FINANCIAL STATEMENTS

DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL
of the annual financial statements

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 and applicable legislation, under the supervision of the Chief Financial Officer, Mr D A Austin CA (SA).

In preparing the financial statements, the company and the group have used appropriate accounting policies, supported by reasonable and prudent judgement 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 2013 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 directors are responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss.

Based on the results of a formal documented review of Hulamin's system of internal controls and risk management by the internal audit function during the year, the information and explanations given by management and the comment by the independent auditors on the results of their statutory audit, nothing has come to the attention of the directors which indicates that, in all material aspects, Hulamin's system of internal controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The opinion of the directors is supported by the Audit Committee.

The company's independent external auditors, PricewaterhouseCoopers, have audited the financial statements and their unqualified report appears on page 81.

The annual financial statements as set out on pages 82 to 153 were approved by the board of directors on 20 February 2014 and are signed on its behalf by:

Mafika Mkwanazi
Chairman

Richard Jacob
Chief Executive Officer

Pietermaritzburg, KwaZulu-Natal
20 February 2014

CERTIFICATE BY COMPANY SECRETARY

In terms of section 88 of the Companies Act, No 71 of 2008, I certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission for the financial year ended 31 December 2013, all such returns as are required of a public company in terms of the aforesaid Act, and that all such returns are true, correct and up to date.

Willem Fitchat
Company Secretary

Pietermaritzburg, KwaZulu-Natal
20 February 2014

REPORT OF THE AUDIT COMMITTEE

INTRODUCTION

The Hulamin Group Audit Committee ("the committee" or "Audit Committee") presents its report in terms of section 94(7)(f) of the Companies Act, 2008, and as recommended by King III, for the financial year ended 31 December 2013.

The Audit Committee is an independent statutory committee appointed by the shareholders. Further duties are delegated to the committee by the board of directors of the company.

MEMBERSHIP AND MEETINGS

The committee comprises three independent non-executive directors, who were appointed by shareholders at the 2012 annual general meeting of the company in terms of section 94(2) of the Companies Act. For the year under review, the audit committee comprised:

- T P Leeuw (Chairman)
- N N A Matyumza
- L C Cele

The Chief Financial Officer, financial manager responsible for internal audit and representatives from the external and internal auditors also attended the committee meetings by invitation.

The audit committee met five times during the year and all members of the committee attended all of these meetings.

Full details of membership of the committee and attendance at committee meetings during the financial year are also set out in the Corporate Governance section of the integrated report of the group.

ROLE AND RESPONSIBILITIES

The role and responsibilities of the committee include statutory duties per the Companies Act, 2008, and further responsibilities assigned to it by the board. The committee executed its duties in terms of the requirements of King III.

The key responsibilities of the committee are as follows:

- Ensuring the integrity of the financial reporting process, including sound systems of internal control and financial risk management;
- Review of Integrated Annual Reports, Interim Reports and other financial announcements, including the accounting principles and policies adopted therein and compliance with 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;
- Perform statutory duties in terms of the Companies Act, No 71 of 2008, as amended (Companies Act), as well as to report to the shareholders in respect of the financial year, including those matters in terms of section 94(7)(f) of the Companies Act; and
- Ensure that the combined assurance model introduced by the King III Code is applied to provide a coordinated approach to assurance activities.

PERFORMANCE OF DUTIES

The Audit Committee is satisfied that, during the year under review, it complied with its legal, regulatory and other responsibilities, conducted its affairs in compliance with a board-approved terms of reference, and discharged its responsibilities contained therein. The committee is therefore pleased to report that it discharged the following responsibilities for the period under review:

External auditor appointment and independence

The committee has satisfied itself that the external auditor was independent of the company, as set out in section 94(8) of the Companies Act, 2008, which includes consideration of previous appointments of the auditor, the extent of other work undertaken by the auditor for the company and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors.

The committee ensured that the appointment of the auditor complied with the Companies Act, 2008, and any other legislation relating to the appointment of auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the 2013 year as disclosed in note 18.3 of the financial statements of the group and note 6.1 of the financial statements of the company.

There is a formal procedure that governs the process whereby the auditor is considered for non-audit services. The committee pre-approved all engagements for the provision of non-audit services by the external auditor, in terms of the established policy for non-audit services.

The committee has nominated, for election at the annual general meeting, PricewaterhouseCoopers as the external audit firm and Mr H Govind as the designated auditor responsible for performing the functions of auditor, for the 2014 year. The committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE list of auditors and their advisors.

Financial statements and accounting practices

The committee has reviewed the accounting policies and the financial statements of the company and the group for the year ended 31 December 2013, and is satisfied that they are appropriate and comply with International Financial Reporting Standards.

The committee receives and deals with any concern or complaints, whether from within or outside the company, relating to the accounting practices and internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company and related matters. There were no such complaints during the year under review.

Internal financial controls

The committee has overseen a process by which internal audit performed a written assessment of the effectiveness of the company's system of internal control and risk management, including internal financial controls.

Based on the results of the formal documented review of the company's system of internal financial controls by the internal audit function, the information and explanations given by management and the comment by the independent auditors on the results of their statutory audit, including a review of significant issues raised by the internal audit processes and the adequacy of corrective action in response thereto, nothing has come to the attention of the committee which indicates that, in all material aspects, Hulamin's system of internal financial controls was not operating effectively during the year under review.

This written assessment by internal audit formed the basis for the committee's recommendation in this regard to the board, in order for the board to report thereon. The board's opinion on the effectiveness of the system of internal controls and risk management is included on page 75. The committee supports the opinion of the board in this regard.

Integrated reporting, sustainability and combined assurance

The committee fulfils an oversight role regarding the company's integrated report and the reporting process.

The committee considered the company's sustainability information as disclosed in the integrated report and separate sustainability report of the group for the year ending 31 December 2013 and has assessed its consistency with operational and other information known to committee members, and for consistency with the annual financial statements. The committee discussed the sustainability information with management and has considered the conclusion of the external assurance provider. The committee is satisfied that the sustainability information is reliable and consistent with the financial results.

The committee recommended to the board the appointment of KPMG Services (Pty) Ltd to perform an assurance engagement on key performance indicators included in the company's 2013 sustainability reporting. The committee determined the scope of this assurance engagement and satisfied itself as to the independence and competency of the external assurance provider.

The committee ensures the combined assurance model is appropriate to address the significant risks facing the business, and is satisfied that the company has optimised the assurance coverage obtained from management, and internal and external assurance providers for the year under review.

The committee has, at its meeting held on 17 February 2014, recommended the 2013 integrated report for approval by the board of directors.

Going concern

The committee has reviewed a documented assessment, including key assumptions, prepared by management of the going concern status of the company as at 31 December 2013 and has made a recommendation to the board in this respect. The board's statement on the going concern status of the company, as supported by the committee, is detailed on page 75.

Governance of risk

The board has assigned oversight of the company's risk management function to the Risk and SHE Committee. The chairman of the Audit Committee attended meetings of the Risk and SHE Committee as a member thereof for the year under review to ensure that information relevant to these respective committees was transferred regularly. The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, and fraud and information technology risks as they relate to financial reporting.

REPORT OF THE AUDIT COMMITTEE continued

Internal audit

The committee is responsible for ensuring that the company's internal audit function is independent and has the necessary resources, standing and authority within the company to enable it to discharge its duties in terms of the established internal audit charter. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

An internal audit charter is in place which defines the function, responsibility and authority of the group's internal audit activity. The internal audit function's 2013 annual audit plan was approved by the committee.

The internal audit function reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of the company's operations. The head of the internal audit function, who has direct access to the committee, is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the committee on a regular basis.

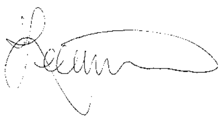
During the year under review, the committee met with the internal and external auditors without management being present.

Evaluation of the expertise and experience of the financial director and finance function

The committee has satisfied itself during the year under review that the Chief Financial Officer has appropriate expertise and experience.

The committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

On behalf of the audit committee



Thabo Leeuw
Chairman of the Audit Committee

Pietermaritzburg, KwaZulu-Natal
17 February 2014

DIRECTORS' STATUTORY REPORT

Dear shareholder

The directors have pleasure in presenting their annual report for the year ended 31 December 2013.

Nature of business

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

Financial results

The net loss attributable to shareholders of the group for the year ended 31 December 2013 amounted to R1 344 959 000 (2012 profit of R29 253 000 restated). This translates into a headline earnings per share of 57 cents (2012: 25 cents restated) based on the weighted average number of shares in issue during the year.

The financial statements on pages 82 to 153 set out the financial position, results of operations and cash flows of the group and company for the financial year ended 31 December 2013.

Dividends

No interim or final dividends for the year ended 31 December 2013 were declared.

Share capital

There were the following changes in the authorised share capital of the company in the year ended 31 December 2013:

- During the year, 1 127 442 (2012: 245 465) ordinary par value shares of 10 cents each were issued in terms of employee share schemes which existed at the time of the unbundling of the company from Tongaat Hulett Limited (no shares were issued to directors). This resulted in the total issued ordinary share capital (including A ordinary shares) rising to R35 550 396 or 355 503 963 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 notes 11 and 32 of the group financial statements.

The authorised share capital at 31 December 2013 consisted of 800 000 000 ordinary par value shares of 10 cents each, 45 000 000 A ordinary par value shares of 10 cents each, 15 000 000 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.

Subsidiary companies

The principal subsidiaries of the group are reflected in note 33 of the group financial statements.

Special resolutions adopted by subsidiaries of Hulamin Limited during 2013

Hulamin Operations Proprietary Limited

(Registration number: 1999/020410/07)

The following special resolution was passed effective 14 June 2013:

The Memorandum of Incorporation laid before the meeting be adopted and substituted for the company's existing Memorandum and Articles of Association.

Directorate

Brief curricula vitae of the directors are listed on the company's website. Details of directors' remuneration appear on pages 123 to 125 of this report.

Mr D A Austin was appointed to the board of directors effective 1 March 2013 and Mr S M G Jennings was appointed to the board of directors effective 1 July 2013.

Non-executive directors are subject to retirement by rotation and re-election by shareholders at an annual general meeting at least once every three years. Directors retiring at the annual general meeting in accordance with the Memorandum of Incorporation are:

Mr T P Leeuw, Mr J B Magwaza, Mr M E Mkwanazi, Mr M Z Mkhize and Mr S M G Jennings. The Remuneration and Nomination Committee, at its meeting on 21 November 2013, recommended that they be re-elected and, all being eligible, offered themselves for re-election.

DIRECTORS' STATUTORY REPORT continued

Directors' and prescribed officers' shareholdings

At 31 December 2013, the present directors and prescribed officer of the company beneficially held a total of 301 935 ordinary par value shares, equivalent to 0,09 percent in the company (2012: 269 401 ordinary par value shares, equivalent to 0,08 percent, were held by directors). Their associates held no ordinary par value shares in the company (2012: 36 700 ordinary par value shares equivalent to 0,01 percent were held by associates of the directors). Details of the directors' and prescribed officers' shareholdings and interests in the share incentive schemes are set out on pages 126 to 130.

There has been no change in the directors' and prescribed officers' shareholdings between 31 December 2013 and 20 February 2014.

Holding company

Hulamin Limited has no holding company at 31 December 2013.

Auditors

PricewaterhouseCoopers continued as auditors of Hulamin Limited and its subsidiaries. At the annual general meeting of 24 April 2014, shareholders will be requested to appoint PricewaterhouseCoopers as auditors of Hulamin Limited for the 2014 financial year and it will be noted that Mr H Govind will be the individual registered auditor that will undertake the audit.

Secretary

The Company Secretary of Hulamin Limited is Mr W Fitchat. His business and postal address appears in the corporate information on the inside back cover.

Post balance sheet events

The directors are not aware of any matters or circumstances arising between the end of the financial year and the date of these financial statement which materially affect the financial position or results of the company or group.

