's key responsibilities are:

- Review and approve corporate strategy, including business plans and budgets;
- Monitor management's implementation of the approved strategies;
- Approve major acquisitions and disposals;
- Oversight of the group's systems of internal control, governance and risk management;
- Appointment of the Chairman and Chief Executive Officer, nomination of directors and review of directors' and senior management's remuneration, appointments and succession plans; and
- Approval of the authorities assigned to the board, its committees and management.

The quorum for board meetings is a majority of the directors.

The board is supplied with all relevant information and has unrestricted access to the management of the group and all group information, which enables the directors to adequately discharge their responsibilities. All directors and board committees have full access to the Company Secretary and may, in appropriate circumstances, take independent professional advice at the company's expense.



Chris Greyling, *Rollshop Maintenance Fitter*

Board committees

The board has delegated, through formal terms of reference, specific matters to a number of committees whose members and chairman are appointed by the board. There is full disclosure of matters handled by the committees to the board.

The board has an Audit and Risk Committee, a Remuneration and Nomination Committee and a Transformation Committee.

Audit and Risk Committee

The group Audit and Risk Committee consists solely of independent non-executive directors and has had its responsibilities expanded in 2010 to include risk management and became the Audit and Risk Committee in compliance with the recommendations of King III. Its members are T P Leeuw (Chairman), L C Cele and N N A Matyumza, the latter being appointed a member of the committee with effect from 1 March 2010. The Chief Financial Officer as well as V N Khumalo and representatives of the internal and external auditors attend committee meetings by invitation. The Company Secretary, W Fitchat is the secretary of this committee. The committee normally meets three times a year. The responsibilities of the committee are set out in written terms of reference, which are reviewed periodically.

The group Audit and Risk Committee's key responsibilities are:

- Ensuring the integrity of the financial reporting process, including sound systems of internal control and financial risk management;
- Review of Annual Reports, Interim Reports and other financial announcements, including the accounting principles and policies adopted therein and compliance to JSE regulations;
- Monitor the performance and effectiveness of the external auditors and evaluate the qualifications, expertise, resources, fees, scope of work and independence of the external auditors prior to recommending their appointment to the board and shareholders;
- Approve the internal audit work plan and oversee the conduct of the internal audit and the implementation of internal control enhancements;
- Approve any non-audit services provided by the external auditors;
- Consider the appropriateness of the expertise, resources and experience of the financial function and of the Chief Financial Officer;
- Approve the appointment of an external assurance provider in respect of the sustainability report; and
- Ensure the development and implementation of a policy and plan for a systematic, disciplined approach to evaluate and improve the effectiveness of risk management and control processes within the group.

Aluminium rolling slab loaded onto Hot Rolling bed after scalping and preheating (refer page 4)

An internal audit charter is in place which defines the function, responsibility and authority of the group's internal audit activity.

The group Audit and Risk Committee exercises its functions through liaison and communication with management and the internal and external auditors. The group Audit and Risk Committee has confirmed that it is satisfied with the independence of the external auditor for the 2010 financial year, and with the expertise and experience of the Chief Financial Officer.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of non-executive directors of whom one is an independent director. Its current members are J B Magwaza (Chairman), V N Khumalo and M E Mkwanazi.

The Chief Executive Officer and T K Mshengu (Human Resources executive) are invited to attend meetings of the committee.

M A Janneker (Human Resources Manager) is the secretary of this committee. The committee normally meets three times a year. The responsibilities of the committee are set out in written terms of reference, which are reviewed periodically.

The Remuneration and Nomination Committee's key responsibilities are:

- Formulation of employment and reward strategies to attract and retain executives and senior management;
- Recommend to the board the remuneration of directors and senior management; and
- Recommend to the board changes in the composition of the board and the appointment and the removal of directors. The nomination of board members to be considered at the annual general meeting of shareholders is the responsibility of the board as a whole and with a relatively small board Hulamin believes it is appropriate in its circumstances that the majority of the directors on the committee are not independent, and that the board Chairman does not act as chairman of this committee.

Transformation Committee

The Transformation Committee consists of an equal number of non-executive and executive directors of whom the Chairman is an independent director. Its members are L C Cele (Chairman), J B Magwaza, R G Jacob (with effect from 1 July 2010) and M Z Mkhize. T K Mshengu (Human Resources executive) and F B Bradford (executive for marketing and commercial activities) attend committee meetings by invitation.

Corporate governance
continued

N Mthembu (Communications Manager) is the secretary of this committee. The committee normally meets three times a year. The responsibilities of the committee are set out in written terms of reference, and are reviewed periodically. The Transformation Committee's key responsibilities are:

- Recommend to the board the strategies and policies to be adopted to ensure the group's transformation targets are achieved;
- Align the group's transformation strategy with its overall business strategy; and
- Monitor the implementation and efficacy of the employment equity, black management development, black equity ownership, preferential procurement, skills and enterprise development and socio-economic initiatives of the group.

Group executive committees

The group has a number of executive committees consisting of executive directors and other senior executives, with formal terms of reference approved by the board.

Executive Committee

The Executive Committee consists of the executive directors and other senior executives. The current members are R G Jacob (Chairman), F B Bradford, C D Hughes, C J Little, M Z Mkhize, H T Molale (with effect from 1 July 2011), T K Mshengu and P A Taljaard (with effect from 1 July 2011).

The Company Secretary, W Fitchat is the secretary of this committee. The committee normally meets on a monthly basis.

The objective of the committee is to assist Hulamin's board in discharging its responsibilities, while acting within the parameters of the authority limits agreed by the board. The responsibilities of the committee are set out in written terms of reference which are reviewed from time to time.

The Executive Committee's key responsibilities are:

- Recommend the business strategy, business plans and budgets to be adopted by the group;
- Manage the implementation and execution of the business strategies and plans approved by the board;
- Recommend major acquisitions and disposals as part of the group's business strategy;
- Ensure the group's systems of internal control, governance and risk management are both robust and well managed;
- Implement the approved authorities matrix within the organisation and approve the appointment of senior managers and the members of the group's other executive committees; and
- Approve the capital expenditure plans of the group, within the budget approved by the board.

Risk Management Committee

The members of the Risk Management Committee are drawn from the group's senior executives. The current members are C D Hughes (Chairman), F B Bradford, R G Jacob, A P Krull, C J Little, M Z Mkhize, H T Molale, T K Mshengu and P A Taljaard. The Company Secretary, W Fitchat is the secretary of this committee. The committee normally meets four times a year.

While the board is ultimately accountable for risk management through the Audit and Risk Committee, the implementation of the group's risk management policies and systems of internal control are an integral part of management of the group's operations.

The Risk Management Committee's key responsibilities are:

- Recommend to the board the risk management strategies and policies of the group;
- Review the integrity and appropriateness of the group's systems of risk assessment and management;
- Identifying new or emerging risks related to all aspects of the business, including financial, operational and compliance risks;
- Monitor risk reduction actions;
- Review the internal controls that have been implemented to manage significant risks, and the assurance provided in respect of those controls; and
- Report on its activities to the Audit and Risk Committee.

Employment Equity Committee

The Employment Equity Committee members are drawn from the group's senior managers. Its current members are R G Jacob (Chairman), F B Bradford, V Dukhee, C D Hughes, M A Janneker, C J Little, M M F Mabe, H T Molale, M Z Mkhize, T K Mshengu, N Mthembu, R N Nyandeni and P A Taljaard. M A Janneker (Human Resources Manager) is the secretary of this committee. The committee normally meets four times a year.

The Employment Equity Committee's key responsibilities are:

- Formulate strategy, policies and targets related to employment equity;
- Monitor the implementation of the agreed strategies for employment equity; and
- Involve a diverse range of employees in employment equity decision making.

Safety, Health and Environment Committee

The Safety, Health and Environmental (SHE) Committee members are drawn from the group's senior managers. The current members are R G Jacob (Chairman), M Aldworth, F B Bradford, B Henderson, M Z Mkhize, H T Molale, T K Mshengu and P A Taljaard. The Company Secretary, W Fitchat, is the secretary of this committee. The committee normally meets on a quarterly basis.

The Safety, Health and Environment Committee's key responsibilities are:

- Review SHE performance;
- Review major SHE risks;
- Monitor actions to reduce SHE related risks;
- Identify new or emerging risks related to SHE; and
- Review of the internal controls to manage SHE risks.

Investor relations and shareholder communication

The group communicates its strategy, performance and vision through regular presentations to investors, analysts, employees and other stakeholders. In addition, management regularly meets with investors and institutional stakeholders on a one-to-one basis. The group website (www.hulamin.co.za) is also used for this purpose.

Code of ethics

The group's code of ethics requires all directors and employees to be committed to fair dealing, honesty and integrity in the conduct of its business and also outlines the group's position on gifts and entertainment. The code of ethics has been actively endorsed by the board and distributed to all employees in the group.

The code is designed to raise ethical awareness, act as a guide in day-to-day decisions and to assure customers and other stakeholders of the group's commitment to ethical behaviour.

An important element of the induction process is to communicate to new employees the code of ethics, the group's core values and its compliance procedures.

Compliance by all employees to the high moral, ethical and legal standards of the code is mandatory, and if employees become aware of, or suspect, a contravention of the code, they must promptly and confidentially report it in the prescribed manner. Appropriate action has been taken in respect of all reported instances of non-compliance with the code by employees.

Whistle-blowing

Hulamin has an established whistle-blowing policy and has an anonymous reporting facility (the Vuvuzela Ethics Line), enabling employees and other stakeholders to report fraudulent, corrupt or unethical behaviour related to any of the group's activities, without fear of victimisation and retribution. Anonymity is guaranteed and the facility is managed in compliance with the Protected Disclosures Act, No 26 of 2000.

Contact details of the Vuvuzela Ethics Line are as follows:

Toll free number: 080 225 5688

E-mail: Hulamin@hotline.co.za

Website: www.thehotline.co.za

All fraud and theft matters are reported to the Audit and Risk Committee. There were no significant frauds or thefts during the period under review.

Price-sensitive information

No director, officer or employee may deal either directly or indirectly in the company's shares on the basis of unpublished price-sensitive information regarding the company's business or affairs. In addition, no director, officer or employee in possession of price-sensitive information may trade in the company's shares during closed periods. Closed periods are from the end of the interim and annual reporting periods to the announcement of financial and operating results for the respective periods, and while the company is under a cautionary announcement.

Five-year review

	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006# R'000
FINANCIAL STATISTICS					
Trading results					
Revenue	**5 808 667**	4 499 582	7 119 973	6 568 371	5 476 140
Operating profit before corporate structuring costs	**218 233**	243 974	465 451	380 036	432 427
Corporate structuring costs	**–**	–	–	(168 389)	(10 000)
Operating profit	**218 233**	243 974	465 451	211 647	422 427
Net finance costs	**(116 923)**	(113 813)	(118 253)	(85 262)	(222 119)
Share of profits/(losses) of associates and joint ventures	**2 654**	383	1 111	216	(310)
Profit before tax	**103 964**	130 544	348 309	126 601	199 998
Taxation	**(30 716)**	(40 911)	(79 527)	(89 131)	11 379
Non-controlling interests	**–**	–	(610)	3 291	(7 305)
Net profit attributable to shareholders	**73 248**	89 633	268 172	40 761	204 072
Headline earnings attributable to shareholders	**74 813**	91 599	267 666	39 875	204 142
Balance sheet					
Property, plant, equipment, intangibles and investments	**5 074 879**	5 019 615	4 802 890	4 196 933	3 964 232
Retirement benefit asset	**73 819**	–	–	–	–
Deferred tax asset	**22 102**	13 899	11 697	16 373	
Current assets	**2 186 972**	1 880 688	2 855 925	2 116 899	2 170 837
Total assets	**7 357 772**	6 914 202	7 670 512	6 330 205	6 135 069
Equity holders' interest	**4 609 534**	3 744 279	3 760 146	3 494 151	2 912 318
Non-controlling interests	**–**	–	–	35 142	38 433
Borrowings: non-current and current	**982 836**	1 473 318	1 813 060	920 653	1 213 674
Deferred tax liability	**941 260**	912 876	926 359	894 203	899 815
Retirement benefit obligations	**147 909**	132 946	119 512	107 505	98 632
Current liabilities (excluding current borrowings)	**676 233**	650 783	1 051 435	878 551	972 197
Total equity and liabilities	**7 357 772**	6 914 202	7 670 512	6 330 205	6 135 069
Cash flow					
Net cash (outflow)/inflow from operating activities	**(53 732)**	724 257	(34 321)	339 896	110 565
Net cash outflow from investing activities	**(228 010)**	(351 831)	(753 041)	(403 046)	(237 232)
Net cash inflow/(outflow) from financing activities	**241 768**	(374 187)	761 390	91 770	149 334
Net cash (decrease)/increase for the year	**(39 974)**	(1 761)	(25 972)	28 620	22 667

		2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006# R'000
RATIOS AND STATISTICS						
Earnings						
Earnings per share*	(cents)	**26**	37	110	17	88
Headline earnings per share*	(cents)	**27**	37	110	16	88
Dividend per share**	(cents)			41	48	
Dividend cover**	(times)			3,02	0,38	
Profitability						
Operating margin (1)	(%)	**3,8**	5,4	6,5	5,8	7,9
Return on capital employed (2)	(%)	**3,4**	3,8	7,7	7,2	8,7
Return on equity attributable to shareholders (3)	(%)	**1,8**	2,4	7,4	1,2	7,5
Financial						
Net debt to equity (4)	(%)	**20,8**	37,6	46,5	23,5	39,0
Current ratio (5)		**2,23**	2,89	2,72	2,41	2,23
Liquidity ratio (6)		**1,47**	1,33	1,46	1,31	1,22

Definitions

(1) Operating profit before corporate structuring costs expressed as a percentage of revenue.
(2) Operating profit before corporate structuring costs expressed as a percentage of average capital employed.
(3) Headline earnings expressed as a percentage of average equity.
(4) Current and non-current borrowings less cash divided by total equity.
(5) Current assets divided by current liabilities.
(6) Current assets (excluding inventories) divided by current liabilities.
The results for 2006 are the combined results of Hulamin Limited and The Hulamin Joint Venture.
* EPS and HEPS prior to 2010 have been adjusted for the effects of the rights issue concluded in June 2010.
** No dividends were declared in 2006, 2009 and 2010. The 2007 and 2008 dividend cover has been computed using original HEPS, prior to adjustment for the effects of the rights issue referred to above.

Civils construction for a new charge bucket to be used at the new melting furnace

Financial statements

Directors' approval
of the annual financial statements for the year ended 31 December 2010

The directors are responsible for the preparation and integrity of the annual financial statements of the company and the group, which have been prepared in accordance with International Financial Reporting Standards.

The directors, supported by the Audit and Risk Committee, are of the opinion, based on the information and explanations given by management and the internal auditors and on the comment by the independent auditors on the results of their statutory audit, that Hulamin's internal accounting controls may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls has occurred during the year.

In preparing the financial statements, the company and the group have used appropriate accounting policies, supported by reasonable and prudent judgements and estimates, and have complied with all applicable accounting standards. The directors are of the opinion that the financial statements fairly present the financial position of the company and the group at 31 December 2010 and the results of their operations for the year then ended. The directors have considered the group's past results, expected future performance and reasonable changes thereto, and access to its funding, material and other resources, and are of the opinion that the company and the group will continue as a going concern.

The company's independent external auditors, PricewaterhouseCoopers, have audited the financial statements and their unqualified report appears on page 55.

The annual financial statements were approved by the board of directors on 24 February 2011 and are signed on its behalf by:

Mafika Mkwanazi
Chairman

Richard Jacob
Chief Executive Officer

Pietermaritzburg, KwaZulu-Natal
24 February 2011

Certificate by the Company Secretary

I certify that the company has lodged with the Registrar of Companies all returns that are required of a public company in terms of the Companies Act in respect of the year ended 31 December 2010 and that all such returns are true, correct and up to date.

W Fitchat
Company Secretary

Pietermaritzburg, KwaZulu-Natal
24 February 2011

Report of the independent auditors

To the members of Hulamin Limited

We have audited the group annual financial statements and annual financial statements of Hulamin Limited which comprise the consolidated and separate balance sheets as at 31 December 2010, and the consolidated income statement, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity, and consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 56 to 121.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Hulamin Limited as at 31 December 2010, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Director: **H Ramsumer**

Registered Auditor

Durban, KwaZulu-Natal

24 February 2011

Directors' statutory report

Dear shareholder

The directors have pleasure in presenting their annual report which forms part of the annual financial statements of the company and the group for the year ended 31 December 2010.

Nature of business

The Hulamin group consists of two operations: Hulamin Rolled Products and Hulamin Extrusions. Their activities are dealt with separately in the annual report.

Financial results

The net profit attributable to shareholders of the group for the year ended 31 December 2010 amounted to R73 248 000 (2009: R89 633 000). This translates into a headline earnings per share of 27 cents (2009: 37 cents) based on the weighted average number of shares in issue during the year.

The financial statements on pages 76 to 121 set out the financial position, results of operations and cash flows of the group and company for the financial year ended 31 December 2010.

Dividends

No interim or final dividend for the year ending 31 December 2010 was declared.