Approval

The annual financial statements of the group and company set out on pages 82 to 153 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
20 February 2014

REPORT OF THE INDEPENDENT AUDITORS
to the shareholders of Hulamin Limited

We have audited the consolidated and separate financial statements of Hulamin Limited set out on pages 82 to 153, which comprise the statements of balance sheet as at 31 December 2013, and the income statements, statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate 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 about whether the consolidated and separate 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 consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Hulamin Limited as at 31 December 2013, 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 the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: H Govind
Registered Auditor

Durban
20 February 2014

GROUP BALANCE STATEMENT
as at 31 December 2013

	Notes	2013 R'000	Restated 2012 R'000	Restated 2011 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	3	2 515 125	4 673 697	4 915 087
Intangible assets	4	38 093	63 437	47 499
Investments in associates and joint ventures	5	–	–	40 581
Retirement benefit asset	26	161 468	177 179	200 962
Deferred tax asset	6	27 815	33 632	25 957
		2 742 501	4 947 945	5 230 086
Current assets				
Inventories	7	1 806 575	1 515 612	1 306 702
Trade and other receivables	8	972 619	945 223	1 069 739
Derivative financial assets	9	13 889	46 990	60 747
Cash and cash equivalents	10	192 800	29 596	19 900
Income tax asset		1 488	–	–
		2 987 371	2 537 421	2 457 088
Total assets		5 729 872	7 485 366	7 687 174
EQUITY				
Share capital and share premium	11	1 817 546	1 817 434	1 727 643
BEE reserve		174 686	174 686	174 686
Employee share-based payment reserve		29 720	101 099	105 750
Hedging reserve		(31 305)	(8 898)	8 322
Retained earnings		1 412 163	2 663 276	2 739 888
Total equity		3 402 810	4 747 597	4 756 289
LIABILITIES				
Non-current liabilities				
Non-current borrowings	12	–	556 948	628 284
Deferred tax liability	13	405 311	962 518	978 640
Retirement benefit obligations	14	225 826	233 242	212 720
		631 137	1 752 708	1 819 644
Current liabilities				
Trade and other payables	15	826 086	718 974	816 251
Current borrowings	16	804 482	215 131	200 325
Derivative financial liabilities	9	65 357	49 443	94 360
Income tax liability		–	1 513	305
		1 695 925	985 061	1 111 241
Total liabilities		2 327 062	2 737 769	2 930 885
Total equity and liabilities		5 729 872	7 485 366	7 687 174

GROUP INCOME STATEMENT
for the year ended 31 December 2013

		Notes	2013 R'000	Restated 2012 R'000
Revenue			7 560 007	6 541 997
Cost of sales		18	(6 914 691)	(6 111 363)*
Gross profit			645 316	430 634*
Selling, marketing and distribution expenses		18	(390 328)	(361 621)
Administrative and other expenses		18	(70 830)	(82 713)
Impairment of property, plant and equipment and intangible assets		19	(2 122 316)	(84 057)*
Other gains and losses		17	132 787	198 844
Operating (loss)/profit			(1 805 371)	101 087
Interest income		20	1 358	621
Interest expense		20	(64 715)	(63 530)
Share of profits of joint ventures			–	181
(Loss)/profit before tax			(1 868 728)	38 359
Taxation		21	523 769	(9 106)
Net (loss)/profit for the year attributable to equity holders of the company			(1 344 959)	29 253
Earnings per share		22		
Basic	(cents)		(422)	9
Diluted	(cents)		(417)	9

* *Prior period information has been reclassified. Refer to note 18.*

GROUP STATEMENT OF COMPREHENSIVE INCOME
for the year 31 December 2013

	2013 R'000	Restated 2012 R'000
Net (loss)/profit for the year attributable to equity holders of the company	(1 344 959)	29 253
Other comprehensive loss for the year	(4 981)	(29 737)
Items that may be reclassified subsequently to profit or loss	(22 407)	(17 220)
Cash flow hedges transferred to income statement	12 359	(11 558)
Cash flow hedges created	(43 480)	(12 359)
Income tax effect	8 714	6 697
Items that will not be reclassified to profit or loss	17 426	(12 517)
Remeasurement of retirement benefit obligation	20 671	(4 313)
Remeasurement of retirement benefit asset	3 531	(13 072)
Income tax effect	(6 776)	4 868
Total comprehensive loss for the year attributable to equity holders of the company	(1 349 940)	(484)

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Share capital R'000	Share premium R'000	Consoli-dated shares R'000	Hedging reserve R'000	Employee share-based payment reserve R'000	BEE reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 31 December 2011 as previously reported	36 695	1 785 749	(94 801)	8 322	105 750	174 686	2 653 224	4 669 625
Impact of change in accounting policy (note 1.35)	–	–	–	–	–	–	86 664	86 664
Restated balance at 31 December 2011	36 695	1 785 749	(94 801)	8 322	105 750	174 686	2 739 888	4 756 289
Net profit for the year (restated)	–	–	–	–	–	–	29 253	29 253
Other comprehensive loss net of tax								
– cash flow hedges net of tax	–	–	–	(17 220)	–	–	–	(17 220)
– retirement benefit assets and obligations	–	–	–	–	–	–	(12 517)	(12 517)
Cancellation of B ordinary shares on maturity of MSOP and ESOP schemes	(1 282)	(129)	91 177	–	–	–	(89 895)	(129)
Shares issued (net of B ordinary shares converted)	25	–	–	–	–	–	–	25
Value of employee services (note 18.1)	–	–	–	–	(1 878)	–	–	(1 878)
Settlement of employee share incentives	–	–	–	–	(2 773)	–	(3 244)	(6 017)
Tax on employee share incentives	–	–	–	–	–	–	(209)	(209)
Restated balance at 31 December 2012	35 438	1 785 620	(3 624)	(8 898)	101 099	174 686	2 663 276	4 747 597
Net loss for the year	–	–	–	–	–	–	(1 344 959)	(1 344 959)
Other comprehensive loss net of tax								
– cash flow hedges net of tax	–	–	–	(22 407)	–	–	–	(22 407)
– retirement benefit assets and obligations	–	–	–	–	–	–	17 426	17 426
Shares issued	112	–	–	–	–	–	–	112
Value of employee services (note 18.1)	–	–	–	–	9 360	–	–	9 360
Settlement of employee share incentives	–	-	–	(2 457)	–	–	(2 146)	(4 603)
Tax on employee share incentives	–	–	–	–	–	–	284	284
Transfer of share-based payment reserve to retained earnings	–	–	–	–	(78 282)	–	78 282	–
Balance at 31 December 2013	35 550	1 785 620	(3 624)	(31 305)	29 720	174 686	1 412 163	3 402 810

GROUP CASH FLOW STATEMENT
for the year ended 31 December 2013

	Notes	2013 R'000	2012 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated before working capital changes	24	586 817	365 911
Changes in working capital	25	(211 247)	(181 671)
Cash generated from operations		375 570	184 240
Net interest paid		(64 212)	(65 510)
Income tax payment		(28 400)	(20 338)
Net cash inflow from operating activities		282 958	98 392
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(131 165)	(82 319)
Additions to intangible assets		(16 659)	(15 621)
Proceeds on disposal of property, plant and equipment		158	34 926
Decrease in investment in joint ventures		–	36 969
Net cash outflow from investing activities		(147 666)	(26 045)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		804 482	–
Repayment of borrowings		(772 079)	(56 530)
Shares issued		112	25
Redemption of B ordinary shares		–	(129)
Settlement of share options		(4 603)	(6 017)
Net cash outflow from financing activities		27 912	(62 651)
Net increase in cash and cash equivalents		163 204	9 696
Cash and cash equivalents at beginning of year		29 596	19 900
Cash and cash equivalents at end of year	10	192 800	29 596

INDEX TO THE NOTES TO THE GROUP FINANCIAL STATEMENTS

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

1.1 **Compliance with International Financial Reporting Standards (IFRS)**

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

Standards and interpretations in issue and effective

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, apart from the following:

Certain amendments to IAS 1 arising from the Annual Improvements to IFRS (issued May 2012)

The amendments to IAS 1 require items presented in other comprehensive income to be shown in two groups: items that will be recycled to profit or loss in the future and items that will remain in other comprehensive income. Further, the disclosure requirements for comparative information when an entity provides a third balance sheet as required by IAS 8, have been clarified.

The amendments affected presentation only and had no impact on the group's financial position or performance.

IAS 19 (Revised) – Employee Benefits (IAS19 R)

IAS19 R amends the accounting for employment benefits. The most significant impact on the group has been that IAS19 R eliminates the option to defer the recognition of actuarial gains and losses. These re-measurements are required to be presented in other comprehensive income in full.

IAS19 R has been applied retrospectively in accordance with its transitional provisions. Consequently, the group has restated its reported results throughout the comparative periods presented and reported the cumulative effect as at 1 January 2012 as an adjustment to opening equity. The effects of the application of IAS19 R on the reported results for the years ended 31 December 2011 and 31 December 2012 are detailed in note 1.35.

Hulamin has adopted the following other new or revised accounting standards in the current period, which have not had a material impact on reported results:

- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
- IFRS 10 – Consolidated Financial Statements (effective from 1 January 2013)
- IFRS 11 – Joint Arrangements (effective from 1 January 2013)
- IFRS 12 – Disclosure of Interests in Other Entities (effective from 1 January 2013)
- IFRS 13 – Fair Value Measurement (effective from 1 January 2013)
- IAS 27 – Separate Financial Statements (2011) (effective from 1 January 2013)
- IAS 28 – Investments in Associates and Joint Ventures (2011) (effective from 1 January 2013)
- Improvements to IFRSs – (issued May 2012) (effective from 1 January 2013)
- Amendment to the transition requirements in IFRS 10, IFRS 11 and IFRS 13 (effective from 1 January 2013)

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 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 2015)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) (effective from 1 January 2014)
- Disclosures – Fair Value less cost to sell (Amendments to IAS 36) (effective from 1 January 2014)
- IFRIC 21 – Accounting for levies (effective from 1 January 2014)

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, apart from the application of IFRS 9, the impact of which is still under assessment.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. ACCOUNTING POLICIES continued

1.2 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.

1.3 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 on the following pages.

1.4 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.

1.5 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.

1.6 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.

1.7 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, and reflected in the line item hedged (refer to note 17 of the group financial statements).

1.8 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.

1.9 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.

During the current year, the group changed its accounting policy for accounting for actuarial gains and losses on post-retirement defined benefit plans, resulting from the adoption of IAS 19 (Amended) Employee Benefits. The most significant impact on the group has been that IAS 19 eliminates the option to defer the recognition of actuarial gains and losses, previously referred to as the corridor approach. Under the amended policy, all actuarial gains and losses are recognised in other comprehensive income in full.

The change in accounting policy has been applied retrospectively in accordance with its transitional provisions. Consequently, the group has restated its reported results throughout the comparative periods presented. Refer to note 1.35 for the effect of the change in accounting policy.

1.10 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. It is responsible for allocating resources and assessing performance of the operating segments.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. ACCOUNTING POLICIES continued

1.11 Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of entities, typically subsidiaries, controlled by the group (including structured entities). The results of entities controlled by the group acquired or disposed of during the year are included in the consolidated income statement from the date the group exercises control, 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 treats transactions with non-controlling interests as transactions with equity holders of the group. Gains or losses arising from these transactions are recorded in equity.

1.12 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.

1.13 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.

1.14 Business combinations

Business combinations – IFRS 3

The cost of an acquisition, which is within the scope of IFRS 3 – 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 acquired are recognised at the carrying amounts recognised previously in the controlling shareholder's consolidated financial statements. 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

1.15 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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, unless ownership is expected to transfer, in which case this will be over the useful life.

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.

1.16 Intangible assets

The group's only intangible asset is computer software. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when all the asset recognition criteria are met. Directly attributable costs that are capitalised as part of the software product comprise mainly software development employee costs.

Computer software costs recognised as assets are amortised over their estimated useful lives of five to 15 years. Research costs are expensed when incurred.

1.17 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is estimated based on discounted future cash flows expected to be derived from an asset or cash-generating unit.

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.

1.18 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 future 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.

1.19 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.

1.20 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.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. ACCOUNTING POLICIES continued

1.20 Financial assets continued

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.

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.

1.21 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.

1.22 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at face value. Cash and cash equivalents include cash on hand and deposits held with banks with original maturities of three months or less. In the balance sheet and cash flow statement bank overdrafts are included in borrowings.

1.23 Contingent assets and liabilities

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

EQUITY AND LIABILITIES

1.24 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.

1.25 Consolidated shares

Consolidated shares represent the A class ordinary shares issued to the BEE investors. As this structured entity is consolidated in terms of IFRS, these issued shares of the company are treated as treasury shares. Accordingly, the subscription value of these shares is deducted from equity attributable to the equity holders of the company until the shares are cancelled, reissued or disposed of. In the comparative period, the B class ordinary shares issued to the ESOP and MSOP share trusts were similarly treated as treasury shares.

1.26 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.

1.27 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.

1.28 Employment benefit obligations

Pension obligations

The group provides retirement benefits to employees in the form of defined contribution plans. Certain benefits to some employees accrue with service and are therefore accounted for as a defined benefit plan. The assets of all retirement 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.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position, with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. ACCOUNTING POLICIES continued

1.29 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.

1.30 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

1.31 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 management 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. This occurs when the group entity has delivered products to the customer and the customer has accepted the products. The delivery of products and the transfer of risks are determined by the terms of sale, and specifically by the International Chamber of Commerce Terms of Trade, where these are applicable. Revenue is disclosed net of returns, rebates and discounts, and after eliminating sales within the group.

Management and agency fees are recognised as the services are performed. Interest income is accrued on a time basis using the effective interest rate method.

1.32 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 (usually more than six months) 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.

1.33 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.

1.34 Earnings per share

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the earnings attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year, plus the weighted average number of dilutive potential shares resulting from share options.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the year and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2013 issued by the South African Institute of Chartered Accountants (SAICA).

Normalised earnings per share

Normalised earnings per share is one of the measuring bases which the chief operating decision maker uses in assessing performance and in deciding how to allocate resources. The calculation of normalised earnings per share is based on headline earnings generated from the primary business operations of the group excluding abnormal or non-recurring gains and losses, divided by the weighted average number of ordinary shares in issue during the year. The presentation of normalised earnings is not an IFRS requirement and may not be directly comparable with the same or similar measures disclosed by other companies.

1.35 Change in accounting policy

During the current year, the group changed its accounting policy for accounting for actuarial gains and losses on post-retirement defined benefit plans, resulting from the adoption of IAS 19 (Amended) Employee Benefits. The most significant impact on the group has been that IAS 19 eliminates the option to defer the recognition of actuarial gains and losses, previously referred to as the corridor approach. Under the amended policy, all actuarial gains and losses are recognised in other comprehensive income in full. The change in accounting policy has been applied retrospectively in accordance with its transitional provisions. Consequently, the group has restated its reported results throughout the comparative periods presented.

The effects of the application of IAS19 R on the reported results for the years presented are as follows:

		2013 R'000	2012 R'000	2011 R'000
Impact on profit/(loss) for the period				
Decrease/(increase) in cost of sales		6 886	(143 465)	(9 053)
(Increase)/decrease in taxation expense		(1 928)	40 170	2 535
Increase/(decrease) in net profit for the period		4 958	(103 295)	(6 518)
Impact on comprehensive income/(loss) for the period				
Increase/(decrease) in remeasurement of retirement benefit asset		3 531	(13 072)	179 082
Decrease/(increase) in remeasurement of retirement benefit obligations		20 672	(4 314)	(49 662)
(Increase)/decrease in taxation relating to items of other comprehensive income		(6 777)	4 868	(36 238)
Increase/(decrease) in other comprehensive income for the period		17 426	(12 518)	93 182
Increase/(decrease) in total comprehensive income for the period		**22 384**	**(115 813)**	**86 664**
Impact on balance sheet				
Increase in retirement benefit asset		3 178	–	163 347
Increase in retirement benefit obligations		(12 574)	(40 484)	(42 980)
Increase in deferred income tax asset		2 959	4 072	4 732
Increase/(decrease) in deferred income tax liability		(328)	7 264	(38 435)
Net (decrease)/increase in net assets		(6 764)	(29 148)	86 664
Decrease/(increase) in retained earnings		**6 764**	**29 148**	**(86 664)**
Impact on earnings per share				
Increase/(decrease) in basic earnings per share	(cents)	2	(33)	(2)
Increase/(decrease) in diluted earnings per share	(cents)	2	(32)	(2)
Impact on headline earnings per share				
Increase/(decrease) in basic headline earnings per share	(cents)	2	(33)	(2)
Increase/(decrease) in diluted headline earnings per share	(cents)	2	(32)	(2)

1.36 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.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

1. ACCOUNTING POLICIES continued

ESTIMATES AND ASSUMPTIONS

1.37 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, health care 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 32 of the group financial statements.

Impairment of non-financial assets

The recoverable amounts of the assets (or cash-generating units to which they belong) disclosed in notes 3 to 5 of the group financial statements, and note 2 of the company financial statements, were estimated at period end in terms of IAS 36.

The critical estimates and assumptions used in the recoverable amount calculations in respect of the assets of the group are disclosed in note 19 of the group financial statements.

Consolidation of structured entities

Hulamin Limited holds a 90% equity interest in Hulamin Operations (Pty) Ltd, with Chaldean Trading 67 (Pty) Ltd ("Chaldean") holding a 10% equity interest as well as a 10% voting-only interest in Hulamin Limited.

Chaldean was established for the purpose of assisting Hulamin to achieve an appropriate BEE ownership level, with the benefit of this entity being for Hulamin, and not only the shareholders of Chaldean. Given that Hulamin, in substance, controls Chaldean, and not withstanding the absence of shareholding in this company by Hulamin, Chaldean is fully consolidated in the consolidated financial statements of the group.

2. 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, which comprises the Hulamin Rolled Products and Hulamin Containers businesses, manufactures and supplies fabricated and rolled semi-finished aluminium products. The Hulamin Extrusions segment manufactures and supplies extruded aluminium products. Both reportable segments are based and managed in South Africa.

		2013			2012 Restated	
	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	6 783 158	776 849	7 560 007	5 852 892	689 105	6 541 997
Inter-segment revenue	–	–	–	–	–	–
Revenue from external customers	6 783 158	776 849	7 560 007	5 852 892	689 105	6 541 997
Earnings						
EBITDA*	469 213	57 996	527 209	362 238	45 335	407 573
Depreciation and amortisation	(193 554)	(16 710)	(210 264)	(197 961)	(24 468)	(222 429)
Impairment of property, plant and equipment and intangible assets	(2 122 316)	–	(2 122 316)	(54 391)	(29 666)	(84 057)
Operating (loss)/profit	(1 846 657)	41 286	(1 805 371)	109 886	(8 799)	101 087
Interest received	891	467	1 358	621	–	621
Interest paid	(65 416)	701	(64 715)	(63 130)	(400)	(63 530)
Share of joint venture's profit	–	–	–	181	–	181
(Loss)/profit before tax	(1 911 182)	42 454	(1 868 728)	47 558	(9 199)	38 359
Taxation	535 479	(11 710)	523 769	(15 718)	6 612	(9 106)
Net (loss)/profit for the year	(1 375 703)	30 744	(1 344 959)	31 840	(2 587)	29 253
Headline earnings						
Net (loss)/profit for the year	(1 375 703)	30 744	(1 344 959)	31 840	(2 587)	29 253
(Profit)/loss on disposal of property, plant and equipment	(143)	–	(143)	702	(16 121)	(15 419)
Impairment of property, plant and equipment and intangible assets	2 122 316	–	2 122 316	54 391	29 666	84 057
Loss on disposal of investment in joint venture	–	–	–	3 793	–	3 793
Tax effect	(594 209)	–	(594 209)	(16 195)	(6 568)	(22 763)
Headline earnings	152 261	30 744	183 005	74 531	4 390	78 921
Normalised earnings						
Headline earnings	152 261	30 744	183 005	74 531	4 390	78 921
Adjusted for (net of tax):						
Severance costs (note 23.2.1)	18 438	–	18 438	–	–	–
Effect of pension fund conversion (note 23.2.2)	–	–	–	(21 584)	–	(21 584)
	170 699	30 744	201 443	52 947	4 390	57 337
Headline earnings per share:						
– Basic (cents)			57			25
– Diluted (cents)			57			25
Normalised earnings per share:						
– Basic (cents)			63			18
– Diluted (cents)			62			18
Total assets	5 443 306	286 566	5 729 872	7 234 691	250 675	7 485 366
Total liabilities	2 282 253	44 809	2 327 062	2 697 043	40 726	2 737 769
Other disclosures						
Additions to property, plant and equipment and intangible assets	126 258	21 566	147 824	78 415	19 525	97 940

* *Earnings before interest, taxation, depreciation, amortisation and impairment of property, plant and intangible assets.*

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

	2013 R'000	2012 R'000
2. OPERATING SEGMENT ANALYSIS continued		
Analysis of revenue by product market		
Automotive and transport	956 661	768 648
Building and construction	194 241	286 107
General engineering	3 741 287	3 045 688
Packaging	2 667 818	2 441 554
	7 560 007	6 541 997
Geographical analysis of revenue		
South Africa	2 698 489	2 402 927
North America	1 747 490	1 668 093
Europe	1 540 476	1 073 038
Asia	838 384	582 027
Middle East	287 647	264 134
Australasia	36 209	53 679
South America	388 118	467 813
Rest of Africa	23 194	30 286
	7 560 007	6 541 997

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

The Hulamin Rolled Products segment includes revenues of R660 million (2012: R593 million) which arose from sales to the group's largest customer.

3. PROPERTY, PLANT AND EQUIPMENT

	Total R'000	Land R'000	Buildings R'000	Plant and machinery R'000	Vehicles, equipment and other R'000	Capital works under construction R'000
2013						
At cost						
Balance at beginning of year	6 664 474	41 171	883 707	5 462 424	170 840	106 332
Additions	131 165	–	–	47 674	–	83 491
Borrowing costs capitalised	855	–	–	–	–	855
Capitalised from capital works under construction	–	–	222	122 781	4 942	(127 945)
Transfer to intangible assets	(4 412)	–	–	–	(4 412)	–
Transfers	–	–	(736)	20 834	(23 703)	3 605
Disposals	(256)	–	(35)	(221)	–	–
Balance at end of year	6 791 826	41 171	883 158	5 653 492	147 667	66 338
Accumulated depreciation and impairment losses						
Balance at beginning of year	1 990 777	–	148 443	1 754 419	87 915	–
Charge for the year (note 18)	198 546	–	20 478	165 831	12 237	–
Transfer to intangible assets	(2 029)	–	–	–	(2 029)	–
Transfers	–	–	–	(6 272)	6 272	–
Disposals	(241)	–	(20)	(221)	–	–
Impairment losses (note 19)	2 089 648	17 433	322 527	1 696 577	19 161	33 950
Balance at end of year	4 276 701	17 433	491 428	3 610 334	123 556	33 950
Carrying value at 31 December 2013	2 515 125	23 738	391 730	2 043 158	24 111	32 388
2012						
At cost						
Balance at beginning of year	6 651 015	42 171	882 481	5 339 777	175 070	211 516
Additions	82 319	–	–	–	–	82 319
Borrowing costs capitalised	2 601	–	–	–	–	2 601
Capitalised from capital works under construction	–	–	5 701	176 332	8 071	(190 104)
Transfer to intangible assets	(10 484)	–	–	–	(10 484)	–
Disposals	(60 977)	(1 000)	(4 475)	(53 685)	(1 817)	–
Balance at end of year	6 664 474	41 171	883 707	5 462 424	170 840	106 332
Accumulated depreciation and impairment losses						
Balance at beginning of year	1 735 928	–	128 956	1 524 710	82 262	–
Charge for the year (note 18)	215 058	–	20 339	185 036	9 683	–
Transfer to intangible assets	(2 796)	–	–	–	(2 796)	–
Disposals	(41 470)	–	(852)	(39 289)	(1 329)	–
Impairment losses (note 19)	84 057	–	–	83 962	95	–
Balance at end of year	1 990 777	–	148 443	1 754 419	87 915	–
Carrying value at 31 December 2012	4 673 697	41 171	735 264	3 708 005	82 925	106 332

The weighted average interest rate used for borrowing costs capitalised is 7,57% (2012: 7,97%).