Share capital

There were the following changes in the authorised share capital of the company in the year ended 31 December 2010:

- At a shareholders' meeting held in May 2010, shareholders approved an increase in the authorised share capital of the company from R29 500 000 to R85 500 000, by the creation of an additional 560 000 000 ordinary par value shares of 10 cents each. The authorised share capital at 31 December 2010 consisted of 800 000 000 ordinary par value shares of 10 cents each, 34 000 000 A ordinary par value shares of 10 cents each, 8 000 000 B1 ordinary par value shares of 10 cents each, 10 000 000 B2 ordinary par value shares of 10 cents each, and 3 000 000 B3 ordinary par value shares of 10 cents each.
- On the 28 June 2010, 100 000 000 ordinary par value shares of 10 cents each were issued as a consequence of the rights offer at R7,50 each, thereby raising R750 000 000.
- During the year, 590 285 (2009: 450 976) ordinary par value shares of 10 cents each were issued in terms of employee share schemes which existed at the time of unbundling from Tongaat Hulett Limited (no shares were issued to directors). This resulted in the total issued ordinary share capital (including A ordinary shares and B ordinary shares) rising to R35 313 135, or 353 131 351 ordinary par value shares of 10 cents each.

Details of the unissued ordinary shares and the group's share incentive schemes are set out in pages 90, 101 to 109 and 119.

At a general meeting held on the 24 February 2011, shareholders approved special resolutions to increase the authorised share capital of R85 500 000 to R87 300 000 by the creation of 11 000 000 A ordinary par value shares of 10 cents each and 7 000 000 B1 ordinary par value shares of 10 cents each. This will enable the issue of further A and B shares to the existing A and B class shareholders to put them in a similar economic and voting position as they were in prior to the rights issue in June 2010.

Shareholders will also be asked to consider an ordinary resolution at the forthcoming annual general meeting to adopt amendments to the following share schemes:

- Hulamin Share Appreciation Right Scheme 2007;
- Hulamin Long Term Incentive Plan 2007; and
- Hulamin Deferred Bonus Plan 2007.

The amendments to the share schemes, which have been approved by the JSE, were made to ensure alignment of the various scheme rules relative to cessation of employment and death, and the removal of retesting provisions to ensure compliance with certain King III principles.

Subsidiary companies

The principal subsidiaries of the group are reflected in note 31 of the group financial statements.

The attributable interest of the company in the results of its consolidated subsidiaries for the year ended 31 December 2010 is as follows:

In the aggregate amount of:		2010	2009
Net profit	(Rmillion)	43,8	47,3
Net losses	(Rmillion)	(17,5)	(11,3)

Special resolutions

Hulamin Limited

Registration number: 1940/013924/06

The following special resolutions were passed at a shareholders meeting held on 19 May 2010:

Number 1 The authorised share capital of the company was increased from R29 500 000 to R85 500 000 by the creation of 560 000 000 ordinary par value shares of 10 cents each.

Number 2 The company's existing memorandum of association was cancelled and a new memorandum of association was adopted reflecting the increase in the company's authorised share capital.

Subsidiary: Hulamin Operations (Pty) Limited

Registration number: 1999/020410/07

The following special resolutions were passed at a shareholders meeting held on 9 July 2010:

Number 1 The authorised share capital of the company was increased from R50 004 000 (divided into 4 000 ordinary shares of R1 each and 50 000 000 cumulative redeemable preference shares of R1 each) to R50 014 000 by the creation of 10 000 cumulative redeemable B preference shares of R1 each.

Number 2 The company's existing articles of association were cancelled and new articles of association were adopted reflecting the terms of the cumulative redeemable B preference shares.

Number 3 The company's existing memorandum of association was cancelled and a new memorandum of association was adopted reflecting the increase in the company's authorised share capital.

Subsidiary: Hulamin Extrusions (Pty) Limited

Registration number: 1996/017023/07

The following special resolution was passed at a shareholders meeting held on 5 July 2010:

Number 1 The authorised share capital of the company increased from R1 000 divided into 100 000 ordinary shares of 1 cent each to R2 000 divided into 200 000 ordinary shares of 1 cent each.

Joint venture: Cyndara 193 (Pty) Limited

Registration number: 2010/005302/07

The following special resolution was passed at a shareholders meeting held on 5 July 2010:

Number 1 The company adopted new articles of association to comply with the JSE Listings Requirements.

No other special resolutions have been passed by any other subsidiaries of Hulamin, the nature of which might be significant in respect of the state of affairs of the group.

Directors' statutory report continued

Directorate

Brief curricula vitae of the directors appear on pages 18 and 19. Details of the directors' remuneration appear on pages 59 to 61.

Mr A Fourie retired as chief executive officer with effect from 30 June 2010 and Mr R G Jacob was appointed as Chief Executive Officer with effect from 1 July 2010. Ms N N A Matyumza was appointed to the board on 1 March 2010.

Directors retiring at the annual general meeting in accordance with the articles of association are Mr T P Leeuw, Mr J B Magwaza and Mr M E Mkwanazi. These directors are all eligible and offer themselves for re-election.

Directors' shareholdings

At 31 December 2010, the present directors of the company beneficially held a total of 325 266 ordinary par value shares equivalent to 0,102 percent in the company (2009: 224 347 ordinary par value shares, equivalent to 0,104 per cent, were held by directors). Their associates also held a total of 11 700 ordinary par value shares equivalent to 0,004 percent in the company (2009: 8 000 ordinary par value shares equivalent to 0,004 per cent were held by associates of the directors). Details of the directors' shareholdings and interests in the share incentive schemes are set out in pages 62 to 66.

There has been no change in the directors' shareholdings between 31 December 2010 and 24 February 2011.

Holding company

Hulamin Limited has no holding company at 31 December 2010.

Auditors

Shareholders will be asked to confirm the appointment of PricewaterhouseCoopers for the ensuing year.

Secretary

The name and address of the Company Secretary appears in the corporate information on the inside back cover.

Post balance sheet events

There were no material events between the balance sheet date and the date of this report.

Approval

The annual financial statements of the group and company set out on pages 56 to 121 have been approved by the board.

Signed on behalf of the board of directors by:

Mafika Mkwanazi
Chairman

Richard Jacob
Chief Executive Officer

Pietermaritzburg, KwaZulu-Natal
24 February 2011

Directors’ remuneration and shareholding

1. REMUNERATION PHILOSOPHY AND POLICY

The major aim of the reward philosophy is to provide principles and guidelines in respect of reward structures and the management of reward practices that enable Hulamin to attract, retain and motivate directors of the calibre needed to enhance and maintain the group’s reputation and to achieve its strategic objectives. The reward philosophy, policy and strategies also serve to align the interests of directors and shareholders and are clearly communicated to directors concerned.

1.1 Executive directors’ remuneration

Basic salary

The cash package of the executive directors is subject to annual review by the Remuneration and Nomination Committee and the board, and is set with reference to relevant external market data.

Annual performance incentive bonus scheme

The annual performance incentive bonus scheme is based on a combination of the achievement of corporate financial and safety targets and a general assessment of the individual’s overall performance which are determined annually. The financial targets are related to the budgets of Hulamin as a whole as well as its operations and are decided annually. All financial targets have an upper and a lower limit which are reviewed annually.

The Remuneration and Nomination Committee and the board have the discretion to decide on the payment or non-payment of performance incentive bonus awards.

Share incentive schemes

The unbundling of Hulamin from Tongaat Hulett resulted in the conversion of the existing rights of Hulamin employees to Tongaat Hulett shares, under Tongaat Hulett share incentive schemes, into rights to Hulamin shares. The value of these rights to Hulamin shares are based partly on the Tongaat Hulett share price and partly on the Hulamin share price. The original strike price established for the Tongaat Hulett schemes for these incentives was apportioned between the Tongaat Hulett and Hulamin elements of these awards. This has been covered in more detail in note 30 to the annual financial statements.

Hulamin has adopted three additional share incentive schemes, namely, the Hulamin Share Appreciation Right Scheme 2007 (SARS), Hulamin Long Term Incentive Plan 2007 (LTIP) and Hulamin Deferred Bonus Plan 2007 (DBP). Executive directors and employees of the company are awarded rights to receive shares in the company based on the value of these awards (after the deduction of employees’ tax) when performance conditions have been met, the awards have vested, and, in the case of the SARS, when the share appreciation rights have been exercised.

The performance conditions governing the vesting of the above scheme instruments are related to growth in earnings per share, share price, total shareholder return and return on capital employed, relative to targets that are intended to be challenging but achievable. Targets are linked, where applicable, to the company’s medium-term business plan, over three-year performance periods, with actual grants being set each year considering the position held by the participating employee, their individual performance, and the expected combined value of the awards.

As part of the introduction of broad-based black economic empowerment ownership of the group’s shares, in 2007 Hulamin created an Employee Share Ownership Plan (ESOP) for all employees up to middle management and a Management Share Ownership Plan (MSOP) for senior black managers. Black executive directors are eligible to participate in the MSOP, which consists of share appreciation rights (SARS) and grant awards. Both the share appreciation awards and grant awards under the MSOP scheme are exercisable five years after the grant date.

Other benefits

Membership of the Hulamin Defined Pension Fund (with effect from 1 November 2010) is compulsory for all senior management and disability and life insurance benefits are also provided to members of the fund. Prior to 1 November 2010, membership of The Tongaat-Hulett Pension Fund was compulsory for all senior management. Medical aid benefits and a gratuity at retirement are also provided.

Termination conditions for executives

The Chief Executive Officer and executives are subject to a three-month and two-month notice period respectively. Hulamin reserves the right to terminate an executive’s employment without notice, for any legally sufficient cause. Executive employment conditions do not allow for payment on termination arising from executive failure or for balloon payments.

Directors' remuneration and shareholding
continued

1. REMUNERATION PHILOSOPHY AND POLICY continued

1.2 Non-executive directors' remuneration

Non-executive directors receive fees for their services on the board and board committees. Director's fees comprise a fixed element (70%) which is paid for holding the office of director, and a variable element (30%) which is linked to attendance at regular scheduled meetings of the board and/or subcommittees.

Fees for non-executive directors are reviewed on an annual basis taking relevant external market data into account. Fees are recommended by the Remuneration and Nomination Committee and are submitted to the board and the shareholders for approval at each annual general meeting.

Non-executive directors do not participate in the group's performance incentive bonus plan or share incentive schemes.

J B Magwaza and S P Ngwenya, through their interests in Imbewu Consortium and Makana Investment Corporation respectively, are participants in the Hulamin BEE entity. (See page 109 for further details on the Hulamin BEE equity transaction.)

1.3 Directors' remuneration

a) Directors' remuneration during the 2010 financial year was as follows:

Director	Retainer fees Rand	Attendance fees Rand	Cash package Rand	Performance bonus and related payments^ Rand	Retirement and medical contributions Rand	Subtotal Rand	Share option gains Rand	Total Rand
Non-executive								
M E Mkwanazi	310 000	76 001				386 001		386 001
L C Cele	197 391	47 015				244 406		244 406
V N Khumalo*	139 917	29 293				169 210		169 210
T P Leeuw	182 173	43 173				225 346		225 346
J B Magwaza	190 555	39 684				230 239		230 239
N N A Matyumza	118 302	29 763				148 065		148 065
S P Ngwenya	111 333	25 293				136 626		136 626
P H Staude	111 333	25 293				136 626		136 626
Subtotal	1 361 004	315 515				1 676 519		1 676 519
Executive					(A)		(B)	
A Fourie			2 591 796		3 270 283	5 862 079	4 879 075	10 741 154
C D Hughes			2 065 200		382 408	2 447 608	283 796	2 731 404
R G Jacob			2 337 000		400 264	2 737 264	21 950	2 759 214
M Z Mkhize			1 962 000		367 651	2 329 651	22 500	2 352 151
Subtotal			8 955 996		4 420 606	13 376 602	5 207 321	18 583 923
Total	1 361 004	315 515	8 955 996		4 420 606	15 053 121	5 207 321	20 260 442

^ Executive directors received no bonuses in relation to the 2010 year.

* Directors' fees due to a shareholder nominee on the Hulamin board are paid to the employer organisation and not to the nominee.

(A) Includes a retirement gratuity payment of R1 197 150 and a pension fund waiver of R1 797 219 on early retirement.

(B) Includes compensation in lieu of 2010 share awards amounting to R417 795.

1. REMUNERATION PHILOSOPHY AND POLICY continued

1.3 Directors' remuneration continued

b) Executive Committee members (excluding executive directors) remuneration during the 2010 financial year was as follows:

Executive Committee excluding executive directors	Cash package Rand	Performance bonus and related payments^ Rand	Retirement and medical contributions Rand	Subtotal Rand	Share option gains Rand	Total Rand
Total	8 840 187		4 038 270*	12 878 457	1 626 396	14 504 853

^ None of the executive committee members received bonuses in relation to the 2010 year.

* Includes a retirement gratuity payment of R698 667 and a pension fund waiver of R1 747 170 on an early retirement.

c) Directors' remuneration during the 2009 financial year was as follows:

Director	Fees Rand	Cash package Rand	Performance bonus and related payments^ Rand	Retirement and medical contributions Rand	Subtotal Rand	Share option gains Rand	Total Rand
Non-executive							
M E Mkwanazi	295 718				295 718		295 718
P M Baum*°	88 325				88 325		88 325
L C Cele	223 267				223 267		223 267
V N Khumalo*	154 533				154 533		154 533
T P Leeuw	206 069				206 069		206 069
J B Magwaza	211 800				211 800		211 800
P H Staude	125 933				125 933		125 933
J G Williams*°	125 933				125 933		125 933
S P Ngwenya	71 975				71 975		71 975
Subtotal	1 503 553				1 503 553		1 503 553
Executive							
A Fourie		3 188 616	792 690	429 354	4 410 660	2 028 505	6 439 165
C D Hughes		1 905 600	357 872	286 896	2 550 368	215 060	2 765 428
M Z Mkhize		1 748 400	323 454	287 334	2 359 188	598 978	2 958 166
Subtotal		6 842 616	1 474 016	1 003 584	9 320 216	2 842 543	12 162 759
Total	1 503 553	6 842 616	1 474 016	1 003 584	10 823 769	2 842 543	13 666 312

^ The bonuses reflected above are in relation to the 2009 year paid in 2010.

* Directors' fees due to shareholder nominees on the Hulamin board are paid to the employer organisation and not to the nominees.

° Anglo nominated directors resigned with effect from 28 July 2009.

Directors' remuneration and shareholding
continued

2. INTEREST OF DIRECTORS OF THE COMPANY IN SHARE-BASED INSTRUMENTS

The interest of the directors in share options of the company are shown in the table below:

2.1 The Original Tongaat Hulett Share Option Schemes

a) Options related to the Tongaat Hulett share price

Executive director	Adjusted option price	Expiring ten years from	Number of options at 31 Dec 2009	Options exercised	Number of options at 31 Dec 2010	Options time constrained
A Fourie	R37,88	13 May 2002	20 000	20 000		
	R24,37	14 Apr 2003	12 600	12 600		
	R35,90	21 Apr 2004	30 000	30 000		
			62 600	62 200		
C D Hughes	R26,35	1 Oct 2003	4 500		4 500	
	R35,90	21 Apr 2004	4 800		4 800	
			9 300		9 300	
Total			71 900	62 600	9 300	

b) Options related to the Hulamin share price

Executive director	Adjusted option price	Expiring ten years from	Number of options at 31 Dec 2009	Options exercised	Number of options at 31 Dec 2010	Options time constrained
A Fourie	R9,45	16 May 2001	10 000		10 000	
	R11,72	13 May 2002	35 000		35 000	
	R7,53	14 Apr 2003	12 600		12 600	
	R11,10	21 Apr 2004	30 000		30 000	
			87 600		87 600	
C D Hughes	R8,15	1 Oct 2003	4 500		4 500	
	R11,10	21 Apr 2004	4 800		4 800	
			9 300		9 300	
R G Jacob	R11,10	21 Apr 2004	3 800		3 800	
			3 800		3 800	
M Z Mkhize	R11,10	21 Apr 2004	3 400		3 400	
			3 400		3 400	
Total			104 100		104 100	

2. INTEREST OF DIRECTORS OF THE COMPANY IN SHARE-BASED INSTRUMENTS

2.2 Tongaat-Hulett Group Limited Share Appreciation Right Scheme (SARS) 2005 Rights apportioned at unbundling

a) Rights relating to the Tongaat Hulett share price

Executive director	Number of rights granted in 2005	Number of rights granted in 2006	Number of rights at 31 Dec 2009	Rights exercised	Number of rights at 31 Dec 2010	Rights time constrained
A Fourie	37 381	23 249	60 630		60 630	
C D Hughes	4 549	7 441	11 990		11 990	
M Z Mkhize	4 927	7 736	4 927		4 927	
	46 857	38 426	77 547		77 547	
Adjusted grant price	R43,98	R 73,39				
Expiring seven years from	10 May 2005	25 Apr 2006				

b) Rights relating to the Hulamin share price

Executive director	Number of rights granted in 2005	Number of rights granted in 2006	Number of rights at 31 Dec 2009	Rights exercised	Number of rights at 31 Dec 2010	Rights time constrained
A Fourie	37 381	23 249	60 630		60 630	
C D Hughes	4 549	7 441	11 990		11 990	
R G Jacob	4 070	6 241	10 311		10 311	
M Z Mkhize	4 927	7 736	12 663		12 663	
	50 927	44 667	95 594		95 594	
Adjusted grant price	R13,60	R22,70				
Expiring seven years from	10 May 2005	25 Apr 2006				