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

The group applied the following methods and rates as at the date of acquisition of each asset during the current and prior year. The useful lives, and accordingly the depreciation rates, are revalued on an annual basis:

Buildings	Straight line	30 to 50 years
Plant and machinery	Straight line	4 to 50 years
Vehicles	Straight line	4 to 10 years
Equipment	Straight line	5 to 20 years
Furniture	Straight line	5 to 10 years

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

	2013 R'000	2012 R'000
4. INTANGIBLE ASSETS		
Software costs – internally generated and capitalised		
At beginning of year	68 485	47 936
Additions	11 778	10 065
Transfer from property, plant and equipment	4 025	10 484
At end of year	84 288	68 485
Accumulated amortisation		
At beginning of year	16 914	8 403
Charge for the year (note 18)	9 207	5 715
Impairment losses (note 19)	25 959	–
Transfer from property, plant and equipment	1 938	2 796
At end of year	54 018	16 914
Carrying value at end of year	30 270	51 571
Software costs – other external		
At beginning of year	24 139	18 583
Additions	4 881	5 556
Transfer from property, plant and equipment	387	–
At end of year	29 407	24 139
Accumulated amortisation		
At beginning of year	12 273	10 617
Charge for the year (note 18)	2 511	1 656
Impairment losses (note 19)	6 709	–
Transfer from property, plant and equipment	91	–
At end of year	21 584	12 273
Carrying value at end of year	7 823	11 866
Total software costs		
Cost	113 695	92 624
Accumulated amortisation	75 802	29 187
Carrying value at end of year	38 093	63 437

Intangible assets are amortised over their useful lives on the straight-line basis, and the following rates were applied during the year:

Internally generated	3 to 15 years
Other external	3 to 10 years

The group does not undertake primary research activities and there was no development expenditure incurred which was recognised as an expense in the current and prior years.

	2013 R'000	2012 R'000
5. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES		
At beginning of year	–	40 581
Disposed during the year	–	(40 762)
Share of profits of joint ventures	–	181
At end of year	–	–

The group's investment in HBS Aluminium Systems (Pty) Ltd was disposed of during the 2012 year.

Almin Metal Industries Limited, an associate company, 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.

Additional details of associates and joint ventures are included in note 33.

	2013 R'000	Restated 2012 R'000
6. DEFERRED TAX ASSET		
At beginning of year	33 632	21 225
Tax (charged)/credited directly to equity	(74)	4 193
Income statement		
Current year (charge)/credit	(4 306)	8 806
Prior year charge	(1 208)	(592)
Deferred tax charge in other comprehensive loss	(229)	–
At end of year	27 815	33 632
Analysis of deferred tax asset		
Fixed assets	(363)	1 608
Retirement benefit obligations and other provisions	23 876	26 298
Other	4 302	218
Assessed loss	–	5 508
	27 815	33 632
Deferred tax asset to be recovered after more than 12 months	23 875	25 300
Deferred tax asset to be recovered within 12 months	3 940	8 332
	27 815	33 632
7. INVENTORIES		
Raw materials	489 895	374 881
Work-in-progress	442 750	407 560
Finished goods	711 602	600 261
Consumable stores	162 328	132 910
	1 806 575	1 515 612

Inventories with a carrying value of R1 806 575 000 (2012: R1 416 282 000) are encumbered as security for borrowing facilities (notes 12 and 16).

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

		2013 R'000	2012 R'000
8. TRADE AND OTHER RECEIVABLES			
Financial assets		840 442	819 185
Trade receivables		834 853	753 973
Less: Provision for impairment of receivables		(7 835)	(6 359)
		827 018	747 614
Sundry receivables		13 424	71 571
Non-financial assets		132 177	126 038
Prepayments		24 942	38 750
Value-added taxation receivable		107 235	87 288
		972 619	945 223
As at 31 December, the ageing analysis of trade and sundry receivables, which constitute financial assets, is as follows:			
Receivables that are neither overdue nor impaired		762 932	775 866
Receivables overdue but not impaired		77 510	43 319
Overdue by less than 60 days		62 679	30 269
Overdue by more than 60 days		14 831	13 050
Total receivables, net of provision for impairment		840 442	819 185
One debtor comprises 14% (2012: 9%) of trade receivables. There is no other significant concentration of risk related to particular customer or industry segments. As at 31 December, the exposure of the group to trade receivables, neither overdue nor impaired, in local and overseas markets, and the extent to which these are subject to credit insurance cover is as follows:			
Local trade receivables		138 799	140 514
– Balance subject to credit insurance	(%)	92	72
Export trade receivables		610 709	563 781
– Balance subject to credit insurance	(%)	100	100
		749 508	704 295
Trade receivables covered by credit insurance are subject to a 10% excess.			
Trade and sundry receivables that are impaired are provided for in full. No collateral is held on these receivables. The movement in the provision for impairment is as follows:			
At 1 January		6 359	8 253
Receivables written off during the year as uncollectible		(707)	(836)
Net creation/(release) during the year		2 183	(1 058)
At 31 December		7 835	6 359

Trade and other receivables with a carrying value of R827 018 000 (2012: R900 578 000) have been ceded as security for borrowing facilities (notes 12 and 16).

The fair values of the trade and sundry receivables, and the group's maximum exposure to credit risk related thereto, approximate their carrying value.

8. TRADE AND OTHER RECEIVABLES continued

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

	2013 Foreign amount 000	2013 Rand amount R'000	2012 Rand amount R'000
Euro	42	609	9 626
Pound Sterling	5	82	–
US Dollar	869	9 095	93 997
		9 786	103 623

	2013 R'000	2012 R'000
9. DERIVATIVE FINANCIAL INSTRUMENTS		
Forward foreign exchange contracts		
– designated as hedging instruments (note 9.1)	(47 033)	(2 273)
Forward foreign exchange contracts		
– not designated as hedging instruments (note 9.1)	(9 985)	13 235
Commodity futures		
– designated as hedging instruments (note 9.2)	5 550	(13 415)
	(51 468)	(2 453)
Grouped as:		
Financial assets	13 889	46 990
Financial liabilities	(65 357)	(49 443)
	(51 468)	(2 453)

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 2013 is made up of exposure on forward foreign exchange contracts and amounted to R5 549 953 (2012: R13 135 838).

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).

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

9. DERIVATIVE FINANCIAL INSTRUMENTS continued

9.1 Foreign currency management

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

	2013 Foreign amount 000	2013 Rand amount R'000	2013 Fair value asset/(liability) R'000	2012 Foreign amount 000	2012 Rand amount R'000	2012 Fair value asset/(liability) R'000
Forward purchases						
US Dollar	5 416	56 294	1 431	6 881	60 323	(2 202)
		56 294	1 431		60 323	(2 202)
Forward sales						
US Dollar	(122 888)	(1 257 291)	(44 862)	(115 813)	(988 924)	80
Euro	(2 664)	(37 571)	(3 575)	(5 311)	(60 727)	(206)
Pound Sterling	(35)	(587)	(27)	(230)	(3 235)	55
		(1 295 449)	(48 464)		(1 052 886)	(71)
Net total		(1 239 155)	(47 033)		(992 563)	(2 273)
Maturing in:						
2013		–	–		(992 563)	(2 273)
2014		(1 239 155)	(47 033)		–	–
		(1 239 155)	(47 033)		(992 563)	(2 273)
Cash flow hedges		(1 257 291)	(44 862)		(988 924)	80
Fair value hedges		18 136	(2 171)		(3 639)	(2 353)
		(1 239 155)	(47 033)		(992 563)	(2 273)
Grouped as:						
Financial assets			1 647			20 283
Financial liabilities			(48 680)			(22 556)
			(47 033)			(2 273)

9. DERIVATIVE FINANCIAL INSTRUMENTS continued

9.1 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:

	2013 Foreign amount 000	2013 Rand amount R'000	2013 Fair value asset/ (liability) R'000	2012 Foreign amount 000	2012 Rand amount R'000	2012 Fair value asset/ (liability) R'000
Forward purchases						
Pound Sterling	810	13 294	774	68	959	(21)
Euro	965	13 458	611	1 797	20 345	(195)
US Dollar	4 610	47 913	(453)	7 202	63 023	(1 509)
Swiss Franc	–	–	–	70	660	(12)
		74 665	932		84 987	(1 737)
Forward sales						
US Dollar	(44 647)	(462 357)	(7 581)	(49 635)	(435 126)	12 688
Euro	(10 588)	(149 309)	(2 710)	(6 763)	(77 319)	2 167
Pound Sterling	(1 099)	(18 407)	(626)	(295)	(4 162)	117
		(630 073)	(10 917)		(516 607)	14 972
Net total		(555 408)	(9 985)		(431 620)	13 235
Maturing in:						
2013		–	–		(431 620)	13 235
2014		(555 408)	(9 985)		–	–
		(555 408)	(9 985)		(431 620)	13 235
Grouped as:						
Financial assets			350			17 832
Financial liabilities			(10 335)			(4 597)
			(9 985)			13 235

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

9. DERIVATIVE FINANCIAL INSTRUMENTS continued

9.2 Commodity price management

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

	2013			2012		
	Tons R'000	Contracted value R'000	Fair value asset/ (liability) R'000	Tons value R'000	Contracted value R'000	Fair value asset/ (liability) R'000
Net aluminium futures purchases/(sales) maturing in:						
2013	–	–	–	(26 625)	(454 407)	(13 415)
2014	(10 600)	(203 510)	5 550	–	–	–
	(10 600)	(203 510)	5 550	(26 625)	(454 407)	(13 415)
Grouped as:						
Financial assets			11 893			8 875
Financial liabilities			(6 343)			(22 290)
			5 550			(13 415)
Cash flow hedges			15 445			(16 646)
Fair value hedges			(9 895)			3 231
			5 550			(13 415)

		2013 R'000	2012 R'000
10. CASH AND CASH EQUIVALENTS			
Bank balances		191 907	28 984
Cash on hand		893	612
		192 800	29 596
Effective interest rates	(%)	3,25	3,25
Bank balances with a carrying value of R191 907 000 (2012: nil) have been ceded as security for borrowing facilities (notes 12 and 16).			
11. SHARE CAPITAL AND SHARE PREMIUM			
11.1 Authorised			
800 000 000 ordinary shares of 10 cents each (2012: 800 000 000 ordinary shares of 10 cents each)		80 000	80 000
45 000 000 A ordinary shares of 10 cents each (2012: 45 000 000 A ordinary shares of 10 cents each)		4 500	4 500
28 000 000 B ordinary shares of 10 cents each (2012: 28 000 000 B ordinary shares of 10 cents each)		2 800	2 800
Total authorised share capital		87 300	87 300
The B ordinary shares consist of 15 000 000 B1 shares, 10 000 000 B2 shares and 3 000 000 B3 shares.			
11.2 Issued			
Ordinary shares			
Opening balance: 318 141 050 ordinary shares of 10 cents each (2012: 317 108 686 ordinary shares of 10 cents each)		31 814	31 711
Issued during year: 1 127 442 ordinary shares of 10 cents each (2012: 1 032 264 ordinary shares of 10 cents each)		112	103
Closing balance: 319 268 492 ordinary shares of 10 cents each (2012: 318 141 050 ordinary shares of 10 cents each)		31 926	31 814
A ordinary shares			
36 235 470 A ordinary shares of 10 cents each (2012: 36 235 470 A ordinary shares of 10 cents each)		3 624	3 624
B ordinary shares			
Opening balance			
Nil (2012: 13 607 470 B ordinary shares of 10 cents each)		–	1 360
B ordinary shares repurchased and cancelled			
Nil (2012: 12 820 671 B ordinary shares of 10 cents each)		–	(1 282)
B ordinary shares converted to ordinary shares			
Nil (2012: 786 799 B ordinary shares of 10 cents each)		–	(78)
Total issued share capital		35 550	35 438
Share premium			
Opening balance		1 785 620	1 785 749
Share premium applied to repurchase B ordinary shares		–	(129)
Closing balance		1 785 620	1 785 620
Consolidated A and B shares		(3 624)	(3 624)
Share capital and share premium		1 817 546	1 817 434

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

11. SHARE CAPITAL AND SHARE PREMIUM continued

11.3 A ordinary shares

The A 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.

11.4 Unissued

Under option to employees:

Details of the employee share incentive schemes, including the share options outstanding at the end of the year, the range of exercise prices and the weighted average contractual lives related thereto, are set out in note 32.

Under the control of the directors:

At 31 December 2013, 7 129 873 unissued ordinary shares (2012: 8 257 315) were under the control of the directors, for the purpose, *inter alia*, of existing employee share incentive schemes.

11.5 Beneficial shareholders holding more than 5% of share capital

Details of beneficial shareholders holding more than 5% of the share capital of the company are set out on page 154.

	2013 R'000	2012 R'000
12. NON-CURRENT BORROWINGS		
Secured loans:		
Standard Bank	–	566 053
Rand Merchant Bank	–	62 895
	–	628 948
Less: Current portion included in short-term borrowings	–	(72 000)
	–	556 948

In terms of the company's Memorandum of Incorporation 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.

In 2013 the group changed the funding structure. The new structure has higher facilities and less onerous conditions. Although committed for three years, the revolving nature of the new facilities causes them to be classified as current.

	2013 R'000	Restated 2012 R'000
13. DEFERRED TAX LIABILITY		
At beginning of year restated	962 518	940 205
Tax credited directly to equity	(2 525)	(13 629)
Income statement		
Current year charge	(554 546)	34 192
Prior year (credit)/charge	(136)	1 750
At end of year	405 311	962 518
The deferred tax liability is analysed as follows:		
Accelerated tax depreciation	484 452	1 057 582
Provisions and leave pay accruals	(59 219)	(45 842)
Defined benefit fund	45 211	42 346
Insurance accrual	–	14 840
Assessed loss	(51 639)	(101 517)
Share schemes	(3 032)	(1 224)
Hedging reserve	(12 174)	(3 460)
Other	1 712	(207)
	405 311	962 518
Deferred tax liability to be settled after more than 12 months	405 311	961 215
Deferred tax liability to be settled within 12 months	–	1 303
	405 311	962 518
14. RETIREMENT BENEFIT OBLIGATIONS		
Post-retirement medical aid provision	196 870	197 416
Retirement gratuity provision	28 956	35 826
	225 826	233 242
The movements in these provisions are detailed in note 26.		
15. TRADE AND OTHER PAYABLES		
Trade payables	641 795	543 841
Leave pay and bonus accruals	74 062	71 827
Sundry accruals and other payables	110 229	103 306
	826 086	718 974

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

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

		2013 R'000	Restated 2012 R'000
16. CURRENT BORROWINGS			
Current portion of long-term loans		–	72 000
Bank overdrafts		–	143 131
Nedbank term loan		656 110	–
Nedbank sale and repurchase loan		77 024	–
Pension fund loan		71 348	–
		804 482	215 131
Effective interest rates are as follows:			
Bank overdrafts	(%)	–	8,50
Nedbank term loan	(%)	7,35	–
Nedbank sale and repurchase loan	(%)	7,52	–
Pension fund loan	(%)	7,58	–

The Nedbank sale and repurchase loan is secured against inventories of R77 024 000 (2012: nil). The Nedbank term loan is secured against total inventories, trade receivables and total bank balances; and also against all credit insurance on trade receivables and against insurance on fixed assets.

The current borrowings have no fixed repayment dates.

The fair values of the current borrowings approximate their carrying value.

	2013 R'000	Restated 2012 R'000
17. OTHER GAINS AND LOSSES		
Profit on disposal of property, plant and equipment	143	15 419*
Loss on sale of investment in joint venture	–	(3 793)*
Net gain on curtailment and settlement of defined benefit plan (note 26)	–	52 125*
Insurance proceeds	33 000	93 155*
Valuation adjustments on non-derivative items (note 17.1)	118 223	41 938
Valuation adjustments on derivative items (note 17.2)	(18 579)	–
	132 787	198 844
17.1 Valuation adjustments on non-derivative items		
Export receivables and hedged items in fair value hedges	129 596	48 345
Import payables	67	(485)
Foreign currency denominated cash balances	(11 440)	(5 922)
	118 223	41 938
17.2 Valuation adjustments on derivative items		
Forward foreign exchange contracts and commodity futures: not designated as hedging instruments	(43 603)	22 305
Forward foreign exchange contracts: fair value hedges	2 953	(20 872)
Commodity futures: fair value hedges	22 071	(1 433)
	(18 579)	–
17.3 Ineffective portion of all hedges recognised in profit or (loss)		
Fair value hedges	8 912	(1 594)
17.4 The following amounts are included in revenue:		
Cash flow hedge losses transferred from equity	(141 164)	(52 461)

* *Prior period information has been resclassified. Refer to note 18.*

	2013 R'000	Restated 2012 R'000
18. EXPENSES BY NATURE		
Aluminium and other material costs	5 326 164	4 451 046
Utilities and other direct manufacturing costs	575 343	541 797
Employment costs (note 18.1)	762 538	754 217
Depreciation and amortisation (included in cost of sales)	210 264	222 429
Depreciation (note 3)	198 546	215 058
Amortisation of intangible assets (note 4)	11 718	7 371
Repairs and maintenance	176 842	176 109
Other operating income and expenditure (note 18.2)	324 698	410 099
	7 375 849	6 555 697
Classified as:		
Cost of sales	6 914 691	6 111 363
Selling, marketing and distribution expenses	390 328	361 621
Administrative and other expenses	70 830	82 713
	7 375 849	6 555 697

In the current year, the charge for impairment of property, plant and equipment and intangible assets (refer note 19) has, due to its magnitude and nature, been presented as a separate line item of the income statement (previously reflected in cost of sales). Certain other items, previously reflected in cost of sales, have been presented in other gains and losses in the current year. The reclassification of the line items from cost of sales results in a more appropriate presentation as those items are not directly associated with generating revenues.

In terms of IAS 8 – Accounting Policies, the comparative information has been reclassified and the effect on the financial statements is as follows:

	Previously reported 2012 R'000	Currently reported 2012 R'000
Included in cost of sales:		
Impairment of property, plant and equipment and intangible assets	84 057	–
Profit on disposal of property, plant and equipment	(15 419)	–
Loss on sale of investment in joint venture	3 793	–
Net gain on curtailment and settlement of defined benefit plan	(52 125)	–
Insurance proceeds	(93 155)	–
Separate line item of income statement:		
Impairment of property, plant and equipment and intangible assets	–	84 057
Included in other gains and losses:		
Profit on disposal of property, plant and equipment	–	(15 419)
Loss on sale of investment in joint venture	–	3 793
Net gain on curtailment and settlement of defined benefit plan	–	(52 125)
Insurance proceeds	–	(93 155)

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

	2013 R'000	Restated 2012 R'000
18. EXPENSES BY NATURE continued		
18.1 Employment costs		
Salaries and wages	673 872	643 975
Severance costs	25 608	–
Retirement benefits costs:		
Defined contribution schemes (note 26)	40 033	24 821
Defined benefit scheme (note 26)	(11 666)	62 899
Post-retirement medical aid costs (note 26)	20 262	19 435
Staff gratuities (note 26)	5 069	4 965
Share incentive costs	9 360	(1 878)
Employment costs	762 538	754 217
18.2 Other operating income and expenditure		
Other operating income and expenditure includes:		
Write-down of inventories	5 382	11 535
Operating leases	10 077	3 053
Increase/(decrease) in provision for impairment of debtors	1 476	(1 894)
Auditors' remuneration (note 18.3)	3 680	3 567
18.3 Auditors' remuneration		
Audit fees	3 342	3 182
Fees for other services	160	215
Expenses	178	170
	3 680	3 567

	2013 R'000	2012 R'000
19. IMPAIRMENT OF NON-CURRENT ASSETS		
The impairment charges recognised in the income statement are as follows:		
– Rolled Products cash generating unit (note 19.1)	2 122 316	–
– Rolled Products hot mill and other plant and equipment	–	54 391
– Extrusions plant and equipment	–	3 666
– Extrusions cash generating unit (note 19.2)	–	26 000
Total impairment charge	2 122 316	84 057
Taxation thereon	(594 248)	(23 536)
Net impairment charge	1 528 068	60 521

The company's shares continued to trade on the Johannesburg Stock Exchange at a discount to underlying net asset value during the period under review. In the circumstances, and as required by IAS 36, management have assessed the recoverable amounts of the assets (or cash-generating units to which they belong) disclosed in notes 3, 4, 7 and 8 (net of liabilities disclosed in note 15) at the period end. The recoverable amount was determined to be the value in use and the assessment compared the estimated value in use based on forecast future cash flows to the carrying amount.

19.1 Rolled Products cash-generating unit

The carrying values of these assets at 31 December 2013 exceeded the recoverable amount by R2 122 million and a gross impairment charge of this amount was recognised which, after a reduction of R594 million in the related deferred tax liability, decreased shareholders' equity by R1 528 million.

The key assumptions used in the value in use calculation are consistent with those used in the five year business plan and approved by the board of directors. Adjustments were made to the plan forecasts to ensure compliance with the value in use methodology required by IAS 36. A continuation of slab supply from the BHP Billiton Bayside casthouse was assumed in the forecast and should this supply be terminated in the future, a further impairment may be necessary at that time. Key assumptions include:

Sales volumes – exclude benefits of future capital expenditure and restructuring and adjusted to take account of actual performance against previous forecasts. Annual volume capped at 220 000 tons.

Rolling margins – take into account current and anticipated changes in market conditions and product mix. Adjusted for inflation in the group's target markets leading to forecast real growth in rolling margins of 1% per annum.

Currency exchange rates – based on consensus forecasts of major South African financial institutions with ZAR:USD rate assumed to rise from an annual average of R10,00 in 2014 to R11,39 in 2018.

A pre-tax discount rate of 14,5%, post tax 11,5%, was used in the calculation and this rate is significantly higher than the 12,0%, post tax 9,5%, used in 2012. The increase in the rate was caused by a rise in the general risk free rate and the introduction of a 1,5% (post tax 1%) premium to take account of the increased risk presented by the current volatility in the rand exchange rate and uncertainty surrounding future slab supplies.

Sensitivity analysis

The determination of a Rolled Products value in use, and any resulting impairment, is particularly sensitive to:

Discount rate – increasing the rate from 11,5% to 12,5% would increase the impairment by R567 million.

Rolling margins – lowering average margins by 5% would increase the impairment by R1 515 million.

Rate of exchange – a R1,00 strengthening in the ZAR/USD rate for each year in the forecast period would increase the impairment by R2 046 million.

19.2 Extrusions cash-generating unit

The carrying amount of the extruded products unit as at 31 December 2012 was found to exceed the recoverable amount by R26 million and an impairment charge was recognised for this amount. The value in use was estimated using a pre-tax discount rate of 19,27% (post-tax equivalent is 14,23%).

It was determined, as at 31 December 2013, that no impairment of the carrying values of the assets of this cash generating unit is required and that no reversal of the 2012 impairment is required.

	2013 R'000	2012 R'000
20. NET FINANCE COSTS		
Interest expense	64 715	63 530
Long-term loan interest	35 037	48 724
Short-term loan interest	30 533	17 407
Interest capitalised	(855)	(2 601)
Interest income	(1 358)	(621)
Net finance costs	63 357	62 909

		2013 R'000	Restated 2012 R'000
21. TAXATION			
South African normal taxation:			
Current			
Current year		28 751	(18 627)
Prior year (credit)/underprovision		(3 352)	4
Deferred			
Current year		(550 240)	25 386
Prior year underprovision		1 072	2 343
		(523 769)	9 106
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:			
IFRS 2 costs	(%)	0,0	(10,2)
Non-allowable items	(%)	0,1	10,6
Exempt income	(%)	0,0	(15,0)
Prior year adjustment	(%)	(0,1)	6,1
Effect of capital gains tax	(%)	0,0	4,2
Effective rate of taxation	(%)	28,0	23,7
Estimated tax losses available for set-off against future taxable income are as follows:			
Total tax losses		184 426	382 230

22. WEIGHTED AVERAGE NUMBER OF SHARES

Basic earnings per share, headline earnings per share and normalised earnings per share are calculated using the weighted average number of ordinary shares in issue during the year. For purposes of calculating diluted earnings per share and headline earnings per share and normalised 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, headline earnings per share and basic normalised earnings per share:

	December 2013 Number of shares	December 2012 Number of shares
Basic EPS – weighted average number of shares	319 007 266	317 510 700
Share options	3 337 019	4 521 585
Diluted EPS – weighted average number of shares	322 344 285	322 032 285

23. HEADLINE AND NORMALISED EARNINGS

23.1 Headline earnings

		2013 R'000	Restated 2012 R'000
Net (loss)/profit for the year attributable to equity holders of the company		(1 344 959)	29 253
Adjustments		1 527 964	49 668
– Profit on disposal of property, plant and equipment		(143)	(15 419)
– Impairment of property, plant and equipment and intangible assets		2 122 316	84 057
– Loss on disposal of investment in joint venture		–	3 793
– Tax effect		(594 209)	(22 763)
Headline earnings attributable to equity holders of the company		183 005	78 921
Headline earnings per share			
Basic	(cents)	57	25
Diluted	(cents)	57	25

23.2 Normalised earnings

		2013 R'000	Restated 2012 R'000
Headline earnings attributable to equity holders of the company		183 005	78 921
Adjusted for (net of tax):			
Severance costs (note 23.2.1)		18 438	–
Effect of pension fund conversion (note 23.2.2)		–	(21 584)
		201 443	57 337
Normalised earnings per share			
Basic	(cents)	63	18
Diluted	(cents)	62	18

23.2.1 Severance costs

The group undertook a rightsizing of the workforce in 2013 (refer to note 18.1).