Directors' remuneration and shareholding
continued

2. INTEREST OF DIRECTORS OF THE COMPANY IN SHARE-BASED INSTRUMENTS continued

2.3 Hulamin Limited Share Appreciation Right Scheme 2007

Executive director	Number of rights granted in 2007	Number of rights granted in 2008	Number of rights granted in 2009	Number of rights at 31 Dec 2009	**Number of rights granted in 2010**	**Number of rights at 31 Dec 2010**	Rights time constrained
A Fourie	88 000	118 323	255 226	461 549		**461 549**	373 549
C D Hughes	40 000	56 241	122 024	218 265	**198 307**	**416 572**	376 572
R G Jacob	35 000	45 121	98 933	179 054	**312 499**	**491 553**	456 553
M Z Mkhize	37 500	51 609	111 958	201 067	**193 093**	**394 160**	356 660
	200 500	271 294	588 141	1 059 935	**703 899**	**1 763 834**	1 563 334
Grant price	R22,87	R21,99	R11,50		R8,60		
Expiring seven years from	20 Aug 2007	30 Apr 2008	24 Jul 2009		1 Nov 2010		

2.4 Hulamin Limited Long Term Incentive Plan 2007

Executive director	Number of conditional awards granted in 2007	Number of conditional awards granted in 2008	Number of conditional awards granted in 2009	Number of conditional awards at 31 Dec 2009	**Number of conditional awards vested in 2010**	**Number of conditional awards granted in 2010**	**Number of conditional awards at 31 Dec 2010**	Conditional awards time constrained
A Fourie	36 500	52 588	127 613	216 701	**36 500**		**180 201**	180 201
C D Hughes	16 000	24 103	61 011	101 114	**16 000**	**75 396**	**160 510**	160 510
R G Jacob	15 000	19 338	49 466	83 804	**15 000**	**136 905**	**205 709**	205 709
M Z Mkhize	15 000	22 118	55 978	93 096	**15 000**	**74 257**	**152 353**	152 353
	82 500	118 147	294 068	494 715	**82 500**	**286 558**	**698 773**	698 773
Issue price	R23,51	R21,90	R13,05			R8,60		
Expiring three years from	20 Aug 2007	30 Apr 2008	24 Jul 2009			1 Nov 2010		

2. INTEREST OF DIRECTORS OF THE COMPANY IN SHARE-BASED INSTRUMENTS continued

2.5 Hulamin Limited Deferred Bonus Plan 2007

Executive director	Number of conditional awards granted in 2007	Number of conditional awards granted in 2008	Number of conditional awards granted in 2009	Number of conditional awards at 31 Dec 2009	Number of conditional awards vested in 2010	Number of conditional awards granted in 2010	Number of conditional awards at 31 Dec 2010	Conditional awards time constrained
A Fourie	11 100	14 119	29 119	54 338	11 100		43 238	43 238
C D Hughes		4 316	9 707	14 023			14 023	14 023
R G Jacob		3 840	9 707	13 547		9 906	23 453	23 453
M Z Mkhize		3 781	14 560	18 341			18 341	18 341
	11 100	26 056	63 093	100 249	11 100	9 906	99 055	99 055
Issue price	R23,44	R22,20	R10,50			R8,93		
Expiring three years from	1 Mar 2007	25 Feb 2008	27 Feb 2009			1 Nov 2010		

The deferred bonus shares were purchased by the participating employees and the transactions were concluded on 15 November 2010 in respect of the 2010 award.

2.6 MSOP Share Appreciation Right Plan

Executive director	Number of rights granted in 2007	Number of rights at 31 Dec 2009	Number of rights granted in 2010	Number of rights at 31 Dec 2010	Conditional rights time constrained
M Z Mkhize	218 930	218 930		218 930	218 930
	218 930	218 930		218 930	218 930
Grant price	R21,44				
Expiring five years from	31 Aug 2007				

2.7 MSOP Share Grant Plan

Executive director	Number of conditional awards granted in 2007	Number of conditional awards at 31 Dec 2009	Number of conditional awards at 2010	Number of conditional awards at 31 Dec 2010	Conditional awards time constrained
M Z Mkhize	73 110	73 110		73 110	73 110
	73 110	73 110		73 110	73 110
Grant price	–				
Expiring five years from	31 Aug 2007				

Directors' remuneration and shareholding
continued

3. INTEREST OF DIRECTORS OF THE COMPANY IN SHARE CAPITAL

The aggregate holdings as at 31 December 2010 of those directors of the company holding issued ordinary shares of the company amounting to 336 966 shares (2009: 232 347 shares) are detailed below:

As at 31 December 2010	Direct beneficial shares	Indirect beneficial shares	Held by associates	Shares total
Executive				
A Fourie	171 360			171 360
C D Hughes	14 023			14 023
R G Jacob	42 030			42 030
M Z Mkhize	18 341			18 341
	245 754			245 754
Non-executive				
J B Magwaza	5 760			5 760
M E Mkwanazi			11 700	11 700
P H Staude	73 752			73 752
	79 512		11 700	91 212
Total	325 266		11 700	336 966

There have been no changes in the above interests between the year-end and 24 February 2011.

As at 31 December 2009	Direct beneficial shares	Indirect beneficial shares	Held by associates	Shares total
Executive				
A Fourie	135 796			135 796
C D Hughes	14 023			14 023
M Z Mkhize	18 341			18 341
	168 160			168 160
Non-executive				
J B Magwaza	5 760			5 760
M E Mkwanazi			8 000	8 000
P H Staude	50 427			50 427
	56 187		8 000	64 187
Total	224 347		8 000	232 347

Accounting policies
of the group and company

BASIS OF PREPARATION

1. Compliance with International Financial Reporting Standards (IFRS)

The group (consolidated) and company financial statements are prepared in compliance with IFRS, interpretations of those standards and applicable legislation.

1.1 Standards and interpretations affecting current year financial statements

Hulamin has not adopted any new and revised accounting standards in the current year which have affected the amounts or impacted the disclosures reported in the current year group and company financial statements.

1.2 Standards and interpretations which do not affect current year financial statements

The following revised accounting standards, which are effective in the current year, do not impact on the current year group or company financial statements, but may affect the accounting for future transactions or arrangements:

IFRS 3 (revised) – Business Combinations (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.

IAS 27 (revised) – Consolidated and Separate Financial Statements (effective from 1 July 2009). The revisions to the standard require the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control, and these will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

IFRIC 17 – Distributions of Non-cash Assets to Owners (effective from 1 July 2009). The interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

AC 504 – IAS 19 (AC 116) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment (effective from 1 April 2009). The interpretation provides guidance on the application of IFRIC 14 in South Africa in relation to defined benefit pension obligations (governed by the Pension Funds Act, 1956) within the scope of IAS 19.

1.3 Standards and interpretations in issue not yet effective

The following new and revised accounting standards and interpretations that will impact on the financial statements of the group or company, or may affect the accounting for future transactions or arrangements, have not yet become effective and have not been adopted prior to their commencement:

IFRS 9 – Financial Instruments (effective from 1 January 2013); and

IASB Annual Improvements Project: Improvements to International Financial Reporting Standards (various effective dates).

The group intends to comply with these standards from the effective dates. Adoption of these standards by the group in future reporting periods is not expected to have a significant impact on the financial statements of the group or company.

BASIS OF PREPARATION continued

2. Underlying concepts

The financial statements are prepared using the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, and are prepared on the going concern basis.

The financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur rather than when the cash is received.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a currently legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies resulting from the initial application of a standard or an interpretation are accounted for in accordance with the transitional provisions in the accounting standard. If no such guidance is given, they are applied retrospectively.

Changes in accounting estimates resulting from new information or new developments are recognised in the income statement in the period they occur.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

3. Judgements made by management

There were no material judgements made by management, in the application of accounting policies, that could have had a significant effect on the amounts recognised in the financial statements other than those dealt with below.

4. Recognition of assets and liabilities

Assets and liabilities are recognised when it is probable that future economic benefits associated with them will flow to and from the group respectively, and when their costs or fair values can be measured reliably.

Financial instruments are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets are recognised based on trade dates.

5. Derecognition of assets and liabilities

Financial assets or parts thereof are derecognised, when the contractual rights to receive the cash flows have expired or been transferred and substantially all the risks and rewards of ownership or control have passed.

All other assets are derecognised on disposal or when the substantial risks and rewards associated with ownership have passed to another party, or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

6. Foreign currencies

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the exchange rates ruling on the dates of the transactions, i.e. dates on which the transactions first qualify for recognition. Foreign exchange gains and losses resulting from the settlement of these transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in the period in which they arise, except when deferred in equity as qualifying cash flow hedges. The company and group's functional and presentation currency respectively is South African Rand.

Gains and losses arising from changes in the fair value of foreign exchange contracts (except cash flow hedges when deferred in equity) as well as gains and losses arising on translation are recognised in the income statement in the period in which they arise.

BASIS OF PREPARATION continued

7. Hedge accounting

Hedge accounting is adopted when all the IFRS requirements are fulfilled, which includes documenting at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. In addition, the group documents the assessment, both at hedge inception and on an ongoing basis, of the hedge effectiveness.

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset, liability or firm commitment. The gain or loss on the hedged item attributable to the hedged risk in a fair value hedge is included in the carrying amount of the hedged item and recognised in the income statement. The gain or loss on the hedged instrument is also recognised in the income statement.

A cash flow hedge is the hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss. The portion of the gain or loss on the hedging instrument in a cash flow hedge that is determined to be effective is recognised directly in other comprehensive income, whilst the ineffective portion is recognised in the income statement.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or financial liability, the associated gains or losses previously recognised in other comprehensive income and accumulated in equity are recognised in the income statement in the same period in which the asset or liability affects the income statement.

If a hedge results in the recognition of a non-financial asset or non-financial liability, any associated gains or losses previously recognised in other comprehensive income and accumulated in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when it becomes ineffective), when the hedge instrument is sold, terminated or exercised when, for cash flow hedges, the forecast transaction is no longer expected to occur or when the hedge designation is revoked.

The hedging reserve accumulates all movement in the fair value of financial instruments designated as hedges of transactions that have yet to be recognised on the balance sheet. When the underlying transaction is recognised, the related accumulated hedging reserve is released to the income statement.

8. Post balance sheet events

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date.

9. Comparative figures

Comparative figures are restated in the event of a change in accounting policy, prior period error or change in presentation or classification of items in the financial statements.

10. Segment reporting

The group determines and reports operating segments based on internal information that is provided to the Hulamin Executive Committee, which is the group's most senior operating decision-making body.

BASIS OF CONSOLIDATION

11. Subsidiaries

Subsidiaries are all entities (including special-purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the subsidiaries. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the group exercises control, or up until the point it ceases to exercise control. Inter-company transactions, balances and unrealised gains and losses on transactions between group entities are eliminated on consolidation. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the group.

The group applies a policy of treating transactions with non-controlling interests as transactions with equity holders of the group. Gains or losses arising from these transactions are recorded in equity.

The company financial statements recognise interests in subsidiaries, which include loans granted to subsidiaries by the company, at cost, except in the case of certain limited group reorganisations where net assets are disposed. In these instances, interests in subsidiaries will be based on the carrying amount of the net assets disposed.

BASIS OF PREPARATION continued

12. Associates

Associates are accounted for using the equity method from the date on which they become an associate. The use of the equity method is discontinued from the date that the group ceases to have significant influence over an associate.

13. Joint ventures

The group accounts for joint ventures using the equity method of accounting where the investment is carried at cost plus post-acquisition changes in the group's share of net assets of the joint venture, less any provision for impairment.

14. Business combinations

Business combinations – IFRS 3 (Revised)

The cost of an acquisition, which is within the scope of IFRS 3 (Revised) – Business Combinations, is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are expensed as incurred.

Any excess of the cost over the group's share in the fair value of the assets, liabilities and contingent liabilities acquired is recognised as goodwill and any excess of the fair value of the assets, liabilities and contingent liabilities over the cost is recognised in the income statement.

Business combinations – common control transactions

Common control transactions are accounted for using the predecessor values method. Application of the predecessor values method results in the recording of the transaction and the results of operations as if it had taken place at the beginning of the earliest period presented.

The assets and liabilities of the acquired entity are recorded at book values. The predecessor values are adjusted to ensure uniform accounting policies.

The difference between the consideration given and the aggregate book value of the assets and liabilities (as of the date of the transaction) of the acquired entity are recorded as an adjustment to retained earnings.

ASSETS

15. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the estimated cost of dismantling and removing the assets.

Depreciation is calculated so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives, using a method that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Depreciation is charged from the dates the assets are available for use. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Where the useful lives of significant parts of an item are different from the item itself, these parts are depreciated over their useful lives.

The methods of depreciation, useful lives and residual values are reviewed annually.

Gains and losses on disposals are recognised within other income/expenses in the income statement.

16. Intangible assets

The group's only intangible asset is computer software. Research costs are expensed when incurred. Software license and development costs are capitalised, provided that all the asset recognition criteria are met, and amortised over their useful lives.

17. Impairment of non-financial assets

At each reporting date, the carrying amount of the tangible and intangible assets are assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Value in use is estimated based on discounted future cash flows expected to be derived from an asset or cash-generating unit.

17. Impairment of non-financial assets continued

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. Impairment losses are recognised in the income statement. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the income statement.

18. Leasing

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease.

Leases are classified as finance leases or operating leases at the inception of the lease.

Finance leases are recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of acquisition, being payments over the lease term, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor including any amounts guaranteed by the company or by a party related to the company.

Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to the income statement over the term of the lease at interest rates applicable to the lease on the remaining balance of the obligations.

Rentals payable under operating leases are recognised in the income statement on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit.

19. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

The specific identification basis is used to arrive at the cost of items that are not interchangeable. The weighted average method, in the case of consumables, and the first-in-first-out method, in the case of all other inventories, is used to arrive at the cost of items that are interchangeable.

20. Financial assets

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

Financial assets classified as at 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.

Financial assets classified as held-to-maturity financial assets are measured at amortised cost less any impairment losses recognised to reflect irrecoverable amounts.

Loans and receivables, which include trade receivables, are measured at amortised cost less impairment losses, which are recognised in the income statement. The fair value of loans and receivables approximate their carrying value.

Available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted. Cumulative gains and losses, including that deferred in equity, are recognised in the income statement on impairment. Any reversal of impairment losses on equity instruments is recognised directly in equity.

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.

ASSETS continued

20. Financial assets continued

The fair value of derivative assets is 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. The value to maturity of interest rate swaps is determined by reference to quoted swap rates at the balance sheet date.

21. Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Upon initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less cost to sell.

22. Contingent assets and liabilities

Contingent assets and liabilities are not recognised, although contingent liabilities are disclosed.

EQUITY AND LIABILITIES

23. Equity

Transactions relating to the acquisition and sale of shares in the company, together with their associated incremental direct costs, are accounted for in equity. Other transactions are accounted for directly in equity only if permitted by the standards.

24. Consolidated shares

Consolidated shares represent the A class ordinary shares issued to the BEE investors and the B class ordinary shares issued to the ESOP and MSOP share trusts.

25. Deferred tax

Deferred tax is provided in full using the liability method, on temporary differences arising between tax bases of the assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on the tax laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, unless specifically exempt.

Deferred tax liabilities arising on investments in subsidiaries, associates and joint ventures are recognised except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

26. Financial liabilities

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

Gains and losses arising from changes in the fair value of financial liabilities at fair value through profit or loss are presented in the income statement within other operating income.

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.

The fair value of derivative liabilities is 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. The value to maturity of interest rate swaps is determined by reference to quoted swap rates at the balance sheet date.

27. Employment benefit obligations

Pension obligations

The group provides retirement benefits to employees in the form of both defined contribution and defined benefit plans. The assets of these schemes are held separately from those of the group and are administered and controlled by trustees.

Contributions to defined contribution schemes are charged to profit or loss when incurred. The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit actuarial valuation method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses, at the beginning of the year, are recognised in the income statement over the lesser of ten years or the employees' average remaining working lives.

The defined benefit asset or liability recognised in the balance sheet comprises the present value of the defined benefit obligation, as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and as reduced by the fair value of plan assets. The value of an asset recognised is restricted to the sum of the unrecognised past-service costs and unrecognised actuarial losses and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions.

Post-retirement medical aid benefits and retirement gratuities

Provisions for post-retirement medical aid benefits and gratuities payable on retirement are calculated on an actuarial basis, being present value of future liability, for services rendered to date. Actuarial gains or losses are recognised in the same manner as those of pension obligations.

Employee benefit costs

The cost of short-term employee benefits, including the expected cost of short-term accumulating compensated absences, is recognised in the income statement in the period in which the service is rendered and is not discounted.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

28. Shareholders for equity dividends

Dividends to equity holders are only recognised as a liability when declared and are included in the statement of changes in equity. Secondary tax on companies in respect of such dividends is recognised as a liability when the dividends are recognised as a liability and are included in the tax charge in the income statement.

29. Provisions

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions are measured as the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

INCOME STATEMENT

30. Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the group or company, and when the amount of the revenue and the related costs can be reliably measured.

Revenue of the group comprises revenue from the sale of goods. Revenue of the company comprises interest income and agency fees.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, and is shown net of returns, rebates and discounts, and after eliminating sales within the group.

Agency fees are recognised as the services are performed.

Interest income is accrued on a time basis using the effective interest rate method.

31. Borrowing costs

Borrowing costs include interest and other costs incurred in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

32. Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively. The charge for current tax is computed on the results for the year, as adjusted for income that is exempt and expenses that are not deductible, using tax rates and tax laws that are enacted or substantively enacted by the reporting date.