23.2.2 Effect of pension fund conversion

The conversion of the benefits of all in service members from defined benefit to defined contribution and the transfer of the liabilities for the payment of pensions to an insurer, effective 30 June 2012 (refer note 26), resulted in an increase in the group's profits amounting to R30 million before tax.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

	2013 R'000	Restated 2012 R'000
24. CASH GENERATED BEFORE WORKING CAPITAL CHANGES		
Operating (loss)/profit	(1 805 371)	101 087
Depreciation	198 546	215 058
Amortisation of intangible assets	11 718	7 371
Impairment of property, plant and equipment and intangible assets	2 122 316	84 057
Profit on disposal of property, plant and equipment	(143)	(15 419)
Loss on disposal of investment in joint venture	–	3 793
Net movement in retirement benefit asset and obligations	32 497	26 919
Employee share-based costs	9 360	(1 878)
Movements in derivatives	17 894	(55 077)
	586 817	365 911
25. CHANGES IN WORKING CAPITAL		
Increase in inventories	(290 963)	(208 910)
(Increase)/decrease in trade and other receivables	(27 396)	124 516
Increase/(decrease) in trade and other payables	107 112	(97 277)
	(211 247)	(181 671)

26. 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.

a. Provident fund

The group's contributions to the Metal Industries Provident Fund scheme, a defined contribution plan, amounted to R9 125 592 (2012: R8 630 026) and were expensed during the year.

b. Pension funds

(i) Hulamin Pension Fund (formerly Hulamin Defined Benefit Pension Fund)

The rules of the Hulamin Defined Benefit Pension Fund were amended during 2012, to include a defined contribution section, and the name of the fund was amended to the Hulamin Pension Fund.

Members and pensioners accepted an offer made by the fund to convert the benefits of all in service members from defined benefit to defined contribution and to transfer the liabilities for the payment of pensions to an insurer, effective 30 June 2012. This resulted in a curtailment gain and a past service cost adjustment in 2012 as well as a loss recognised on conclusion of the final settlement process later in that year and the related accelerated recognition of previously unrecognised actuarial gains. All members moved across to the defined contribution section of the fund. No members remained on the defined benefit section of the fund and application is being made to the Registrar of Pension Funds to remove this section from the rules of the fund. The group has no further exposure to actuarial or investment risk relating to the defined contribution section of the fund."

In addition to an enhancement of benefits granted by the fund to members and pensioners on conversion, the fund also provided certain members with a further benefit which targeted (but provided no guarantee of), at the date of conversion, equivalent benefits on retirement under the defined contribution section as would have been obtained had the member remained in the defined benefit section (the "retirement benefit equalisation value"). The assets relating to the retirement benefit equalisation value are held in the employer surplus account and there is no cross-subsidisation between the retirement benefit equalisation value and the assets held by the fund in terms of the defined contribution section of the fund. The company provides no guarantee in terms of the investment returns that are earned on members' retirement benefit equalisation values, The retirement benefit equalisation value benefit accrues with service and is therefore accounted for as a defined benefit plan in terms of IAS 19 (revised). The group holds no actuarial or investment risk relating to the retirement benefit equalisation value benefit.

An actuarial valuation of the group's defined benefit obligation (in relation to the retirement benefit equalisation value) and related plan assets was performed in accordance with IAS 19 (revised) at 31 December 2013.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2013

	2013 R'000	Restated 2012 R'000
26. RETIREMENT BENEFITS		
Amounts recognised in the balance sheet are as follows:		
Fair value of plan assets (represents amounts held in employer surplus account)	166 176	178 100
Present value of funded obligations	(4 708)	(921)
Pension fund asset at end of year	161 468	177 179
Movement in the defined benefit obligation is as follows:		
Defined benefit obligation at beginning of year	921	1 896 503
Current service cost	3 079	35 694
Interest cost	383	121 990
Employee contributions	–	9 453
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	(64)	52 622
Actuarial losses/(gains) arising from experience adjustments	633	(1 080)
Benefits paid	(244)	(62 142)
Past service cost	–	578 529
Curtailments	–	(734 417)
Settlements	–	(1 896 231)
Defined benefit obligation at end of year	4 708	921
Movement in the fair value of plan assets is as follows:		
Fair value of plan assets at beginning of year	178 100	2 097 465
Actual return on plan assets	19 228	133 255
Interest income	15 128	94 785
Remeasurements:		
Actuarial gains arising from changes in financial assumptions	–	–
Return on plan assets, excluding amounts included in interest income	4 100	38 470
Employer cash contributions – defined benefit plan	–	5 277
Employee contributions	–	9 453
Benefits paid	(244)	(62 142)
Settlements	–	(1 999 994)
Contribution funded from employer reserves	(30 908)	(5 214)
Fair value of plan assets at end of year	166 176	178 100
The fair value of plan assets comprises the employer surplus account which comprises:		
Quoted market price in an active market:		
Market risk portfolio	49 774	48 572
Conservative portfolio	34 084	34 989
Money market and cash	10 970	94 539
Other assets:		
Loan to employer company	71 348	–
	166 176	178 100
Balances in respect of the retirement benefit equalisation value included in the fair value of plan assets at end of year	49 802	48 572

	2013 R'000	Restated 2012 R'000
26. RETIREMENT BENEFITS continued		
Retirement Benefit Schemes continued		
Pension Funds continued		
The amounts recognised in the income statement are as follows:		
Defined benefit plan (retirement benefit equalisation value)	(11 666)	62 899
Current service cost	3 079	35 694
Net interest (income)/cost	(14 745)	27 205
Defined benefit plan – curtailment and settlement*	–	(52 125)
Past service cost	–	578 529
Gains on curtailment	–	(734 417)
Losses on settlement	–	103 763
Defined contribution plan	30 908	15 931
Employer contribution from reserves (utilisation of employer surplus account)	30 908	5 214
Employer cash contribution	–	10 717
	19 242	26 705
Amounts recognised in other comprehensive income are as follows :		
Actuarial (gains)/losses arising from changes in financial assumptions	(64)	52 622
Actuarial losses/(gains) arising from experience adjustments	633	(1 080)
Return on plan assets, excluding amounts included in interest income	(4 100)	(38 470)

* *Relates to pension fund gains and losses recognised as a result of the conversion of benefits of former members from defined benefit to defined contribution during 2012.*

The average duration of the benefit obligation at 31 December 2013 is 25.8 years (2012: 27.0 years).

		2013	2012
Principal actuarial assumptions at the end of the reporting period are as follows:			
Discount rate	(%)	8,900	8,500
Future inflation rate	(%)	6,000	5,650

(ii) Hulamin Pension Fund 2010

All members of the Hulamin Pension Fund 2010, a defined contribution plan, transferred to the Hulamin Pension Fund (defined contribution section) with effect from 1 July 2012. Deregistration of the Hulamin Pension Fund 2010 was applied for during the 2013 financial year. The group's contributions to the Hulamin Pension Fund 2010, which were expensed during the year, amounted to Rnil (2012: R260 431).

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

		2013 R'000	Restated 2012 R'000
26. 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		196 870	197 416
Liability in the balance sheet		196 870	197 416
The liability can be reconciled as follows:			
Balance at beginning of year		197 416	179 236
Total expense accrued		20 262	19 435
Remeasurements:			
Actuarial (gains)/losses arising from changes in financial assumptions		(1 254)	4 076
Actuarial (gains)/losses arising from experience adjustments		(11 673)	1 530
Benefit payments		(7 881)	(6 861)
Balance at end of year		196 870	197 416
Amounts recognised in the income statement are as follows:			
Interest costs		16 756	16 124
Current service costs		3 506	3 311
		20 262	19 435
Amounts recognised in other comprehensive income are as follows:			
Remeasurements:			
Actuarial (gains)/losses arising from changes in financial assumptions		(1 254)	4 076
Actuarial (gains)/losses arising from experience adjustments		(11 673)	1 530
The principal actuarial long-term assumptions are as follows:			
Discount rate	(%)	8,900	8,500
Future medical inflation rate	(%)	7,750	7,400
Sensitivity of future medical inflation rate:			
1% increase in future medical inflation rate – effect on the aggregate of the service and interest costs		3 447	3 611
1% increase in future medical inflation rate – effect on the obligation		30 185	31 933
1% decrease in future medical inflation rate – effect on the aggregate of the service and interest costs		(2 792)	(2 903)
1% decrease in future medical inflation rate – effect on the obligation		(24 663)	(25 920)
The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity the same method has been applied as when calculating the liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.			
The average duration of the benefit obligation at 31 December 2013 is 14,9 years (2012: 15,6 years). The number is analysed as follows: – active members 21,5 years (2012: 21,2 years) – retired members 10,1 years (2012: 10,1 years)			
Estimated benefits payable by the group in the next financial year		8 786	7 566

	2013 R'000	Restated 2012 R'000

26. 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.

		2013 R'000	Restated 2012 R'000
Amounts recognised in the balance sheet are as follows:			
Present value of unfunded obligations		28 956	35 826
Liability in the balance sheet		28 956	35 826
The liability can be reconciled as follows:			
Balance at beginning of year		35 826	33 484
Total expense accrued		5 069	4 965
Remeasurements:			
Actuarial gains arising from changes in financial assumptions		(149)	(26)
Actuarial gains arising from experience adjustments		(7 596)	(1 266)
Gratuity payments		(4 194)	(1 331)
Balance at end of year		28 956	35 826
Amounts recognised in the income statement are as follows:			
Interest costs		3 160	3 132
Service costs		1 909	1 833
		5 069	4 965
Amounts recognised in other comprehensive income are as follows:			
Remeasurements:			
Actuarial gains arising from changes in financial assumptions		(149)	(26)
Actuarial gains arising from experience adjustments		(7 596)	(1 266)
The principal actuarial assumptions are:			
Discount rate	(%)	8,900	8,500
Future salary inflation rate	(%)	7,600	7,250
Sensitivity of future salary inflation rate:			
1% increase in future salary inflation rate – effect on the aggregate of the service and interest costs		605	686
1% increase in future salary inflation rate – effect on the obligation		3 536	4 408
1% decrease in future salary inflation rate – effect on the aggregate of the service and interest costs		(519)	(588)
1% decrease in future salary inflation rate – effect on the obligation		(3 077)	(3 827)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity the same method has been applied as when calculating the liability recognized within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

The average duration of the benefit obligation at 31 December 2013 is 12,2 years (2012: 12,3 years).

Estimated retirement gratuities, payable by the group during the next financial year, are R724 000.

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2013

	2013 R'000	2012 R'000
27. COMMITMENTS		
Operating lease commitments, amounts due:		
Not later than one year	12 206	2 910
Later than one year and not later than five years	28 907	336
	41 113	3 246
In respect of:		
Property	336	1 529
Plant and machinery	40 777	1 717
	41 113	3 246

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

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

28. CAPITAL EXPENDITURE COMMITMENTS

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

	2013 R'000	2012 R'000
Property, plant and equipment	45 425	37 852

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

29. CONTINGENT LIABILITIES

In 2012, an artisan employed by an engineering firm which was contracted to Hulamin was injured on Hulamin premises. A claim for expenses, damages and earnings amounting to R300 000 and interest was served on Hulamin. A liability has not been raised for the amount as there is only a remote possibility that the claim will succeed.

30. 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 the pension fund are disclosed below:

	2013 R'000	2012 R'000
Sales to joint venture	–	9 327
Interest received on loans to joint venture	–	54
Loan from pension fund (refer note 16)	71 348	–

Transactions with key management personnel, which comprises directors and prescribed officers, are detailed in note 31.

31. DIRECTORS' REMUNERATION AND INTEREST

Directors' and prescribed officer's remuneration during the 2013 financial year

Director	Retainer fees Rand	Attendance fees Rand	Cash package Rand	Bonus and performance-related payments^ Rand	Medical aid contributions Rand	Retirement fund contributions Rand	Subtotal Rand	#Value of options granted Rand	Total Rand	Gains on exercise of share options Rand
Non-executive										
M E Mkwanazi	410 802	218 660					629 462		629 462	
L C Cele	233 815	115 670					349 485		349 485	
V N Khumalo*	150 063	68 715					218 778		218 778	
T P Leeuw	275 071	128 795					403 866		403 866	
J B Magwaza	182 219	78 615					260 834		260 834	
N N A Matyumza	257 964	113 250					371 214		371 214	
S P Ngwenya	150 063	39 195					189 258		189 258	
S M G Jennings[1]	206 746	98 226					304 972		304 972	
P H Staude	184 508	90 925					275 433		275 433	
G H M Watson	389 738	198 754					588 492		588 492	
Subtotal	2 440 989	1 150 805					3 591 794		3 591 794	
Executive										
R G Jacob			3 534 348	1 070 943	86 832	440 969	5 133 092	1 286 939	6 420 031	52 205
D A Austin[2]			1 955 500	502 404	108 993	243 750	2 810 647	277 603	3 088 250	–
C D Hughes[3]			404 128	104 082	23 680	50 379	582 269	290 036	872 305	–
M Z Mkhize			2 411 184	571 048	142 080	300 573	3 424 885	396 852	3 821 737	–
Subtotal			8 305 160	2 248 477	361 585	1 035 671	11 950 893	2 251 430	14 202 323	52 205
Prescribed officer										
D R Weisz			1 791 500	661 149	84 816	245 438	2 782 903	223 970	3 006 873	–
Total	2 440 989	1 150 805	10 096 660	2 909 626	446 401	1 281 109	18 325 590	2 475 400	20 800 990	52 205

^ *The bonus payments reflected above are in relation to the 2013 year, paid in 2014.*

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

The value of the equity-settled options granted is the annual expense determined in accordance with IFRS 2 – Share-based Payments.

1 *S M G Jennings was appointed to the board from 1 July 2013.*

2 *D A Austin was appointed to the board from 1 March 2013.*

3 *C D Hughes retired from the board on 28 February 2013. His remuneration for the period 1 March 2013 to 31 May 2013 when he retired from the company is included in the table that follows.*

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

31. DIRECTORS' REMUNERATION AND INTEREST continued

Executive Committee members' remuneration during the 2013 financial year*

	Cash package Rand	Bonus and performance-related payments^ Rand	Medical aid contributions Rand	Retirement fund contributions Rand	Total Rand	Gains on exercise of share options Rand
Total	8 489 272	2 115 396	474 672	1 071 170	12 150 510	1 923 020

* *Excluding executive directors and prescribed officers. C D Hughes retired from the board on 28 February 2013. His remuneration for the period 1 March 2013 to 31 May 2013 when he retired from the company is included in this table.*

^ *The bonus payments reflected above are in relation to the 2013 year, paid in 2014.*

No other employee earned more than the executive directors, prescribed officer and Executive Committee members in the 2013 year.

31. DIRECTORS' REMUNERATION AND INTEREST continued

Directors' and prescribed officer's remuneration during the 2012 financial year

Director	Retainer fees Rand	Attendance fees Rand	Cash package Rand	Bonus and performance-related payments^ Rand	Medical aid contributions Rand	Retirement fund contributions Rand	Subtotal Rand	#Value of options granted Rand	Total Rand	Gains on exercise of share options Rand
Non-executive										
M E Mkwanazi	394 783	192 675					587 458		587 458	
L C Cele	231 175	106 875					338 050		338 050	
V N Khumalo*	139 242	63 100					202 342		202 342	
T P Leeuw	221 477	100 050					321 527		321 527	
J B Magwaza	185 267	73 500					258 767		258 767	
N N A Matyumza	202 242	77 900					280 142		280 142	
S P Ngwenya	139 242	18 900					158 142		158 142	
G Pretorius	85 517	32 000					117 517		117 517	
P H Staude	157 733	75 975					233 708		233 708	
G H M Watson	327 485	159 715					487 200		487 200	
Subtotal	2 084 163	900 690					2 984 853		2 984 853	
Executive										
R G Jacob			3 366 360	1 179 346	77 676	455 247	5 078 629	733 136	5 811 765	77 517
C D Hughes			2 317 320	639 752	100 803	313 103	3 370 978	377 003	3 747 981	77 517
M Z Mkhize			2 296 680	600 915	93 830	310 306	3 301 731	639 813	3 941 544	455 523
Subtotal			7 980 360	2 420 013	272 309	1 078 656	11 751 338	1 749 952	13 501 290	610 557
Prescribed officer**										
D R Weisz			562 200	112 830	16 772	77 000	768 802		768 802	
Total	2 084 163	900 690	8 542 560	2 532 843	289 081	1 155 656	15 504 993	1 749 952	17 254 945	610 557

^ *The bonuses reflected above are in relation to the 2012 year, paid in 2013.*

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

\# *The value of the equity-settled options granted is the annual expense determined in accordance with IFRS 2 – Share-based Payments.*

** *In the 2011 year, Mr C J Little was disclosed as the prescribed officer, due to his role as Managing Director of Hulamin Extrusions (Pty) Ltd. With effect from 1 January 2012, he was appointed to the Rolled Products division. His remuneration from this date is disclosed in the table that follows. Mr D R Weisz was appointed to this position with effect from 1 September 2012.*

Executive Committee members' remuneration during the 2012 financial year*

	Cash package Rand	Bonus and performance-related payments^ Rand	Medical aid contributions Rand	Retirement fund contributions Rand	Total Rand	Gains on exercise of share options Rand
Total	9 287 640	2 392 095	411 752	1 254 003	13 345 490	1 967 778

* *Excluding executive directors and prescribed officers.*

^ *The bonus payments reflected above are in relation to the 2012 year, paid in 2013.*

No other employee earned more than the executive directors, prescribed officer and Executive Committee members in the 2012 year.

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31. DIRECTORS' REMUNERATION AND INTEREST continued

Interest of directors and prescribed officers of the company in share-based instruments

The interest of the directors and prescribed officers in share options of the company is shown in the table below:

The Tongaat Hulett Group Limited 2001 Share Option Scheme – options apportioned at unbundling

OPTIONS RELATED TO THE TONGAAT HULETT SHARE PRICE

	Adjusted option price	Expiring ten years from	Number of options at 31 Dec 2012	Number of options exercised during 2013	Number of options at 31 Dec 2013	Options time constrained
Executive director						
C D Hughes	R26,34	1 Oct 2003	4 500	4 500	–	
	R35,90	21 Apr 2004	4 800	4 800	–	
Total			9 300	9 300	–	

OPTIONS RELATED TO THE HULAMIN SHARE PRICE

	Adjusted option price	Expiring ten years from	Number of options at 31 Dec 2012	Number of options lapsed during 2013	Number of options at 31 Dec 2013	Options time constrained
Executive director						
R G Jacob	R11,10	21 Apr 2004	3 800		3 800	
			3 800		3 800	
C D Hughes	R8,15	1 Oct 2003	4 500	4 500	–	
	R11,10	21 Apr 2004	4 800		4 800	
			9 300	4 500	4 800	
M Z Mkhize	R11,10	21 Apr 2004	3 400		3 400	
			3 400		3 400	
Total			16 500	4 500	12 000	

31. DIRECTORS' REMUNERATION AND INTEREST continued

Interest of directors and prescribed officers of the company in share-based instruments continued

The Tongaat-Hulett Group Limited Share Appreciation Right Scheme (SARS) 2005 – rights apportioned at unbundling

RIGHTS RELATING TO THE TONGAAT HULETT SHARE PRICE

	Number of rights granted in 2006	Number of rights at 31 Dec 2012	Number of rights exercised during 2013	Number of rights at 31 Dec 2013	Rights time constrained
Executive director					
C D Hughes	7 441	7 441	7 441	–	
	7 441	7 441	7 441	–	
Adjusted grant price	R73,39				
Expiring seven years from	25 Apr 2006				

RIGHTS RELATING TO THE HULAMIN SHARE PRICE

	Number of rights granted in 2006	Number of rights at 31 Dec 2012	Rights expired in 2013	Number of rights at 31 Dec 2013	Rights time constrained
Executive director					
R G Jacob	6 241	6 241	6 241	–	
C D Hughes	7 441	7 441	7 441	–	
M Z Mkhize	7 736	7 736	7 736	–	
	21 418	21 418	21 418	–	
Adjusted grant price	R22,70				
Expiring seven years from	25 Apr 2006				

NOTES TO THE GROUP FINANCIAL STATEMENTS
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31. DIRECTORS' REMUNERATION AND INTEREST continued

Interest of directors and prescribed officers of the company in share-based instruments continued

Hulamin Limited Share Appreciation Right Scheme 2007

	Number of rights granted in 2009	Number of rights granted in 2011	Number of rights at 31 Dec 2012	Number of rights granted in 2013	Number of rights lapsed in 2013	Number of rights at 31 Dec 2013	Rights time constrained
Executive director							
R G Jacob	98 933	509 138	608 071	1 018 161		1 626 232	1 626 232
D A Austin			–	234 243		234 243	234 243
C D Hughes	122 024	263 745	385 769	243 345	507 090	122 024	122 024
M Z Mkhize	111 958	261 503	373 461	470 418		843 879	843 879
	332 915	1 034 386	1 367 301	1 966 167	507 090	2 826 378	2 826 378
Prescribed officer							
D R Weisz				168 174		168 174	168 174
	332 915	1 034 386	1 367 301	2 134 341	507 090	2 994 552	2 994 552
Grant price	R11,50	R6,91		R4,56			
Grant date	24 Jul 2009	25 May 2011		25 Feb 2013			
Grant price				R4,01			
Grant date				27 May 2013			

Hulamin Limited Long Term Incentive Plan 2007 – With Performance Conditions

	Number of conditional awards granted in 2011	Number of conditional awards as at 31 Dec 2012	Number of conditional awards granted at 31 Dec 2013	Number of conditional awards lapsed in 2013	Number of conditional awards at 31 Dec 2013	Conditional awards time constrained
Executive director						
R G Jacob	262 006	262 006	381 132		643 138	643 138
D A Austin		–	102 232		102 232	102 232
C D Hughes	135 731	135 731	106 329	242 060	–	
M Z Mkhize	134 578	134 578	205 430		340 008	340 008
	532 315	532 315	795 123	242 060	1 085 378	1 085 378
Prescribed officer						
D R Weisz			73 397		73 397	73 397
Total	532 315	532 315	868 520	242 060	1 158 775	1 158 775
Grant price	R6,91		R4,56			
Grant date	25 May 2011		25 Feb 2013			
Grant price			R4,01			
Grant date			27 May 2013			

31. DIRECTORS' REMUNERATION AND INTEREST continued

Interest of directors and prescribed officers of the company in share-based instruments continued

Hulamin Limited Long Term Incentive Plan 2007 – Without Performance Conditions

	Number of conditional awards at 31 Dec 2012	Number of conditional awards granted in 2013	Number of conditional awards exercised in 2013	Number of conditional awards lapsed in 2013	Number of conditional awards at 31 Dec 2013	Conditional awards time constrained
Executive director						
R G Jacob		127 186			127 186	127 186
D A Austin		179 073			179 073	179 073
C D Hughes		35 443	6 892	28 551	–	
M Z Mkhize		68 476			68 476	68 476
	–	410 178	6 892	28 551	374 735	374 735
Prescribed officer						
D R Weisz		123 150			123 150	123 150
Total	–	533 328	6 892	28 551	497 885	497 885
Grant price		R4,56				
Grant date		25 Feb 2013				
Grant price		R4,60				
Grant date		1 Mar 2013				
Grant price		R4,01				
Grant date		27 May 2013				

Hulamin Limited Deferred bonus Plan 2007

	Number of conditional awards granted in 2010	Number of conditional awards granted in 2012	Number of conditional awards at 31 Dec 2012	Number of conditional awards exercised in 2013	Number of conditional awards granted in 2013	Number of conditional awards at 31 Dec 2013	Conditional awards time constrained
Executive director							
R G Jacob	9 906	24 669	34 575	9 906	32 534	57 203	57 203
	9 906	24 669	34 575	9 906	32 534	57 203	57 203
Grant price	R8,93	R7,60			R4,55		
Grant date	1 Nov 2010	16 Apr 2012			4 Mar 2013		

NOTES TO THE GROUP FINANCIAL STATEMENTS
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31. DIRECTORS' REMUNERATION AND INTEREST continued

Interest of directors and prescribed officers of the company in share capital

The aggregate holdings as at 31 December 2013 of those directors of the company and the prescribed officer holding issued ordinary shares of the company are detailed below:

As at 31 December 2013	Direct beneficial shares	Indirect beneficial shares	Held by associates	Shares total
Executive				
R G Jacob	118 897			118 897
M Z Mkhize	75 668			75 668
	194 565	–	–	194 565
Non-executive				
L C Cele	10 000			10 000
J B Magwaza	5 760			5 760
P H Staude	91 610			91 610
	107 370	–	–	107 370
Total	301 935	–	–	301 935

There have been no changes in the above interests between the year-end and 20 February 2014.