33. Share-based payments

The group's employee share incentive schemes, including the Employee Share Ownership Plan and the Management Share Ownership Plan, are accounted for as equity-settled share-based payments. The fair value of the incentives at the grant date is expensed on a straight-line basis over the period during which the incentive vests.

Fair value is determined based on an estimate of the incentives that will vest and any non-market conditions, using the Black-Scholes and binomial tree valuation models, and these estimates are reviewed annually.

For those schemes where the group purchases shares (or where in the past Tongaat Hulett has purchased shares) in order to settle the benefit granted, any cost in excess of the fair value of the benefit granted is recognised in equity.

The transaction for the introduction of broad-based BEE investors will result in the participants acquiring Hulamin Limited shares and is accounted for as an equity-settled share-based payment. The fair value of the transaction at the grant date was expensed in 2007. Fair value was determined using a Monte Carlo valuation model.

SOURCES OF ESTIMATION UNCERTAINTY

34. Sources of estimation uncertainty

The key assumptions and sources of estimation uncertainty at the balance sheet date that could have a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year are:

Useful lives and residual values of assets

Items of property, plant and equipment are depreciated over their useful lives taking into account residual values. The estimated lives and residual values are assessed annually taking into account technological innovation, product life cycles, maintenance programmes and projected disposal values.

Post-employment benefit obligations

Actuarial valuations of post-retirement benefit obligations are based on assumptions which include employee turnover, mortality rates, discount rate, expected long-term rate of return on retirement plan assets, healthcare costs, inflation rates and salary increments.

Share-based payment transactions

The critical estimates and assumptions used in the IFRS 2 calculations are disclosed in note 30.

Impairment of non-financial assets

The recoverable amounts of the assets (or cash-generating units to which they belong) disclosed in notes 2 to 4 of the group financial statements, and note 1 of the company financial statements, were estimated at period end in terms of IAS 36. It was determined that no impairment of the carrying values of these assets would be required.

The key assumptions used to determine the recoverable amount of the relevant assets (or cash-generating units) are as follows:

- Margins – Based on internal market forecasts which take into account margins for the current year and anticipated changes in market conditions, adjusted for inflation in the group's target markets and the estimated mix of products sold. As changes in rolling margins have a direct impact on earnings, recoverable amounts are particularly sensitive to changes in this assumption;
- Sales volumes – Based on internal market forecasts which take into account estimated production capacity and market demand;
- Currency exchange rates – Based on consensus forecasts of the major South African financial institutions;
- Aluminium price – Based on internal market forecasts which take into account the Dollar aluminium price at the reporting date, changes in the Rand/Dollar exchange rate and US inflation forecasts;
- Discount rate – The weighted average cost of capital is based on independent market data, except for the share beta which is derived from an appropriate basket of proxy companies; and
- Supplies of raw material – Aluminium, in the form of melting ingot and rolling slab, is procured from the local producer, BHP Billiton. The company casts the majority of its own rolling slab and sources the balance from BHP Billiton. The external supply is assumed to continue to enable the company to reach its planned volume and mix targets in the optimum manner.

The above key assumptions relating to margins, sales volumes, currency exchange rates, aluminium prices and raw material supplies, employed in the determination of the recoverable amounts of the relevant assets (or cash-generating units), are consistent with those used in the budgets and medium-term forecasts considered by the directors in assessing the future performance of the group.

Group balance sheet
as at 31 December 2010

	Note	2010 R'000	2009 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	4 989 646	4 979 278
Intangible assets	3	33 346	29 874
Investments in associates and joint ventures	4	51 887	10 463
Retirement benefit asset	25	73 819	–
Deferred tax asset	5	22 102	13 899
		5 170 800	5 033 514
Current assets			
Inventories	6	1 189 929	1 015 029
Trade and other receivables	7	792 357	695 228
Derivative financial assets	8	180 247	97 970
Income tax asset		–	8 048
Cash and cash equivalents	9	24 439	64 413
		2 186 972	1 880 688
Total assets		7 357 772	6 914 202
EQUITY			
Share capital and share premium	10	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	11	627 759	763 496
Deferred tax liability	12	941 260	912 876
Retirement benefit obligations	13	147 909	132 946
		1 716 928	1 809 318
Current liabilities			
Trade and other payables	14	607 917	580 420
Current borrowings	15	355 077	709 822
Derivative financial liabilities	8	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

Group income statement
for the year ended 31 December 2010

		Note	2010 R'000	2009 R'000
Revenue			5 808 667	4 499 582
Cost of sales		17	(5 260 954)	(3 895 842)
Gross profit			547 713	603 740
Other gains and losses		16	71 744	53 968
Selling and marketing expenses		17	(312 113)	(323 438)
Administrative expenses		17	(89 111)	(90 296)
Operating profit			218 233	243 974
Net finance costs		18	(116 923)	(113 813)
Share of profits of associates and joint ventures			2 654	383
Profit before tax			103 964	130 544
Taxation		19	(30 716)	(40 911)
Net profit for the year attributable to equity holders of the company			73 248	89 633
Earnings per share attributable to equity holders of the company		20		
Basic	(cents)		26	37
Diluted	(cents)		26	36

Group statement of comprehensive income
for the year ended 31 December 2010

	2010 R'000	2009 R'000
Net profit for the year attributable to equity holders of the company	73 248	89 633
Other comprehensive income/(loss) for the year	39 362	(102 174)
Cash flow hedges transferred to income statement	725	(141 183)
Cash flow hedges created	53 944	(725)
Income tax effect	(15 307)	39 734
Total comprehensive income/(loss) for the year attributable to equity holders of the company	112 610	(12 541)

Group statement of changes in equity
for the year ended 31 December 2010

	Share capital R'000	Share premium R'000	Consolidated shares R'000	Hedging reserve R'000
Balance at 31 December 2008	25 209	1 057 490	(91 783)	101 652
Total comprehensive (loss)/income for the year	–	–	–	(102 174)
Shares issued	45	1 594	–	–
Value of employee services	–	–	–	–
Settlement of employee share incentives	–	–	–	–
Tax on employee share incentives	–	–	–	–
Dividends paid (note 24)	–	–	–	–
Balance at 31 December 2009	25 254	1 059 084	(91 783)	(522)
Total comprehensive income for the year	–	–	–	39 362
Shares issued	10 059	726 216	–	–
Value of employee services	–	–	–	–
Settlement of employee share incentives	–	–	–	–
Tax on employee share incentives	–	–	–	–
Balance at 31 December 2010	**35 313**	**1 785 300**	**(91 783)**	**38 840**

Employee share-based payment reserve R'000	BEE reserve R'000	Retained earnings R'000	Shareholders' interest R'000	Non-controlling interests R'000	Total equity R'000
48 933	174 686	2 443 959	3 760 146	–	3 760 146
–	–	89 633	(12 541)	–	(12 541)
–	–	–	1 639	–	1 639
29 492	–	–	29 492	–	29 492
(4 328)	–	(3 219)	(7 547)	–	(7 547)
	–	1 627	1 627	–	1 627
–	–	(28 537)	(28 537)	–	(28 537)
74 097	174 686	2 503 463	3 744 279	–	3 744 279
–	–	73 248	112 610	–	112 610
–	–	–	736 275	–	736 275
20 355	–	–	20 355	–	20 355
(3 233)	–	(792)	(4 025)	–	(4 025)
	–	40	40	–	40
91 219	174 686	2 575 959	4 609 534	–	4 609 534

Group cash flow statement
for the year ended 31 December 2010

	Note	2010 R'000	2009 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated before working capital changes	22	343 804	362 282
Changes in working capital	23	(244 532)	599 333
Cash generated from operations		99 272	961 615
Net interest paid		(136 596)	(170 409)
Income tax payment		(16 408)	(66 949)
Net cash (outflow)/inflow from operating activities		(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)	–
Net cash outflow from investing activities		(228 010)	(351 831)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		–	6 277
Repayment of borrowings		(490 482)	(346 019)
Shares issued		736 275	1 639
Settlement of share options net of reversals		(4 025)	(7 547)
Dividends paid	24	–	(28 537)
Net cash inflow/(outflow) from financing activities		241 768	(374 187)
Net decrease in cash and cash equivalents		(39 974)	(1 761)
Cash and cash equivalents at beginning of year		64 413	66 174
Cash and cash equivalents at end of year	9	24 439	64 413

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Notes to the group financial statements
for the year ended 31 December 2010

1. OPERATING SEGMENT ANALYSIS

The group is organised into two major operating divisions, namely Hulamin Rolled Products and Hulamin Extrusions. The divisions, which offer different core products, are the basis on which the group reports its primary segment information. The Hulamin Rolled Products segment manufactures and supplies rolled semi-fabricated aluminium products, which include heat treated plate, can-end stock, closure sheet, thin gauge foil and superior finish painted and clad products. The Hulamin Extrusions segment manufactures and supplies extruded aluminium products, which include small, large and complex extruded sections. These reportable segments are comprised of a number of aggregated operating segments. Both reportable segments are based and managed in South Africa.

	2010			2009		
	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group total R'000	Hulamin Rolled Products R'000	Hulamin Extrusions R'000	Group total R'000
Revenue						
Segment revenue	5 191 705	616 962	5 808 667	3 890 943	625 148	4 516 091
Inter-segment revenue	–	–	–	(9 550)	(6 959)	(16 509)
Revenue from external customers	5 191 705	616 962	5 808 667	3 881 393	618 189	4 499 582
Operating profit/(loss)	226 868	(8 635)	218 233	239 377	4 597	243 974
Results						
Depreciation and amortisation	166 714	26 185	192 899	174 853	22 880	197 733
Net finance costs	103 210	13 713	116 923	93 131	20 682	113 813
Tax	37 050	(6 334)	30 716	45 660	(4 749)	40 911
Share of associate company's profit	2 654	–	2 654	383	–	383
Total assets	7 069 431	288 341	7 357 772	6 554 198	360 004	6 914 202
Total liabilities	2 665 698	82 540	2 748 238	2 908 602	261 321	3 169 923
Other disclosures						
Investments in associates and joint ventures	45 734	6 153	51 887	10 463	–	10 463
Additions to property, plant and equipment and intangible assets	168 815	24 089	192 904	333 534	21 831	355 365

Geographical analysis of revenue	2010 R'000	2009 R'000
South Africa	2 295 244	2 033 111
North America	1 122 081	867 059
Europe	927 720	580 531
Asia	716 028	322 956
Middle East	218 219	512 305
Australasia	55 626	74 248
South America	438 414	65 058
Rest of Africa	35 335	44 314
	5 808 667	4 499 582

All non-current assets of the group are located in, or are attributable to, operations in South Africa.

2. PROPERTY, PLANT AND EQUIPMENT

	Total R'000	Land and buildings R'000	Plant and machinery R'000	Vehicles, equipment and other R'000	Capital works under construction R'000
2010					
At cost					
Balance at beginning of year	6 372 407	901 025	4 810 958	129 256	531 168
Additions	186 899	–	24 057	13 053	149 789
Borrowing costs capitalised	19 673	–	–	–	19 673
Capitalised from capital works under construction	–	5 428	390 505	46 790	(442 723)
Disposals	(46 988)	–	(43 048)	(3 940)	–
Balance at end of year	6 531 991	906 453	5 182 472	185 159	257 907
Accumulated depreciation					
Balance at beginning of year	1 393 129	90 877	1 213 965	88 287	–
Charge for the year (note 17)	190 366	19 524	157 425	13 417	–
Disposals	(41 150)	–	(39 329)	(1 821)	–
Balance at end of year	1 542 345	110 401	1 332 061	99 883	–
Carrying value at 31 December 2010	4 989 646	796 052	3 850 411	85 276	257 907
2009					
At cost					
Balance at beginning of year	5 964 698	795 683	4 343 879	125 609	699 527
Transferred from disposal group	15 654	–	8 838	6 816	–
Additions	351 811	–	157 057	434	194 320
Borrowing costs capitalised	56 596	–	–	–	56 596
Capitalised from capital works under construction	–	105 342	310 451	3 482	(419 275)
Disposals	(16 352)	–	(9 267)	(7 085)	–
Balance at end of year	6 372 407	901 025	4 810 958	129 256	531 168
Accumulated depreciation					
Balance at beginning of year	1 201 403	73 983	1 051 159	76 261	–
Transferred from disposal group	7 275	–	2 415	4 860	
Charge for the year (note 17)	194 538	16 894	165 161	12 483	–
Disposals	(10 087)	–	(4 770)	(5 317)	–
Balance at end of year	1 393 129	90 877	1 213 965	88 287	–
Carrying value at 31 December 2009	4 979 278	810 148	3 596 993	40 969	531 168

Property, plant and equipment with a book value of R4 874 811 000 (2009: R4 860 017 000) is encumbered as security for borrowing facilities from Standard Bank and Rand Merchant Bank (note 11).

Plant and machinery with a book value of R7 861 000 (2009: R10 603 000) is encumbered as security for finance lease obligations (note 11).

The weighted average interest rate used for borrowing costs capitalised is 10,6% (2009: 11,6%).

A register of land and buildings is available for inspection at the company's registered office.

The group applied the following methods and rates during the year:

Buildings	Straight-line	30 to 50 years
Plant and machinery	Straight-line	4 to 40 years
Vehicles	Straight-line	4 years
Equipment	Straight-line	5 to 10 years
Furniture	Straight-line	5 to 10 years

Notes to the group financial statements
for the year ended 31 December 2010

		2010 R'000	2009 R'000
3.	**INTANGIBLE ASSETS**		
	Software costs – internally generated and capitalised		
	At beginning of year	29 046	25 555
	Additions	3 926	3 491
	At end of year	32 972	29 046
	Accumulated amortisation:		
	At beginning of year	3 680	2 260
	Charge for the year	1 992	1 420
	At end of year	5 672	3 680
	Carrying value at end of year	27 300	25 366
	Software costs – other external		
	At beginning of year	13 973	13 910
	Additions	2 079	63
	At end of year	16 052	13 973
	Accumulated amortisation:		
	At beginning of year	9 465	7 690
	Charge for the year	541	1 775
	At end of year	10 006	9 465
	Carrying value at end of year	6 046	4 508
	Total software costs		
	Cost	49 024	43 019
	Accumulated amortisation	15 678	13 145
	Carrying value at end of year	33 346	29 874

Intangible assets are amortised over their useful lives (currently five to fifteen years) on the straight-line basis.

		2010 R'000	2009 R'000
4.	**INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**		
	At beginning of year	10 463	10 080
	Acquired during the year	32 617	–
	Movement in loans	6 505	–
	Share of profits of associates and joint ventures	2 654	383
	Change in unrealised profit in closing inventory of associates and joint ventures	(352)	–
	At end of year	51 887	10 463
	Consists of:		
	Loans	15 258	8 753
	Share of equity	36 629	1 710
		51 887	10 463

The above loans are unsecured, interest-free and have no fixed terms of repayment.

4. **INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued**

Summary financial information for equity-accounted joint ventures, not adjusted for the percentage ownership held by the group:

	Ownership %	Current assets R'000	Non-current assets R'000	Current liabilities R'000	Non-current liabilities R'000	Revenue R'000	Expenses R'000
2010							
Richards & Barlow (Pty) Limited	50	48 303	5 725	21 819	26 387	89 249	85 407
Cyndara 193 (Pty) Limited, trading as Hulamin Building Systems	50	56 770	2 147	5 053	–	92 876	88 859
		105 073	7 872	26 872	26 387	182 125	174 266
2009							
Richards & Barlow (Pty) Limited	50	36 679	4 065	11 095	26 227	45 160	45 213
		36 679	4 065	11 095	26 227	45 160	45 213

Additional details of associates and joint ventures are included in note 31.

	2010 R'000	2009 R'000
5. DEFERRED TAX ASSET		
At beginning of year	13 899	11 697
Accounted for in equity	10	–
Transfer from deferred tax liability	1 330	1 691
Income statement		
– Current year relief on earnings	6 939	511
– Prior year's charge	(76)	–
At end of year	22 102	13 899
Analysis of deferred tax asset:		
Fixed assets	(17 389)	(16 250)
Provisions	20 660	17 792
Other	68	(82)
Assessed loss	18 763	12 439
	22 102	13 899
6. INVENTORIES		
Raw materials	276 320	256 783
Work-in-progress	327 285	274 040
Finished goods	461 005	378 551
Consumable stores	125 319	105 655
	1 189 929	1 015 029

Inventories with a carrying value of R1 085 567 000 (2009: R904 875 064) are encumbered as security for borrowing facilities (note 11).

	2010 R'000	2009 R'000
7. TRADE AND OTHER RECEIVABLES		
Financial assets	697 683	616 682
Trade receivables	704 685	618 876
Less: Provision for impairment of receivables	(8 832)	(11 443)
	695 853	607 433
Sundry receivables	1 830	9 249
Non-financial assets	94 674	78 546
Prepayments	29 287	12 165
Sundry receivables	65 387	66 381
	792 357	695 228
One debtor comprises 8% (2009: 22%) of trade debtors. There is no other significant concentration of risk related to particular customer or industry segments.		
Trade and other receivables with a book value of R725 935 463 (2009: R617 384 291) (including inter-company debtors) has been ceded as security for borrowing facilities (note 11).		
Trade receivables that are neither overdue nor impaired	645 662	540 772
Trade receivables overdue	50 191	66 661
Overdue by less than 60 days	37 677	31 512
Overdue by more than 60 days	12 514	35 149
Total trade receivables, net of provision for impairment	695 853	607 433
Trade receivables that are impaired are provided for in full. No collateral is held on these receivables. Export receivables and the majority of local receivables are insured at 90% of invoice value. The movement in the provision for impairment is as follows:		
At 1 January	11 443	7 140
Written off or reversed during the year	(11 443)	(7 140)
Impaired trade receivables – provided for in full	8 832	11 443
At 31 December	8 832	11 443

The fair values of the trade and other receivables approximate their carrying value.

The group had the following uncovered export trade debtors at the period end:

	2010 Foreign amount 000	2010 Rand amount R'000	2009 Rand amount R'000
Euro currency	296	2 620	3 022
US Dollar	5 586	37 018	36 771
		39 638	39 793

	Note	2010 R'000	2009 R'000
8. DERIVATIVE FINANCIAL INSTRUMENTS			
Forward foreign exchange contracts – designated as hedging instruments	8.1	73 042	28 634
Forward foreign exchange contracts – not designated as hedging instruments	8.1	28 319	14 117
Commodity futures – designated as hedging instruments	8.2	11 915	1 846
Interest rate swaps – designated as hedging instruments	8.3	–	(16 990)
		113 276	27 607
Grouped as:			
Financial assets		180 247	97 970
Financial liabilities		(66 971)	(70 363)
		113 276	27 607

The credit quality of all derivative financial assets is sound and there have been no defaults in the past. None are overdue or impaired and the group does not hold collateral on derivatives. The group's maximum exposure to counterparty credit risk on derivative assets at 31 December 2010 amounted to R113 277 270 (2009: R36 327 762).

The fair value measurement classification of the above financial instruments is level 2 (observable inputs), in accordance with the fair value hierarchy prescribed by IFRS 7 (amended).

8.1 Foreign currency management

The following forward foreign exchange contracts were designated as hedging instruments at the period end:

	2010			2009		
	Foreign amount 000	Rand amount R'000	Fair value asset/ (liability) R'000	Foreign amount 000	Rand amount R'000	Fair value asset/ (liability) R'000
Forward purchases						
Pound Sterling	1 364	17 191	(3 096)	400	4 933	(152)
Euro	1 244	11 721	(659)	2 829	31 689	(1 268)
US Dollar	15 069	111 551	(9 981)	20 681	170 101	(13 202)
Swiss Franc	27	192	(1)	594	4 348	(90)
Other		272	(2)		–	–
		140 927	(13 739)		211 071	(14 712)
Maturing in:						
2010		–	–		211 071	(14 712)
2011		140 927	(13 739)		–	–
		140 927	(13 739)		211 071	(14 712)
Forward sales						
US Dollar	(135 300)	(995 878)	86 781	(124 353)	(984 948)	43 346
		(995 878)	86 781		(984 948)	43 346
Maturing in:						
2010		–	–		(984 948)	43 346
2011		(995 878)	86 781		–	–
		(995 878)	86 781		(984 948)	43 346
Net total included in cash flow hedges		(854 951)	73 042		(773 877)	28 634
Grouped as:						
Financial assets			112 096			47 052
Financial liabilities			(39 054)			(18 418)
			73 042			28 634

8. DERIVATIVE FINANCIAL INSTRUMENTS continued

8.1 Foreign currency management continued

The following forward foreign exchange contracts have been entered into to cover foreign currency risk, but were not designated as hedging instruments for accounting purposes at the period end:

	2010			2009		
	Foreign amount 000	Rand amount R'000	Fair value asset/ (liability) R'000	Foreign amount 000	Rand amount R'000	Fair value asset/ (liability) R'000
Forward sales						
US Dollar	(62 084)	(435 269)	21 289	(39 145)	(303 443)	11 352
Euro	(14 002)	(129 703)	5 153	(4 075)	(45 408)	1 546
Pound Sterling	(2 431)	(27 038)	1 877	(1 688)	(21 750)	1 219
		(592 010)	28 319		(370 601)	14 117
Maturing in:						
2010		–	–		(370 601)	14 117
2011		(592 010)	28 319		–	–
		(592 010)	28 319		(370 601)	14 117
Net total		(592 010)	28 319		(370 601)	14 117
Grouped as:						
Financial assets			43 686			15 025
Financial liabilities			(15 367)			(908)
			28 319			14 117

8.2 Commodity price management

The following futures contracts were designated as hedging instruments at the period end:

	2010			2009		
	Tons	Contracted value R'000	Fair value asset/ (liability) R'000	Tons	Contracted value R'000	Fair value asset/ (liability) R'000
Net aluminium futures (sales)/purchases maturing in:						
2010	–	–	–	6 550	125 765	1 846
2011	(1 775)	53 634	11 915	–	–	–
	(1 775)	53 634	11 915	6 550	125 765	1 846
Grouped as:						
Financial assets			24 465			35 893
Financial liabilities			(12 550)			(34 047)
Total			11 915			1 846
Cash flow hedges			–			(5 612)
Fair value hedges			11 915			7 458
			11 915			1 846

8. DERIVATIVE FINANCIAL INSTRUMENTS continued

8.3 Interest rate management

The following interest rate swaps were designated as hedging instruments at period end:

	2010			2009		
	Notional amount 000	Rand amount R'000	Fair value asset/ (liability) R'000	Notional amount 000	Rand amount R'000	Fair value asset/ (liability) R'000
Interest rate swaps maturing in 2010	–	–	–	600 000	130 697	(16 990)
Grouped as:						
Financial liabilities			–			(16 990)

Fair value is calculated as the difference between the contracted value and the value to maturity at the period end.

		2010 R'000	2009 R'000
9. CASH AND CASH EQUIVALENTS			
Bank balances		23 698	63 742
Cash on hand		741	671
		24 439	64 413
Effective interest rates	(%)	3,00	4,50
Cash of R21 883 855 (2009: R6 664 709) has been ceded as security for borrowing facilities (note 11).			
10. SHARE CAPITAL			
10.1 Authorised			
800 000 000 ordinary shares of 10 cents each (2009: 240 000 000 ordinary shares of 10 cents each)		80 000	24 000
34 000 000 A ordinary shares of 10 cents each (2009: 34 000 000 A ordinary shares of 10 cents each)		3 400	3 400
21 000 000 B ordinary shares of 10 cents each (2009: 21 000 000 B ordinary shares of 10 cents each)		2 100	2 100
Total authorised share capital		85 500	29 500
The B ordinary shares consist of 8 000 000 B1 shares, 10 000 000 B2 shares and 3 000 000 B3 shares.			
10.2 Issued			
Share capital			
Opening balance (252 541 066 ordinary shares of 10 cents each) (2009: 252 090 090 ordinary shares of 10 cents each)		25 254	25 209
Issued during year (100 590 285 ordinary shares of 10 cents each) (2009: 450 976 ordinary shares of 10 cents each)		10 059	45
Closing balance (353 131 351 ordinary shares of 10 cents each) (2009: 252 541 066 ordinary shares of 10 cents each)		35 313	25 254
Share premium			
Opening balance		1 059 084	1 057 490
Premium on shares issued		726 216	1 594
Closing balance		1 785 300	1 059 084
Consolidated A and B shares		(91 783)	(91 783)
Share capital and share premium		1 728 830	992 555

10. SHARE CAPITAL continued

10.3 A ordinary shares and B ordinary shares

The A ordinary shares and B ordinary shares are unlisted and carry full voting rights. The A ordinary shares have no entitlements to any dividends or other shareholder distributions. The A ordinary shares are eliminated in the group accounts as they are held by an entity related to the introduction of broad-based BEE investors, and this entity is consolidated into the group results. The B ordinary shares are held in employee trusts, which trusts are consolidated and thus the shareholding eliminated on consolidation.

10.4 Unissued

Under option to employees

In terms of the Tongaat-Hulett Employees Share Incentive Scheme and The Tongaat-Hulett Group Limited 2001 Share Option Scheme, employees have been granted options to subscribe for 1 447 637 Hulamin shares. The weighted average exercise price for these options is R17,50 per share.

Details of the employee share incentive schemes are set out in note 30.

Under the control of the directors

At 31 December 2010, 8 826 445 unissued ordinary shares (2009: 9 416 730) were under the control of the directors, for the purpose, inter alia, of existing employee share incentive schemes.

At 31 December 2010, 9 653 770 unissued B ordinary shares (2009: 9 653 777) were under the control of the directors, for the purpose of the Hulamin Employee Share Ownership Plan and the Hulamin Management Share Ownership Plan.

11. NON-CURRENT BORROWINGS

	Effective interest rates (%)	2010 R'000	2009 R'000
Secured loans:			
Finance leases	11,48	933	1 642
Standard Bank	8,96	564 858	766 761
Rand Merchant Bank	8,96	62 762	85 195
		628 553	853 598
Less: Current portion included in short-term borrowings		794	90 102
		627 759	763 496
Borrowing payments by financial year (including interest):			
2011		53 036	164 426
2012		52 427	155 447
2013		126 054	146 719
2014		119 966	543 317
Thereafter		505 943	–
Book value of assets encumbered as security for finance lease obligations (note 2)		7 861	10 603

The facilities with Standard Bank and Rand Merchant Bank referred to above and the amounts owing in respect of the bank overdraft, First National Bank call loan and Standard Bank call loan (note 15) are collectively secured by mortgage and notarial bonds over the moveable and immoveable assets of Hulamin Operations (Pty) Limited, and the cession of book debts, cash and material investments in and claims against wholly-owned subsidiaries, and the provision of a guarantee by the company.

In terms of the company's articles of association the borrowing powers of the group are subject to any regulations made by the company in a general meeting to restrict the borrowing powers, failing which they are at the discretion of the directors. To date no such regulation has been imposed.

The fair values of the non-current borrowings approximate their carrying values.

	2010 R'000	2009 R'000
12. DEFERRED TAX LIABILITY		
At beginning of year	912 876	926 359
Accounted for in equity	15 276	(41 360)
Transfer to deferred tax asset	1 330	1 691
Income statement		
Current year charge	17 738	16 430
Prior year's (relief)/charge	(5 960)	9 756
At end of year	941 260	912 876
The deferred tax liability is analysed as follows:		
Accelerated tax depreciation	1 026 210	978 489
Provisions and leave pay accruals	(38 165)	(38 183)
Defined Benefit Fund	20 669	–
Assessed loss	(81 580)	(31 466)
Share schemes	(3 964)	(4 436)
Hedging reserve	15 104	(203)
Other	2 986	8 675
	941 260	912 876
13. RETIREMENT BENEFIT OBLIGATIONS		
Post-retirement medical aid provision	125 796	112 092
Retirement gratuity provision	22 113	20 854
	147 909	132 946
The movement of these provisions is detailed in note 25.		
14. TRADE AND OTHER PAYABLES		
Trade payables	464 750	397 904
Leave pay and bonus accruals	57 846	53 552
Sundry accruals and other payables	85 321	128 964
	607 917	580 420

The fair value of trade and other payables approximates their carrying value.

		2010 R'000	2009 R'000
15. CURRENT BORROWINGS			
Current portion of long-term loans		794	90 102
Bank overdrafts		52 283	75 720
First National Bank call loan		140 000	275 000
Standard Bank call loan		162 000	269 000
		355 077	709 822
Effective interest rates are as follows:			
Bank overdrafts	(%)	8,00	9,00
First National Bank call loan	(%)	7,30	8,80
Standard Bank call loan	(%)	7,10	8,40

R53 077 000 hereof will be repaid during 2011. The remaining current borrowings have no fixed repayment dates.

The bank overdrafts and call loans are secured (refer note 11).

The fair value of current borrowings approximates their carrying value.

	2010 R'000	2009 R'000
16. OTHER GAINS AND LOSSES		
Valuation adjustments on non-derivative items (note 16.1)	(33 766)	(85 126)
Valuation adjustments on derivative items (note 16.2)	105 510	139 094
	71 744	53 968
16.1 Valuation adjustments on non-derivative items		
Export receivables	(49 341)	(88 714)
Import payables	(1 766)	7 462
Foreign currency denominated cash balances	17 341	(3 874)
	(33 766)	(85 126)
16.2 Valuation adjustments on derivative items		
Forward foreign exchange contracts: not designated as hedging instruments	98 679	138 647
Forward foreign exchange contracts: cash flow hedges, transfer from equity	28 934	(30 466)
Forward aluminium purchase and sale contracts: fair value hedges	(42 962)	80 060
Forward aluminium purchase and sale contracts: cash flow hedges, transfer from equity	–	(49 147)
Interest rate swaps: not designated as hedging instruments	20 859	–
	105 510	139 094
16.3 The ineffective portion of all hedges is recognised in profit or (loss)		
Cash flow hedges	(26 560)	1 658
Fair value hedges	2 208	(2 067)
	(24 352)	(409)

	Note	2010 R'000	2009 R'000
17. EXPENSES BY NATURE			
Raw materials and other costs		**4 720 040**	3 434 778
Employee benefit expense	17.3	**729 997**	636 140
Depreciation	2	**190 366**	194 538
Amortisation of intangible assets	3	**2 533**	3 195
Write-down of inventories		**11 486**	21 415
Operating leases		**4 338**	9 475
(Decrease)/increase in provision for impairment of debtors		**(2 611)**	4 303
Auditors' remuneration	17.1	**3 855**	3 001
Loss on disposal of property, plant and equipment		**2 174**	2 731
		5 662 178	4 309 576
Classified as:			
Cost of sales		**5 260 954**	3 895 842
Selling and marketing expenses		**312 113**	323 438
Administrative expenses		**89 111**	90 296
		5 662 178	4 309 576
17.1 Auditors' remuneration			
Audit fees		**3 209**	2 718
Fees for other services		**398**	80
Prior year under provision		**98**	58
Expenses		**150**	145
		3 855	3 001
17.2 Directors' emoluments			
Executives			
Cash package		**8 956**	6 842
Retirement, medical and insurance benefits		**4 421**	1 004
Bonus		**–**	1 474
Non-executives			
Fees		**1 676**	1 504
		15 053	10 824
17.3 Employee benefit expense			
Salaries and wages		**633 360**	551 049
Retirement benefit costs:			
Defined contribution scheme	25	**8 194**	6 647
Defined benefit scheme	25	**43 842**	29 561
Post-retirement medical aid costs	25	**19 514**	15 554
Staff gratuities	25	**4 732**	3 837
Share incentive costs	30	**20 355**	29 492
		729 997	636 140

		2010 R'000	2009 R'000
18. NET FINANCE COSTS			
Interest paid			
Long-term loan interest		90 346	114 822
Short-term loan interest		46 476	58 595
Interest capitalised		(19 673)	(56 596)
Interest received		(226)	(3 008)
Net finance costs		116 923	113 813
19. TAXATION			
South African normal taxation:			
Current			
Current year		18 928	21 396
Prior year under/(over) provision		6 873	(9 014)
Deferred			
Current year		10 799	15 919
Prior year (over)/under provision		(5 884)	9 756
Secondary tax on companies		–	2 854
		30 716	40 911
South African income tax is levied on the company and its subsidiaries and not the group.			
Tax rate reconciliation			
Normal rate of taxation	(%)	28,0	28,0
Adjusted for:			
BEE and IFRS 2 costs	(%)	0,2	0,1
Non-allowable items	(%)	1,1	0,5
Prior year adjustment	(%)	0,9	0,6
Effect of associate profit being shown net of tax	(%)	(0,7)	(0,1)
STC	(%)	–	2,2
Effective rate of taxation (%)		29,5	31,3
Estimated tax losses available for set-off against future taxable income are as follows:			
Total tax losses		358 370	156 767

	December 2010 Number of shares*	December 2009 Number of shares*

20. EARNINGS PER SHARE

Basic earnings per share is calculated using the weighted average number of ordinary shares in issue during the year. For purposes of calculating diluted earnings per share, the weighted average number of shares in issue is adjusted for the dilutive effect of employee share options.

Reconciliation of denominators used for basic and diluted earnings per share	December 2010 Number of shares*	December 2009 Number of shares*
Basic EPS – weighted average number of shares	281 206 387	244 338 984
Share options	3 498 720	2 897 707
Diluted EPS – weighted average number of shares	284 705 107	247 236 691

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

21. HEADLINE EARNINGS

		2010 R'000	2009 R'000
Net profit for the year attributable to equity holders of the company		73 248	89 633
Adjusted for loss on disposal of property, plant and equipment		1 565	1 966
Gross		2 174	2 731
Tax effect		(609)	(765)
Headline earnings attributable to equity holders of the company		74 813	91 599
Headline earnings per share			
Basic*	(cents)	27	37
Diluted*	(cents)	26	37

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

22. CASH GENERATED BEFORE WORKING CAPITAL CHANGES

	2010 R'000	2009 R'000
Operating profit	218 233	243 974
Depreciation	190 366	194 538
Amortisation of intangible assets	2 533	3 195
Loss on disposal of property, plant and equipment	2 174	2 731
Net movement in retirement benefit asset and obligations	(58 856)	13 434
Employee share-based costs	20 355	29 492
Movements in derivatives	(31 001)	(125 082)
	343 804	362 282

23. CHANGES IN WORKING CAPITAL

	2010 R'000	2009 R'000
(Increase)/decrease in inventories	(174 900)	346 308
(Increase)/decrease in trade and other receivables	(97 129)	364 785
Increase/(decrease) in trade and other payables	27 497	(111 760)
	(244 532)	599 333

	2010 R'000	2009 R'000
24. DIVIDENDS PAID		
Final for 2008 year, paid 9 March 2009: 13 cents	–	28 537
	–	28 537

25. RETIREMENT BENEFITS

Retirement benefit schemes

The group contributes towards retirement benefits for substantially all permanent employees who are required to be a member of one of the retirement benefit plans, either pension fund or provident fund, elected by the group. These schemes are governed by the relevant fund legislation. Their assets consist primarily of listed shares, fixed income securities, property investments and money market instruments and are held separately from those of the group. The scheme assets are administered by boards of trustees, each of which includes elected representatives.

Provident fund

The group's contributions to the Metal Industries Provident Fund scheme, a defined contribution plan, amounted to R8 194 000 (2009: R6 647 000) and were expensed during the year.

Pension fund

Hulamin and the Tongaat Hulett Group have historically participated in a common funded defined benefit scheme, The Tongaat-Hulett Pension Fund. The group's participation in this fund had previously been accounted for as a defined contribution fund, as there was no determined basis for allocating the defined obligations and plan assets between the individual employer companies.

In August 2010, the basis for allocating the defined benefit obligation and plan assets to the two new defined benefit funds for the respective employers was determined. An amount of R60 245 000 (2009: R37 600 000), arising out of the excess of assets over liabilities in the fund, was allocated by the trustees to Hulamin during the course of the current financial year, prior to the new Hulamin fund becoming effective. An actuarial valuation of the group's share of its defined benefit obligation and plan assets was performed in accordance with IAS 19 at 31 August 2010, resulting in an increase in the defined benefit asset of R34 628 000 being recognised.

		2010 R'000
Balances at 31 August 2010		
The defined benefit asset recognised in the balance sheet at 31 August 2010 comprises:		
Group's share of fair value of plan assets		1 861 461
Group's share of present value of funded obligations		(1 766 588)
Defined benefit asset at 31 August 2010		94 873
The principal actuarial assumptions employed in the valuation at 31 August 2010 are as follows:		
Discount rate	(%)	8,250
Inflation rate	(%)	5,375
Expected return on plan assets	(%)	8,250
Future salary increases	(%)	7,125
Future pension increases	(%)	5,375
Movements in balances from 31 August 2010 to the balance sheet date		
The movement in the defined benefit obligation from 31 August 2010 to the balance sheet date is as follows:		
Group's share of defined benefit obligation at 31 August 2010		1 766 588
Current service cost		23 029
Interest cost		49 078
Employee contributions		6 383
Actuarial gains		(82 044)
Benefits paid		(16 321)
Group's share of defined benefit obligation at 31 December 2010		1 746 713

25. RETIREMENT BENEFITS continued

Retirement benefit schemes continued

Pension fund continued

Movements in balances from 31 August 2010 to the balance sheet date continued

		2010 R'000
The movement in the fair value of the plan assets from 31 August 2010 to the balance sheet date is as follows:		
Group's share of fair value of plan assets at 31 August 2010		1 861 461
Actual return on plan assets		126 360
Expected return on plan assets		51 054
Actuarial gains		75 306
Employer contributions		–
Employee contributions		6 383
Benefits paid		(16 321)
Group's share of fair value of plan assets at 31 December 2010		1 977 883
Balances at 31 December 2010		
The defined benefit asset recognised in the balance sheet at 31 December 2010 comprises:		
Group's share of fair value of plan assets		1 977 883
Group's share of present value of funded obligations		(1 746 713)
Unrecognised actuarial gains		(157 351)
Defined benefit asset at 31 December 2010		73 819
Distribution of assets between major asset classes:		
Equities	(%)	63
Property	(%)	2
SA bonds, cash and other	(%)	29
International bonds, cash and other	(%)	6
		100
The principal actuarial assumptions employed in the valuation at 31 December 2010 are as follows:		
Discount rate	(%)	8,500
Inflation rate	(%)	5,375
Expected return on plan assets	(%)	8,500
Future salary increases	(%)	7,125
Future pension increases	(%)	5,375
The amounts recognised in the income statement are as follows:		
Contributions to The Tongaat-Hulett Pension Fund (prior to 31 August 2010)		22 789
Current service cost		23 029
Interest cost		49 078
Expected return on plan assets		(51 054)
Total included in employee benefit expense (note 17.3)		43 842

The regulatory process to divide The Tongaat-Hulett Pension Fund into two new funds, and transfer the Employer Surplus Accounts and remaining assets and liabilities of The Tongaat-Hulett Pension Fund to the new defined benefit funds related to the respective employers has commenced. The Hulamin Defined Benefit Pension Fund has been established effective 1 November 2010. Contributions to the Hulamin Defined Benefit Pension Fund have commenced with effect from this date and no further contributions will be made to The Tongaat-Hulett Pension Fund.

A Hulamin defined contribution pension fund has also been established, being the Hulamin Pension Fund 2010, effective 1 October 2010. All new eligible employees who are employed by Hulamin on or after this effective date will be required to join the Hulamin Pension Fund 2010. The Hulamin Defined Benefit Pension Fund is closed to new entrants.

The Tongaat-Hulett Pension Fund is actuarially valued at intervals of not more than three years using the projected unit credit method. In the statutory actuarial valuation of the scheme as at 31 December 2007 the Fund was certified by the reporting actuary to be in a sound financial position.

		2010 R'000	2009 R'000
25. RETIREMENT BENEFITS continued			
Post-retirement medical aid benefits			
The group has undertaken to contribute to the medical aid costs after retirement of employees engaged prior to 30 June 1996. The obligation is unfunded.			
Amounts recognised in the balance sheet are as follows:			
Present value of unfunded obligations		171 556	139 878
Unrecognised actuarial losses		(45 760)	(27 786)
Liability in the balance sheet		125 796	112 092
The liability can be reconciled as follows:			
Balance at beginning of year		112 092	101 600
Total expense accrued		19 514	15 554
Benefit payments		(5 810)	(5 062)
Balance at end of year		125 796	112 092
Amounts recognised in the income statement are as follows:			
Interest costs		12 926	9 145
Current service costs		2 694	2 515
Actuarial loss recognised		3 894	3 894
		19 514	15 554
The principal actuarial long-term assumptions are as follows:			
Discount rate	(%)	8,500	9,250
Future medical inflation rate	(%)	7,125	7,000
Sensitivity of future medical inflation rate:			
1% increase in future medical inflation rate – effect on the aggregate of the service and interest costs		3 343	2 766
1% increase in future medical inflation rate – effect on the obligation		28 861	22 348
1% decrease in future medical inflation rate – effect on the aggregate of the service and interest costs		(2 667)	(2 222)
1% decrease in future medical inflation rate – effect on the obligation		(23 263)	(18 129)
Estimated benefits payable by the group in the next financial year		6 256	5 663

Historical information	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Present value of unfunded obligations	171 556	139 878	125 980	106 049	93 806
Experience loss on plan liabilities	1 586	7 094	9 146	3 248	4 720
Experience loss as a percentage of liabilities (%)	0,92	5,07	7,26	3,06	5,03

		2010 R'000	2009 R'000

25. RETIREMENT BENEFITS continued

Retirement gratuities

The group has in the past made discretionary payments, on retirement, to eligible employees who have remained in service until retirement age, and have completed a minimum service period. The obligation is unfunded.

		2010 R'000	2009 R'000
Amounts recognised in the balance sheet are as follows:			
Present value of unfunded obligations		30 116	25 959
Unrecognised actuarial losses		(8 003)	(5 105)
Liability in the balance sheet		22 113	20 854
The liability can be reconciled as follows:			
Balance at beginning of year		20 854	17 912
Total expense accrued		4 732	3 837
Gratuity payments		(3 473)	(895)
Balance at end of year		22 113	20 854
Amounts recognised in the income statement are as follows:			
Interest costs		2 506	1 727
Service costs		1 505	1 389
Actuarial loss recognised		721	721
		4 732	3 837
The principal actuarial assumptions are:			
Discount rate	(%)	8,500	9,250
Future salary inflation rate	(%)	7,125	7,000

Estimated retirement gratuities, payable by the group during the next financial year, are R1 184 000.

Historical information	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Present value of unfunded obligations	30 116	25 959	22 827	18 556	15 685
Experience loss on plan liabilities	446	767	1 763	1 026	303
Experience loss as a percentage of liabilities (%)	1,48	2,95	7,72	5,53	1,93

	2010 R'000	2009 R'000
26. LEASE COMMITMENTS		
Amounts payable under finance leases		
Minimum lease payments due:		
Not later than one year	903	903
Later than one year and not later than five years	152	1 055
	1 055	1 958
Less: future finance charges	(131)	(324)
Present value of lease obligations	924	1 634
Payable:		
Not later than one year	794	711
Later than one year and not later than five years	130	923
	924	1 634
Book value of plant and equipment encumbered as security for finance lease obligations (note 2).	7 861	10 603
Operating lease commitments, amounts due:		
Not later than one year	4 225	6 922
Later than one year and not later than five years	5 167	14 168
	9 392	21 090
In respect of:		
Property	4 568	14 600
Plant and machinery	4 824	6 490
	9 392	21 090

The group leases offices and warehouses under non-cancellable operating lease agreements.

The leases have varying terms, escalation clauses and renewal rights.

27. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2010 R'000	2009 R'000
Property, plant and equipment	90 381	112 557

Capital expenditure will be funded by a combination of external borrowings and cash flow from operations.

28. RELATED PARTY TRANSACTIONS

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 joint ventures and associates are disclosed below:

	2010 R'000	2009 R'000
Sales to joint ventures and associates	53 688	6 537
Accounts receivable from joint ventures and associates	11 206	1 074
Loans to joint ventures and associates	15 258	8 753

Key management personnel compensation is detailed in note 17.2.

29. CONTINGENT LIABILITIES

29.1 The Department of Trade and Industry has raised a dispute with the group relating to previous GEIS claims in the amount of R5 162 000 (2009: R4 794 000). A date for a court hearing of this matter has still to be set.

29.2 Sahara Aluminium Works, a toll processor of the company's coated scrap has claimed that there existed a long-term constructive contract with Hulamin Limited, formerly Hulett Aluminium (Pty) Limited, which would require a ten-year notice period be given before this contract could be terminated. Sahara has thus claimed R17,8 million from Hulamin, largely in respect of the loss of profits that Sahara would have earned over ten years, arising from the early termination of the purported constructive contract. A liability has not been raised for this amount as there is only a remote possibility that Sahara will succeed in its claim.

29.3 A fire in February 2002 at the S6 Cold Mill resulted in the death of a contractor and injuries to his assistant. The wife of the deceased and the injured assistant have lodged civil claims amounting to R1,6 million plus interest. Judgement was delivered in September 2009 in the matter between Hulamin and the injured assistant and the court ruled in favour of Hulamin and the case was dismissed with costs. An application for leave to appeal was heard and granted in March 2010. A liability of R3 million which was previously raised for this matter was reversed in December 2009 following the favourable court ruling in September 2009.

30. SHARE-BASED PAYMENTS

30.1 Employee share incentive schemes

Details of awards in terms of the company's share incentive schemes are as follows:

THE TONGAAT-HULETT EMPLOYEES SHARE INCENTIVE SCHEME AND THE TONGAAT-HULETT GROUP LIMITED 2001 SHARE OPTION SCHEME (THE ORIGINAL TONGAAT-HULETT SHARE OPTION SCHEMES)

Participating employees were originally awarded share options over Tongaat Hulett shares. On vesting, the employee was entitled to exercise the options and purchase the shares at the option price.

As a result of the unbundling from Tongaat Hulett, participants in these share option schemes who had not exercised their options at the unbundling date converted their existing Tongaat Hulett options into two options: a Tongaat Hulett option and a Hulamin option. Hulamin is obliged to settle all benefits under these share schemes in relation to its own employees using Hulamin shares which will be purchased in the market or issued by Hulamin. The benefit for the Hulamin option will be determined with reference to the Hulamin share price, and the Tongaat Hulett option with respect to the Tongaat Hulett share price.

The original exercise price of each Tongaat Hulett option was apportioned between the Tongaat Hulett and Hulamin options with reference to the volume weighted average prices (VWAP) of both companies for the first 22 trading days after the unbundling. The 22-day VWAPs were R93,89 and R29,04 respectively, with the expiry date being the same as that of the original options. The modification did not result in any incremental fair value being granted to option holders.

No further awards to Hulamin employees will be made under these schemes.

30. SHARE-BASED PAYMENTS continued

30.1 Employee share incentive schemes continued

THE TONGAAT-HULETT EMPLOYEES SHARE INCENTIVE SCHEME AND THE TONGAAT-HULETT GROUP LIMITED 2001 SHARE OPTION SCHEME (THE ORIGINAL TONGAAT-HULETT SHARE OPTION SCHEMES)

Tongaat Hulett modified grant price	Estimated weighted average fair value per option	Expiring ten years from	Number of options at 31 Dec 2009	Options exercised in 2010	Options forfeited in 2010	Number of options at 31 Dec 2010	Options time con-strained
R30,55		16 May 2001	20 250			20 250	
R37,88		13 May 2002	47 600	24 750		22 850	
R24,37	R8,48	14 Apr 2003	46 900	13 700		33 200	
R26,35	R8,44	1 Oct 2003	4 500			4 500	
R35,90	R11,03	21 Apr 2004	96 410	41 000		55 410	
			215 660	79 450		136 210	

Hulamin modified grant price	Estimated weighted average fair value per option	Expiring ten years from	Number of options at 31 Dec 2009	Options exercised in 2010	Options forfeited in 2010	Number of options at 31 Dec 2010	Options time con-strained
R9,45		16 May 2001	30 250			30 250	
R11,72		13 May 2002	62 600			62 600	
R7,53	R2,62	14 Apr 2003	53 200	1 100		52 100	
R8,15	R2,61	1 Oct 2003	4 500			4 500	
R11,10	R3,60	21 Apr 2004	133 600		1 000	132 600	
			284 150	1 100	1 000	282 050	

The estimated fair value of the share options at grant date was determined using a binomial tree valuation model. Options were exercised on a regular basis throughout the year. The volume weighted average share prices during the year for Tongaat Hulett and Hulamin shares were R101,86 and R9,97 respectively.

30. SHARE-BASED PAYMENTS continued

30.1 Employee share incentive schemes continued

THE TONGAAT-HULETT EMPLOYEES SHARE INCENTIVE SCHEME AND THE TONGAAT-HULETT GROUP LIMITED 2001 SHARE OPTION SCHEME (THE ORIGINAL TONGAAT-HULETT SHARE OPTION SCHEMES) continued

The significant inputs into the model for the 2003/4 awards were:

Share price at grant date	The share price at the date on which the share option is issued, as noted above
Grant price	The grant price as noted above
Expected option life	114 months (assumed leaving percentage of 5%)
Risk-free interest rate	9,02%
Expected volatility	35% – based on historical volatility
Expected dividends	A continuous dividend yield of 3,9% was used
Expected early exercise	Early exercise is taken into account on an expectation basis
Vesting conditions:	
– Time	Service obligations of between two to four years
– Non-market	None
– Market	None
Weighted average remaining life:	
– Expected	28 months (2009: 40 months)
– Contractual	120 months

THE TONGAAT-HULETT GROUP SHARE APPRECIATION RIGHT SCHEME (SARS) 2005

Under the Tongaat-Hulett Share Appreciation Right Scheme, participating employees were awarded rights to receive shares equal to the difference between the exercise price and the grant price. The vesting of the SARS was conditional on the achievement of performance conditions by Tongaat Hulett over a three-year period.

Following on the unbundling from Tongaat Hulett, participants in the Share Appreciation Right Scheme who had not exercised their rights at the unbundling date or whose rights had not vested, converted their existing Tongaat Hulett rights into two rights, a Tongaat Hulett right and a Hulamin right with adjusted exercise prices. The original exercise price of each Tongaat Hulett right was apportioned between Tongaat Hulett and Hulamin rights with reference to the volume weighted average prices (VWAP) of both companies for the first 22 trading days after the unbundling. The 22-day VWAPs were R93,89 and R29,04 respectively. Replacement SARS are not subject to any performance conditions. The vesting and lapse dates of both new SARS are the same as that of the original SARS. Hulamin is obliged to settle all benefits under these SARS in relation to its own employees using Hulamin shares which will be purchased in the market. The benefit for the Hulamin right will be determined with reference to the Hulamin share price, and the Tongaat Hulett right with respect to the Tongaat Hulett share price. The modification did not result in any incremental fair value being granted to option holders.

No further awards to Hulamin employees will be made under this scheme.

30. SHARE-BASED PAYMENTS continued

30.1 Employee share incentive schemes continued

THE TONGAAT-HULETT GROUP SHARE APPRECIATION RIGHT SCHEME (SARS) 2005 continued

Tongaat Hulett modified grant price	Estimated weighted average fair value per right	Expiring seven years from	Number of rights at 31 Dec 2009	Rights exercised in 2010	Rights forfeited in 2010	Number of rights at 31 Dec 2010	Rights time con-strained
R43,98	R13,52	10 May 2005	136 963	50 028		86 935	
R73,39	R23,81	25 Apr 2006	189 531	24 072		165 459	
			326 494	74 100		252 394	

Hulamin modified grant price	Estimated weighted average fair value per right	Expiring seven years from	Number of rights at 31 Dec 2009	Rights exercised in 2010	Rights forfeited in 2010	Number of rights at 31 Dec 2010	Rights time con-strained
R13,60	R4,18	10 May 2005	179 647		4 382	175 265	
R22,70	R7,36	25 Apr 2006	249 364		4 238	245 126	
			429 011		8 620	420 391	

Options were exercised on a regular basis throughout the year. The volume weighted average share prices during the year for Tongaat Hulett and Hulamin shares were R101,86 and R9,97 respectively.

The estimated fair value of these share appreciation rights at grant date was determined using a binomial tree valuation model and non-market performance conditions based on the following significant inputs:

Share price at grant date	The price at which the share appreciation right is issued, as noted above
Grant price	The grant price as noted above
Expected option life	80 months (assumed leaving percentage of 5%)
Risk-free interest rate	2006 award: 7,22% (2005 award: 8,09%)
Expected volatility	35% – based on historical volatility
Expected dividends	A continuous dividend yield of 4,0% was used for the 2006 award (2005 award: 3,9%)
Expected early exercise	Early exercise is taken into account on an expectation basis
Vesting conditions:	
– Time	Three years
– Non-market	Headline earnings per share (replacement SARS are not subject to any performance conditions)
– Market	None
Weighted average remaining life:	
– Expected	2006 award: 28 months (2005 award: 16 months)
– Contractual	84 months

30. SHARE-BASED PAYMENTS continued

30.1 Employee share incentive schemes continued

HULAMIN LIMITED SHARE APPRECIATION RIGHT SCHEME 2007

Under the Share Appreciation Right Scheme, participating employees are awarded the right to receive shares equal to the difference between the exercise price and the grant price.

The vesting of the right is conditional on the achievement by Hulamin of performance condition over a three-year period.

Grant price	Estimated weighted average fair value per right	Expiring seven years from	Number of rights at 31 Dec 2009	**Rights granted in 2010**	**Rights forfeited in 2010**	**Number of rights at 31 Dec 2010**	Rights time con-strained
R22,87	R9,72	20 Aug 2007	1 514 500		**18 000**	**1 496 500**	
R21,99	R8,91	30 Apr 2008	1 960 951		**59 149**	**1 901 802**	1 901 802
R11,50	R4,76	24 Jul 2009	4 278 523		**109 009**	**4 169 514**	4 169 514
R8,60	R3,06	1 Nov 2010		**5 514 943**		**5 514 943**	5 514 943
			7 753 974	**5 514 943**	**186 158**	**13 082 759**	11 586 259

The estimated fair value of these share appreciation rights at grant date was determined using a binomial tree valuation model, based on the following significant inputs:

Share price at grant date	2010 award: R8,60 (2009 award: R13,05; 2008 award: R21,90; 2007 award: R23,51)
Grant price	The grant price as noted above
Risk-free interest rate	2010 award: 7,08% (2009 award: 8,73%; 2008 award: 9,18%; 2007 award: 8,19%)
Expected volatility	2010 award: 39,21% (2009 award: 41,80%; 2008 award: 38,59%; 2007 award: 34,25%)
Expected dividends	2010 award: 4,25% (2009 award: 6,54%; 2008 award: 3,44%; 2007 award: 2,3%)
Vesting conditions:	
– Time	Three years
– Non-market	An increase in Hulamin Limited headline earnings per ordinary share as determined by the Remuneration Committee. Retesting of the performance condition is allowed in respect of the 2007, 2008 and 2009 grants.
– Market	None
Weighted average remaining life:	
– Expected	2010 award: 82 months (2009 award: 67 months; 2008 award: 52 months; 2007 award: 44 months)
– Contractual	84 months

30. SHARE-BASED PAYMENTS continued

30.1 Employee share incentive schemes continued

HULAMIN LIMITED LONG TERM INCENTIVE SCHEME 2007

Under the long-term incentive plan, participating employees are granted conditional awards. These awards are converted into shares in Hulamin on the achievement of ROCE and TSR performance conditions over a three-year period.

Issue price	Estimated weighted average fair value per award	Expiring three years from	Number of awards at 31 Dec 2009	Conditional awards exercised in 2010	Conditional awards granted in 2010	Number of conditional awards at 31 Dec 2010	Conditional awards time constrained
R23,51	R15,39	20 Aug 2007	232 500	232 500			
R21,90	R13,98	30 Apr 2008	300 661			300 661	300 661
R13,05	R4,08	24 Jul 2009	751 713	11 034*		740 679	740 679
R8,60	R4,66	1 Nov 2010			926 301	926 301	926 301
			1 284 874	243 534	926 301	1 967 641	1 967 641

** Due to termination of employment.*

The estimated fair value of these conditional share awards at the grant date was determined using a Monte Carlo Simulation model, based on the following significant inputs:

Share price at grant date	2010 award: R8,60 (2009 award: R13,05; 2008 award: R21,90: 2007 award: R23,51)
Risk-free interest rate	2010 award: 6,14% (2009 award: 8,31%; 2008 award: 9,74%; 2007 award: 8,94%)
Expected volatility	2010 award: 39,61% (2009 award: 41,42%; 2008 award: 38,59%; 2007 award: 34,25%)
Expected dividends	2010 award: 1,68% (2009 award: 3,35%; 2008 award: 3,44%; 20007 award: 2,3%)
Vesting conditions:	
– Time	Three years
– Non-market	Return on capital employed (ROCE)
– Market	Total shareholder return (TSR)
Weighted average remaining life:	
– Expected	2010 award: 34 months (2009 award: 19 months; 2008 award: 4 months)
– Contractual	36 months

30. SHARE-BASED PAYMENTS continued

30.1 Employee share incentive schemes continued

HULAMIN LIMITED DEFERRED BONUS PLAN 2007

Under the deferred bonus plan, participating employees purchase shares in Hulamin with a portion of their after tax bonus. These pledged shares are held in escrow for a qualifying period, after which Hulamin awards the employee a number of shares in Hulamin Limited which matches those pledged shares released from escrow.

Issue price	Estimated weighted average fair value per award	Expiring three years from	Number of awards at 31 Dec 2009	Conditional awards vested in 2010	Conditional awards granted in 2010	Number of conditional awards at 31 Dec 2010	Conditional awards time constrained
R23,44	R22,09	1 Mar 2007	11 100	11 100			
R22,20	R20,03	25 Feb 2008	42 000			42 000	42 000
R10,50	R9,30	27 Feb 2009	104 813			104 813	104 813
R8,93	R8,51	1 Nov 2010			32 729	32 729	32 729
			157 913	11 100	32 729	179 542	179 542

The estimated fair value costing of these deferred bonus share awards was based on the following significant inputs:

Share price at grant date	2010 award: R8,93 (2009 award: R10,50; 2008 award: R22,20; 2007 award: R23,44)
Expected dividends	The measurement of the fair value of the deferred bonus shares did not take into account dividends, as no dividend payment was expected
Expected early exercise	Early exercise is taken into account on an expectation basis
Vesting conditions:	
– Time	Three years
– Non-market	None
– Market	None
Weighted average remaining life:	
– Expected	2010 award: 34 months (2009 award: 14 months; 2008 award: 2 months)
– Contractual	36 months

The deferred bonus shares were purchased by the participating employees on 6 March 2008, 10 March 2009 and 15 November 2010 in terms of the 2008, 2009 and 2010 awards respectively.

30. SHARE-BASED PAYMENTS continued

30.1 Employee share incentive schemes continued

HULAMIN LIMITED MANAGEMENT SHARE OWNERSHIP PLAN (MSOP) AND EMPLOYEE SHARE OWNERSHIP PLAN (ESOP)

The MSOP and ESOP schemes were implemented in respect of 5% of the issued share capital of Hulamin.

The MSOP scheme consists of two components, namely a share appreciation scheme and a share grant scheme. The ESOP scheme consists of a share appreciation scheme, and participants share in 50% of the dividends payable to ordinary shareholders.

The MSOP Trust and ESOP Trust were established to acquire and hold Hulamin Limited shares for the benefit of its employees and have received contributions from the employer companies within the Hulamin group in order to acquire the shares. Due to these shares having specific repurchase rights, they are a separate class of restricted shares which, other than for the repurchase terms, rank pari passu with ordinary shares.

Hulamin has the right to repurchase from the Trust, at maturity (year five) of the scheme, a variable number of shares at one cent per share after which the remaining shares would become unrestricted ordinary shares. The number of shares to be repurchased at maturity is calculated such that the market value of the repurchased shares will be equal to:

- 80% of the market value (at the outset) of the shares issued in terms of the share appreciation right component of the MSOP;
- Rnil in respect of the share grant component of the MSOP; and
- The grant price of the shares allocated, plus the value of cash dividends paid to ESOP participants. At maturity of the scheme, the Trust will distribute the remaining Hulamin shares to the beneficiaries.

The value of the benefits in the MSOP scheme are capped at a level of 10% compounded growth per year.

Grant price	Scheme	Estimated fair value per right	Expiring five years from	Number of rights at 31 Dec 2009	**Rights granted in 2010**	**Rights forfeited in 2010**	**Number of rights at 31 Dec 2010**	Rights time con-strained
R21,44 B2	MSOP share appre-ciation right scheme	R4,46	31 Aug 2007	2 074 680	**–**	**18 990**	**2 055 690**	2 055 690
R0,00 B3	MSOP share grant scheme	R14,07	31 Aug 2007	692 788	**–**	**5 390**	**687 398**	687 398
R26,80 B1	ESOP share appre-ciation right scheme	R7,90	31 Aug 2007	7 535 253	**–**	**271 532**	**7 263 721**	7 263 721

30. SHARE-BASED PAYMENTS continued

30.1 Employee share incentive schemes continued

HULAMIN LIMITED MANAGEMENT SHARE OWNERSHIP PLAN (MSOP) AND EMPLOYEE SHARE OWNERSHIP PLAN (ESOP) continued

The estimated fair value of these share appreciation rights and share grant rights at grant date was determined using the Black-Scholes call option valuation model, based on the following significant inputs:

Share price at grant date	R24,90
Grant price	The grant price as noted above
Risk-free interest rate	8,11%
Expected volatility	30%. As Hulamin's shares have only recently been listed, the valuations of appropriate proxy companies were used to estimate the expected Hulamin share price volatility
Expected dividends	A dividend yield of 2,3% was used
Attrition rate	4,18% per annum
Vesting conditions:	
– Time	Five years
– Non-market	None
– Market	None
Weighted average remaining life:	
– Expected	20 months
– Contractual	60 months

30.2 BEE equity transaction

During the 2007 financial year, Hulamin concluded agreements with BEE partners to facilitate the acquisition of an effective 10% interest in Hulamin.

The BEE partners have subscribed for 10% of the share capital of Hulamin Operations (Pty) Limited (OPCO) at a cost of R37,5 million and for 25 million A class shares in Hulamin at a cost of R2,5 million. The BEE partners will be entitled to exchange their OPCO shares for shares of an equivalent value in Hulamin seven years after the grant date, and on surrender of the A class shares. For accounting purposes the fair value of the transaction at grant date of R134 686 000, which was expensed in full in the 2007 financial year, has been determined using a Monte Carlo simulation model based on the following significant inputs:

Share price at grant date	R34,10
Grant date	11 June 2007
Expected option life	Seven years
Lock-in period	Further three years
Risk-free interest rate	Forward swap curve
Expected volatility	30%. As Hulamin's shares had only listed a short time before grant date, the valuations of appropriate proxy companies were used to estimate the expected Hulamin share price volatility.
Expected dividends	A dividend yield of 2,3% was used

31. DETAILS OF INVESTMENTS IN ASSOCIATES, SUBSIDIARY COMPANIES AND JOINT VENTURES

The financial statements of the group include the financial statements of the company and the associates, subsidiary companies and joint ventures listed in the following table:

Name	Country of incorporation	Percentage equity interest 2010	Percentage equity interest 2009
Subsidiaries			
Hulamin Rolled Products (Pty) Limited*	South Africa	100	100
Hulamin Systems (Pty) Limited*	South Africa	100	100
Hulamin Operations (Pty) Limited	South Africa	90	90
Hulamin Extrusions (Pty) Limited*	South Africa	100	100
Hulamin North America LLC*	United States of America	100	100

* *Subsidiaries of Hulamin Operations (Pty) Limited.*

All the investments are unlisted.

Name	Country of incorporation	Percentage equity interest 2010	Percentage equity interest 2009
Associates and joint ventures			
Almin Metal Industries Limited**	Zimbabwe	49	49
Richards and Barlow (Pty) Limited***	South Africa	50	50
Cyndara 193 (Pty) Limited, trading as Hulamin Building Systems***	South Africa	50	50

** *Investment held by Hulamin Extrusions (Pty) Limited.*

*** *Investments held by Hulamin Operations (Pty) Limited.*

All the investments are unlisted.

Almin Metal Industries operates under severe long term restrictions on the transfer of funds to the company and has been fully impaired. Therefore, information in respect of its assets, liabilities, revenues and profit or loss has not been disclosed in note 4.

Special purpose vehicles

The following special purpose vehicles have also been consolidated:

– Hulamin Employee Share Ownership Trust;
– Hulamin Management Share Ownership Trust; and
– Chaldean Trading 67 (Pty) Limited.

Financial risk management

1. FINANCIAL RISK FACTORS

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance, and uses derivative financial instruments to hedge certain risk exposures.

Hedging is carried out by a central treasury department (group treasury) under policies approved by the board of directors, and in close co-operation with the group's operating units.

1.1 Market risk

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar.

Foreign exchange risk arises from future commercial transactions or recognised assets or liabilities that are denominated in a currency that is not the group's functional currency, which is South African Rand. The group's risk management policy is to hedge its currency exposure related to import transactions, foreign currency liabilities, foreign currency assets and export transactions. Aluminium purchases and sales are determined with reference to the US Dollar and it is the group's policy to hedge all currency exposure on aluminium, while the value added portion of export transactions is hedged from invoice date. The group uses foreign exchange contracts, transacted with commercial banks, to manage these risks.

For every 5% weakening or strengthening of the South African Rand against the US Dollar at 31 December, the after tax profit for the year would have been higher or lower by R2 347 000 (2009: R2 988 000) based on the group's exposure at the balance sheet date. The sensitivity of profits to changes in exchange rates is a result of foreign exchange gains/losses on translation of US Dollar-denominated trade receivables and payables and financial assets and liabilities at fair value through profit or loss that are offset by equivalent gains/losses in currency derivatives. Profit is no more sensitive to movements in currency exchange rates in 2010 than in 2009, as all foreign currency denominated assets and liabilities are hedged through foreign exchange contracts. The above change in currency exchange rates would result in equity being lower or higher by R34 520 000 (2009: R28 280 000). The change in equity is mainly from foreign exchange losses/gains on translation of US Dollar-denominated cash flow hedging instruments.

Commodity price risk

The group purchases and sells aluminium at prices that fluctuate with movements in prices on the London Metal Exchange and is thus exposed to commodity price risk. This commodity price risk is hedged by futures contracts.

For every 5% weakening or strengthening of the price of aluminium at 31 December, the effect on after tax profit for year would have been lower or higher by R592 000 (2009: R704 000) based on the group's exposure at the balance sheet date. The sensitivity of profits to changes in aluminium prices is a result of commodity price gains/losses on aluminium futures contracts that were all hedge accounted in 2010 and 2009. For this reason profit is no more sensitive to movement in commodity prices in 2010 than 2009. The above change in aluminium prices would have no effect on equity as all futures contracts were part of fair value hedges (2009: lower or higher by R3 261 000). The change in 2009 equity is mainly from gains/losses on cash-flow hedging instruments.

Interest rate risk

The group has no significant interest-bearing assets and interest rate risk is solely related to borrowings. The group's borrowings bear interest at variable rates and it had fixed the interest rate on R600 000 000 (2009: R600 000 000) of these borrowings through interest rate swaps that matured on 31 December 2010 and which were accounted for as a cash flow hedge. Consequently, every 0,5 percentage point increase or decrease in the interest rate at 31 December would have no fair value effect on after tax profit (2009: nil) and no effect on equity (2009: increase or decrease by R846 000).

The group is also exposed to future cash flow risks on borrowings. Had interest rates for the year been 0,5 percentage points higher or lower and been applied to the period end net debt, the interest expense for the year would have been higher or lower by R4 792 000 (2009: R4 127 000).

The group analyses the impact on profit and loss of defined interest rate shifts – taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. The analysis is only for liabilities that represent the major interest-bearing positions.

1. FINANCIAL RISK FACTORS continued

1.2 Credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. All deposits are held with major South African banks and all foreign exchange and interest rate hedging transactions are undertaken with these banks. All aluminium futures are undertaken with major London Metal Exchange broker companies.

Creditworthiness of local trade debtors is assessed when credit is first extended and is reviewed on a monthly basis thereafter. This assessment establishes credit limits that, where felt necessary, are supplemented by credit insurance. 90% of the invoice value of all export trade debtors is covered by insurance.

Quantitative data on credit risk is disclosed in the notes to the annual financial statements on derivative financial instruments (note 8) and trade and other receivables (note 7).

1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, flexibility in funding is maintained through ensuring availability under committed credit lines. Management monitors rolling forecasts of the group's liquidity reserve, being the excess of available facilities over forecast net borrowings.

The group's facility utilisation at the period end was:

	Note	2010 R'000	2009 R'000
Total borrowing facilities		**1 180 933**	1 605 000
Less:			
Non-current borrowings	11	**(627 759)**	(763 496)
Current borrowings	15	**(355 077)**	(709 822)
Add:			
Bank balances	9	**23 698**	63 742
Committed undrawn facilities		**221 795**	195 424

The total borrowing facilities comprise finance leases of R0,9 million and long-term facilities of R630 million (with repayment profiles as set out in note 11 to the financial statements) and a general short-term facility of R550 million.

Financial liabilities with contractual maturity dates beyond a year from 31 December 2010 comprise long-term borrowings. Financial liabilities with maturity dates less than one year comprise current borrowings, trade and other payables, sundry accruals and derivative liabilities.

The table below summarises the maturity profile of the group's financial liabilities based on contractual undiscounted payments:

	360 days notice R'000	Less than one year R'000	One to two years R'000	Two to three years R'000	Three to four years R'000	Greater than four years R'000	Total R'000
2010							
Non-current borrowings		**53 036**	**52 427**	**126 054**	**119 966**	**505 943**	**857 426**
Current borrowings	**302 000**	**52 283**					**354 283**
Trade and other payables (excluding employee benefit accruals)		**550 071**					**550 071**
Derivative financial liabilities		**44 686**					**44 686**
	302 000	**700 076**	**52 427**	**126 054**	**119 966**	**505 943**	**1 806 466**
2009							
Non-current borrowings			173 356	164 426	155 447	690 036	1 183 265
Current borrowings	544 000	165 822					709 822
Trade and other payables (excluding employee benefit accruals)		526 868					526 868
Derivative financial liabilities		70 363					70 363
	544 000	763 053	173 356	164 426	155 447	690 036	2 490 318

2. CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to maintain the optimum mix of liquidity and low cost of capital and to be able to finance future growth.

The group does not target specific capital ratios, with current and future borrowings being evaluated against the group's expected operating cash flows and capital investment needs. Capital adequacy and liquidity are managed by monitoring gearing ratios, interest cover and debt service ratios.

The group's gearing ratio at the period end was as follows:

	Note	2010 R'000	2009 R'000
Non-current borrowings	11	627 759	763 496
Current borrowings	15	355 077	709 822
Total borrowings		982 836	1 473 318
Less: cash and cash equivalents	9	(24 439)	(64 413)
Net borrowings		958 397	1 408 905
Total equity		4 609 534	3 744 279
Total capital		5 567 931	5 153 184
Gearing ratio (net debt over total capital)	(%)	17	27

Company balance sheet
as at 31 December 2010

	Note	2010 R'000	2009 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	1	4 293 117	3 490 626
Deferred tax asset	2	12 935	12 208
Total assets		4 306 052	3 502 834
Current assets			
Trade and other receivables		943	–
Total assets		4 306 995	3 502 834
EQUITY			
Share capital and share premium	3	1 820 613	1 084 338
BEE reserve		134 686	134 686
Employee share-based payment reserve		91 219	74 097
Retained earnings		2 207 443	2 163 832
Total equity		4 253 961	3 456 953
LIABILITIES			
Non-current liabilities			
Retirement benefit obligations	4	46 198	43 601
		46 198	43 601
Current liabilities			
Income tax liability		1 472	2 280
Trade and other payables		5 364	–
		6 836	2 280
Total liabilities		53 034	45 881
Total equity and liabilities		4 306 995	3 502 834

Company statement of comprehensive income
for the year ended 31 December 2010

	Note	2010 R'000	2009 R'000
Revenue		72 530	80 388
Administrative expenses	5	(9 831)	(7 721)
Operating profit		62 699	72 667
Finance costs		(204)	–
Profit before tax		62 495	72 667
Tax	6	(18 884)	(20 664)
Total comprehensive income for the year		43 611	52 003

Company statement of changes in equity
for the year ended 31 December 2010

	Share capital R'000	Share premium R'000	Employee share-based payment reserve R'000	BEE reserve R'000	Retained earnings R'000	Share holders' interest R'000	Minority interest R'000	Total equity R'000
Balance at 31 December 2008	25 209	1 057 490	48 933	134 686	2 140 366	3 406 684	–	3 406 684
Total comprehensive income for the year	–	–	–	–	52 003	52 003	–	52 003
Shares issued	45	1 594	—	–	–	1 639	–	1 639
Value of employee services of subsidiaries	–	–	29 492	–	–	29 492	–	29 492
Settlement of employee share incentives	–	–	(4 328)	–	–	(4 328)	–	(4 328)
Dividends paid	–	–	–	–	(28 537)	(28 537)	–	(28 537)
Balance at 31 December 2009	25 254	1 059 084	74 097	134 686	2 163 832	3 456 953	–	3 456 953
Total comprehensive income for the year	–	–	–	–	43 611	43 611	–	43 611
Shares issued	10 059	726 216	–	–	–	736 275	–	736 275
Value of employee services of subsidiaries	–	–	20 355	–	–	20 355	–	20 355
Settlement of employee share incentives	–	–	(3 233)	–	–	(3 233)	–	(3 233)
Balance at 31 December 2010	35 313	1 785 300	91 219	134 686	2 207 443	4 253 961	–	4 253 961

Company cash flow statement
for the year ended 31 December 2010

	Note	2010 R'000	2009 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		62 699	72 667
Changes in working capital		4 421	–
Movement in retirement benefit obligation		2 597	1 825
Interest paid		(204)	–
Income tax payment		(20 419)	(48 572)
Net cash inflow from operating activities		49 094	25 920
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase/(decrease) in investments in subsidiaries		(802 491)	5 306
Net cash (outflow)/inflow from investing activities		(802 491)	5 306
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued		756 630	1 639
Settlement of share options net of reversals		(3 233)	(4 328)
Dividends paid	7	–	(28 537)
Net cash inflow/(outflow) from financing activities		753 397	(31 226)
Net increase/(decrease) in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of year		–	–
Cash and cash equivalents at end of year		–	–

Notes to the company financial statements
for the year ended 31 December 2010

		2010 R'000	2009 R'000
1.	**INVESTMENT IN SUBSIDIARIES**		
	Investment in shares in subsidiaries	3 733 066	2 965 058
	Loans to subsidiaries	560 051	525 568
		4 293 117	3 490 626

Included in the investment in shares in subsidiaries is an investment in cumulative redeemable preference shares of Hulamin Operations (Pty) Limited.

The effective interest rate on loans to subsidiaries is 13,1%. No fixed repayment terms have been set. The loans to subsidiaries are subordinated in favour of Standard Bank, FirstRand Bank and Chaldean Trading 67 (Pty) Limited.

		2010 R'000	2009 R'000
2.	**DEFERRED TAX ASSET**		
	At beginning of year	12 208	11 697
	Income statement:		
	Current year relief on earnings	727	511
	At end of year	12 935	12 208
	Deferred income tax asset analysed as follows:		
	Provisions	12 935	12 208
		12 935	12 208

	2010 R'000	2009 R'000
3. SHARE CAPITAL		
3.1 Authorised		
800 000 000 ordinary shares of 10 cents each (2009: 240 000 000 ordinary shares of 10 cents each)	80 000	24 000
34 000 000 A ordinary shares of 10 cents each (2009: 34 000 000 A ordinary shares of 10 cents each)	3 400	3 400
21 000 000 B ordinary shares of 10 cents each (2009: 21 000 000 B ordinary shares of 10 cents each)	2 100	2 100
Total authorised share capital	85 500	29 500
The B ordinary shares consist of 8 000 000 B1 shares, 10 000 000 B2 shares and 3 000 000 B3 shares.		
3.2 Issued		
Opening balance (252 541 066 ordinary shares of 10 cents each) (2009: 252 090 090 ordinary shares of 10 cents each)	25 254	25 209
Issued during year (100 590 285 ordinary shares of 10 cents each) (2009: 450 976 ordinary shares of 10 cents each)	10 059	45
Closing balance (353 131 351 ordinary shares of 10 cents each) (2009: 252 541 066 ordinary shares of 10 cents each)	35 313	25 254
Share premium		
Opening balance	1 059 084	1 057 490
Premium on shares issued	726 216	1 594
Closing balance	1 785 300	1 059 084
Share capital and share premium	1 820 613	1 084 338

3.3 A ordinary shares and B ordinary shares

The A ordinary shares and B ordinary shares are unlisted and carry full voting rights. The A ordinary shares have no entitlements to any dividends other than shareholder distributions.

3.4 Unissued

Under option to employees:

In terms of the Tongaat-Hulett Employees Share Incentive Scheme and The Tongaat-Hulett Group Limited 2001 Share Option Scheme, employees of the subsidiaries of the company have been granted options to subscribe for 1 477 637 Hulamin shares. The weighted average exercise price for these options is R17,50 per share.

Details of the employee share incentive schemes are set out in note 31 of the group financial statements.

Under the control of the directors:

At 31 December 2010, 8 826 445 unissued ordinary shares (2009: 9 416 730) were under the control of the directors, for the purpose, inter alia, of existing employee share incentive schemes.

At 31 December 2010, 9 653 770 unissued B ordinary shares (2009: 9 653 777) were under the control of the directors, for the purpose of the Hulamin Employee Share Ownership Plan and the Hulamin Management Share Ownership Plan.

Notes to the company financial statements
for the year ended 31 December 2010

		2010 R'000	2009 R'000
4. RETIREMENT BENEFIT OBLIGATIONS			
Post-retirement medical aid provision		46 198	43 601
		46 198	43 601
The movement of these provisions is detailed in note 8.			
5. EXPENSES BY NATURE			
Post-retirement medical aid costs		7 444	6 360
Auditors' remuneration (note 5.1)		141	120
Other costs		2 246	1 241
		9 831	7 721
Classified as:			
Administrative expenses		9 831	7 721
		9 831	7 721
5.1 Auditors' remuneration			
Audit fees		126	106
Expenses		15	14
		141	120
5.2 Directors' emoluments			
Non-executives			
Fees		1 677	1 504
		1 677	1 504
6. TAX			
South African normal taxation:			
Current			
Current year		18 283	20 662
Prior year under/(over) provision		1 328	(2 341)
Deferred			
Current year (note 2)		(727)	(511)
Secondary tax on companies		–	2 854
		18 884	20 664
Normal rate of taxation	(%)	28,0	28,0
Adjusted for:			
Prior year adjustments	(%)	2,1	(3,2)
Other adjustments	(%)	0,1	(0,3)
STC	(%)	–	3,9
Effective rate of taxation	(%)	30,2	28,4
7. DIVIDENDS			
Final for 2009 year: nil (final for 2008 year, paid 9 March 2009: 13 cents)		–	28 537
Interim for current year: nil (2009: nil)		–	–
		–	28 537

	2010 R'000	2009 R'000
8. POST-RETIREMENT MEDICAL AID BENEFITS		
The company has undertaken to contribute to the medical aid costs after retirement of employees engaged prior to 30 June 1996. The obligation is unfunded.		
Amounts recognised in the balance sheet are as follows:		
Present value of unfunded obligations	65 161	58 281
Unrecognised actuarial losses	(18 963)	(14 680)
Liability in the balance sheet	46 198	43 601
The liability can be reconciled as follows:		
Balance at beginning of year	43 601	41 775
Total expense accrued	7 444	6 360
Benefit payments	(4 847)	(4 534)
Balance at end of year	46 198	43 601
Amounts recognised in the income statement are as follows:		
Interest costs	5 165	4 081
Actuarial loss recognised	2 279	2 279
	7 444	6 360
The principal actuarial long-term assumptions are:		
Discount rate (%)	8,500	9,250
Future medical inflation rate (%)	7,125	7,000
Sensitivity of future medical inflation rate:		
1% increase in future medical inflation rate – effect on the aggregate of the service and interest costs	552	518
1% increase in future medical inflation rate – effect on the obligation	6 491	5 597
1% decrease in future medical inflation rate – effect on the aggregate of the service and interest costs	(475)	(448)
1% decrease in future medical inflation rate – effect on the obligation	(5 593)	(4 843)
Estimated benefits payable by the group in the next financial year	5 180	4 887

Historical information	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Present value of unfunded obligations	65 161	58 281	56 970	51 608	86 536
Experience loss on plan liabilities	1 708	1 710	4 063	3 541	4 930
Experience loss as a percentage of liabilities (%)	2,62	2,93	7,13	6,86	5,70

	2010 R'000	2009 R'000
9. RELATED PARTY TRANSACTIONS		
During the year the company, in the ordinary course of business, entered into the following related party transactions:		
Interest received from subsidiaries	70 803	79 441
Loan balance owing by subsidiary	560 051	525 568
Agency fees received from subsidiary	50	576
Management fees received from subsidiary	1 677	–

Analysis of ordinary shareholders
as at 31 December 2010

	Number of ordinary shareholders	Percentage of total	Number of ordinary shares	Percentage of total
Size of holdings				
1 – 1 000	3 432	50,84	1 084 035	0,34
1 001 – 10 000	2 555	37,84	8 378 136	2,65
10 001 – 100 000	540	8,00	14 919 573	4,71
100 001 – 1 000 000	180	2,67	55 376 594	17,48
Over 1 000 000 shares	44	0,65	237 026 783	74,82
	6 751	100,00	316 785 121	100,00
Public/non-public shareholders				
Non-public shareholders				
Industrial Development Corporation	1		94 587 954	29,86
Directors	6		325 266	0,10
Associate of director	1		11 700	0,00
The Tongaat-Hulett Pension Fund	1		1 850 332	0,58
Total non-public shareholders	9		96 775 252	30,54
Public shareholders	6 742		220 009 869	69,46
Total listed shareholders	6 751		316 785 121	100,00

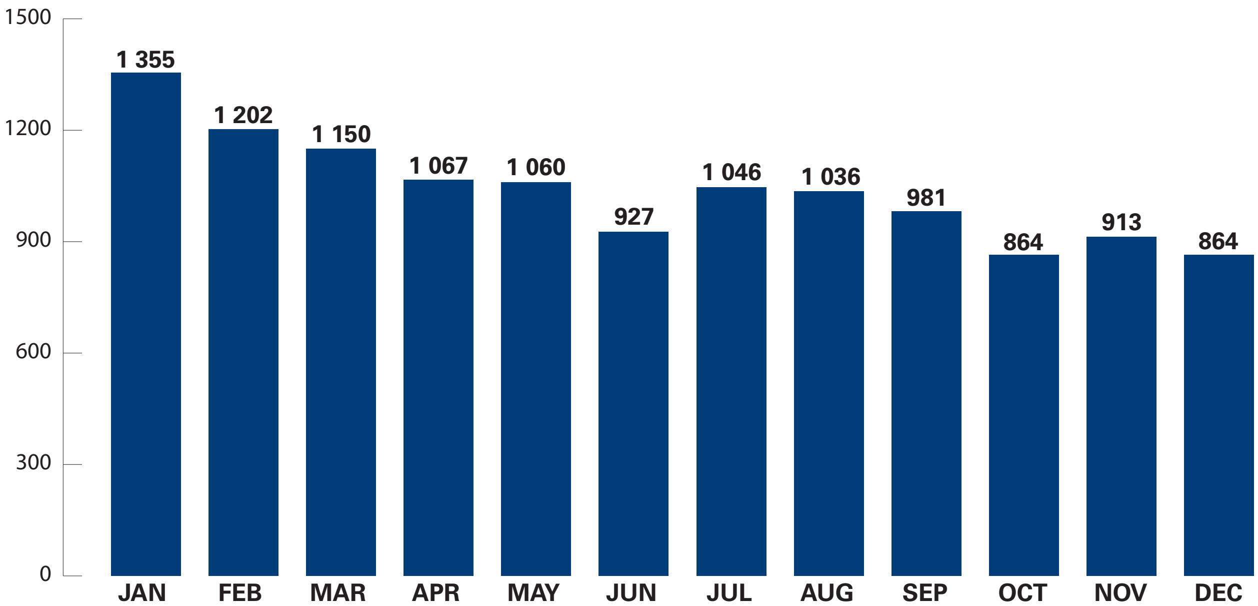
	Number of ordinary shareholders	Percentage of total	Number of shares	Percentage of issued shares
Beneficial shareholders holding more than 5% of share capital				
Industrial Development Corporation	1		94 587 954	29,86
Coronation Fund Managers	1		26 657 101	8,41
Government Employees Pension Fund	1		24 672 812	7,79
Metropolitan	1		20 329 560	6,42
Old Mutual	1		16 702 248	5,27
A class ordinary shares				
Chaldean Trading 67 (Pty) Limited	1	100,00	25 000 000	100,00
B1 ordinary shares				
Hulamin Employee Share Ownership Trust: No IT 645/2007/PMB	1	100,00	7 998 556	100,00
B2 ordinary shares				
Hulamin Management Share Ownership Trust: No IT 644/2007/PMB	1	100,00	2 509 569	100,00
B3 ordinary shares				
Hulamin Management Share Ownership Trust	1	100,00	838 105	100,00

Shareholders' diary

Financial year-end			31 December
Annual general meeting			May
Reports and profit statements:		Interim results	July
		Annual results and final dividend declaration	February
		Annual financial statements	March
Dividends:	Interim	Declared	July
		Paid	August
	Final	Declared	February
		Paid	March

Hulamin share price

Hulamin's volume weighted average share price by month for 2010 (cents per share)



Corporate information

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

Business address

Moses Mabhida Road
Pietermaritzburg
3201

Postal address

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 (Pty) 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

L C Cele
V N Khumalo
T P Leeuw
J B Magwaza
N N A Matyumza (with effect from 1 March 2010)
M E Mkwanazi, Chairman
S P Ngwenya
P H Staude

Executive directors

A Fourie, Chief Executive Officer
(retired with effect from 30 June 2010)
R G Jacob, Chief Executive Officer
(appointed with effect from 1 July 2010)
C D Hughes
M Z Mkhize


ABB