As at 31 December 2012	Direct beneficial shares	Indirect beneficial shares	Held by associates	Shares total
Executive				
R G Jacob	86 363			86 363
M Z Mkhize	75 668			75 668
	162 031	–	–	162 031
Non-executive				
L C Cele	10 000			10 000
J B Magwaza	5 760			5 760
M E Mkwanazi			36 700	36 700
P H Staude	91 610			91 610
	107 370	–	36 700	144 070
Total	269 401	–	36 700	306 101

32. SHARE-BASED PAYMENTS

Employee share incentive schemes

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

The Tongaat-Hulett Group Limited 2001 Share Option Scheme

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.

Tongaat Hulett modified grant price	Estimated weighted average fair value per option	Expiring ten years from	Number of options at 31 Dec 2012	Options exercised in 2013	Options forfeited in 2013	Number of options at 31 Dec 2013	Options time constrained
R24,37	R8,48	14 Apr 2003	25 200	25 200	–	–	
R26,35	R8,44	1 Oct 2003	4 500	4 500	–	–	
R35,90	R11,03	21 Apr 2004	43 400	14 500	–	28 900	
			73 100	44 200	–	28 900	

Hulamin modified grant price	Estimated weighted average fair value per option	Expiring ten years from	Number of options at 31 Dec 2012	Options expired in 2013	Options forfeited in 2013	Number of options at 31 Dec 2013	Options time constrained
R7,53	R2,62	14 Apr 2003	44 700	44 700	–	–	
R8,15	R2,61	1 Oct 2003	4 500	4 500	–	–	
R11,10	R3,60	21 Apr 2004	125 100	1 000	3 000	121 100	
			174 300	50 200	3 000	121 100	

The estimated fair value of the share options at grant date was determined using a binomial tree valuation model. Options were exercised during the year. The volume-weighted average share prices during the year for Tongaat Hulett and Hulamin shares were R128,83 and R4,63 respectively.

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32. SHARE-BASED PAYMENTS continued
Employee share incentive schemes continued

The Tongaat-Hulett Group Limited 2001 Share Option Scheme 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 and four years
– Non-market	None
– Market	None
– Expected remaining life	2004 award: 4 months
– Contractual life	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 were the same as that of the original SARS. Hulamin was obliged to settle all benefits under these SARS in relation to its own employees using Hulamin shares which were purchased in the market. The benefit for the Hulamin right was 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.

32. SHARE-BASED PAYMENTS continued

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 2012	Rights exercised in 2013	Rights forfeited in 2013	Number of rights at 31 Dec 2013	Rights time constrained
R73,39	R23,81	25 Apr 2006	70 484	70 484	–	–	
			70 484	70 484	–	–	

Hulamin modified grant price	Estimated weighted average fair value per right	Expiring seven years from	Number of rights at 31 Dec 2012	Rights expired in 2013	Rights forfeited in 2013	Number of rights at 31 Dec 2013	Rights time constrained
R22,70	R7,36	25 Apr 2006	224 392	224 392	–	–	
			224 392	224 392	–	–	

Options were exercised during the year. The volume-weighted average share prices during the year for Tongaat Hulett and Hulamin shares were R128,83 and R4,63 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	7,22%
Expected volatility	35% – based on historical volatility
Expected dividends	A continuous dividend yield of 4,0%
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
– Expected remaining life	Nil
– Contractual life	84 months

NOTES TO THE GROUP FINANCIAL STATEMENTS
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32. SHARE-BASED PAYMENTS continued
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 conditions over a three-year period.

Grant/ exercise price	Estimated weighted average fair value per right	Grant date	Number of rights at 31 Dec 2012	Rights granted in 2013	Rights forfeited in 2013	Number of rights at 31 Dec 2013	Rights time constrained
R11,50	R4,76	24 Jul 2009	3 745 014		93 225	3 651 789	
R6,91	R1,91	25 May 2011	7 403 936		955 670	6 448 266	6 131 752
R3,60	R0,81	22 Oct 2012	2 089 471		218 370	1 871 101	1 793 156
R4,56	R1,35	25 Feb 2013*		2 281 693	443 268	1 838 425	1 838 425
R4,01	R1,24	27 May 2013		4 131 109		4 131 109	4 131 109
			13 238 421	6 412 802	1 710 533	17 940 690	13 894 442

* *On 25 February 2013 a grant was made to a group of employees who had been excluded from the grant made on 22 October 2012. The term of the award was 32 months to vest on 22 October 2015.*

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	2013 awards: R4,56 (February); R4,01 (May) (2012 award: R3,60; 2011 award: R6,91; 2009 award: R11,50)
Grant price	The grant price as noted above
Risk-free interest rate	2013 awards: 6,44% (2012 award: 6,38%; 2011 award: 7,98%; 2009 award: 8,73%)
Expected volatility	2013 awards: 42,70% (February); 42,98% (May) (2012 award: 40,33%; 2011 award: 38,09%; 2009 award: 41,80%)
Expected dividends	2013 awards: 4,0% (2012 award: 9,85%; 2011 award: 7,56%; 2009 award: 6,54%)
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 2009 grant.
– Market	None
– Expected remaining life	2013 awards: 77 months (2012 award: 70 months; 2011 award: 53 months; 2009 award: 31 months)
– Contractual life	84 months

32. SHARE-BASED PAYMENTS continued

Employee share incentive schemes continued

Hulamin Limited Long Term Incentive Scheme 2007 (with performance conditions)

Under the Long Term Incentive Plan, participating employees are granted conditional awards. These awards are converted into shares in Hulamin on the achievement of Return on Capital Employed (ROCE) and Total Shareholders' Return (TSR) performance conditions over a three-year period.

Grant/ exercise price	Estimated weighted average fair value per award	Grant date	Number of conditional awards at 31 Dec 2012	Conditional awards granted in 2013	Conditional awards lapsed/ forfeited in 2013	Conditional awards exercised in 2013	Number of conditional awards at 31 Dec 2013	Conditional awards time constrained
nil	R4,40	25 May 2011	1 523 291		336 623	1 586	1 185 082	1 185 082
nil	R1,10	22 Oct 2012	1 808 466		126 627		1 681 839	1 681 839
nil	R1,97	25 Feb 2013*		884 911	193 685		691 226	691 226
nil	R3,28	27 May 2013		2 526 454	18 191		2 508 263	2 508 263
			3 331 757	3 411 365	675 126	1 586	6 066 410	6 066 410

* *On 25 February 2013 a grant was made to a group of employees who had been excluded from the grant made on 22 October 2012. The term of the award was 32 months to vest on 22 October 2015.*

The volume-weighted average share price during the year for Hulamin shares was R4,63.

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	2013 awards: R4,56 (February); R4,01 (May) (2012 award: R3,60; 2011 award: R6,91)
Grant price	The grant price as noted above
Risk-free interest rate	2013 awards: 5,33% (2012 award: 5,19%; 2011 award: 7,05%)
Expected volatility	2013 awards: 45.48% (February); 46,03% (May) (2012 award: 39,11%; 2011 award: 38,24%)
Expected dividends	2013 awards: 4,0% (2012 award: 6,15%; 2011 award: 3,01%)
Vesting conditions:	
– Time	Three years
– Non-market	Return on capital employed (ROCE)
– Market	Total shareholders' return (TSR)
– Expected remaining life	2013 award: 29 months (May); 22 months (February) (2012 award: 22 months; 2011 award: 5 months)
– Contractual life	36 months

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32. SHARE-BASED PAYMENTS continued
Employee share incentive schemes continued

Hulamin Limited Long Term Incentive Scheme 2007 (without performance conditions)
Under the Long Term Incentive Plan, participating employees are granted conditional awards. The vesting of the award is conditional on the employee continuing employment with the company or any other employer company until the vesting date.

Grant/ exercise price	Estimated weighted average fair value per award	Grant date	Number of conditional awards at 31 Dec 2012	Conditional awards granted in 2013	Conditional awards exercised in 2013	Conditional awards lapsed/ forfeited in 2013	Number of conditional awards at 31 Dec 2013	Conditional awards time constrained
nil	R2,98	22 Oct 2012	602 819		10 372	52 325	540 122	540 122
nil	R4,11	25 Feb 2013*		393 654	10 936	53 626	329 092	329 092
nil	R4,11	01 Mar 2013		144 996			144 996	144 996
nil	R3,64	27 May 2013		840 388		6 106	834 282	834 282
			602 819	1 379 038	21 308	112 057	1 848 492	1 848 492

* *On 25 February 2013 a grant was made to a group of employees who had been excluded from the grant made on 22 October 2012. The term of the award was 32 months to vest on 22 October 2015.*

The volume weighted average share price during the year for Hulamin shares was R4,63.

The estimated fair value costing of these conditional share awards at the grant date was based on the following significant inputs:

Share price at grant date	2013 awards: R4,01 (May); R4,60 (March); R4,56 (February) (2012 award: R3,60)
Grant price	The grant price as noted above
Risk-free interest rate	2013 awards: 5,33% (2012 award: 5,19%)
Expected volatility	2013 awards: 46,03% (May); 45,48% (February) (2012 award: 39,11%)
Expected dividends	2013 awards: 4,0% (May); 4,0% (February) (2012 award: 6,15%)
Vesting conditions:	
– Time	Three years
– Non-market	None
– Market	None
– Expected remaining life	2013 awards: 29 months (May); 22 months (February) (2012 award: 22 months)
– Contractual life	36 months

32. SHARE-BASED PAYMENTS continued

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 match those pledged shares released from escrow.

Grant/exercise price	Estimated weighted average fair value per award	Grant date	Number of conditional awards at 31 Dec 2012	Conditional awards granted in 2013	Conditional awards exercised in 2013	Number of conditional awards 31 Dec 2013	Conditional awards time constrained
–	R8,51	1 Nov 2010	32 729		32 729	–	
–	R6,91	16 Apr 2012	37 649			37 649	37 649
–	R3,73	4 Mar 2013		54 220		54 220	54 220
			70 378	54 220	32 729	91 869	91 869

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

Share price at grant date	2013 award: R4,55 (2012 award: R7,60; 2010 award: R8,93)
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
– Expected remaining life	2013 award: 27 months (2012: 16 months)
– Contractual life	36 months

The Deferred Bonus Shares were purchased by the participating employees on 15 November 2010, 20 April 2012 and 13 March 2013 in terms of the 2010, 2012 and 2013 awards respectively.

NOTES TO THE GROUP FINANCIAL STATEMENTS
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32. SHARE-BASED PAYMENTS continued

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 consisted of two components, namely a share appreciation scheme and a share grant scheme. The ESOP scheme consisted of a share appreciation scheme, and participants shared 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 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 were a separate class of restricted shares which, other than for the repurchase terms, ranked *pari passu* with ordinary shares.

Hulamin had 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 repurchased at maturity was to have been calculated such that the market value of the repurchased shares was 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.

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

The MSOP and ESOP schemes matured on 1 August 2012. Accordingly, in terms of the Company's Articles of Association, on 31 July 2012, 12 820 671 unlisted B1, B2 and B3 ordinary shares of ten cents each (including those shares which had been forfeited or had remained unallocated) were acquired by the company from the Trusts and were cancelled immediately.

786 799 B3 ordinary shares held by the MSOP Share Trust were converted into Hulamin ordinary shares of ten cents each in the share capital of Hulamin and were listed on the exchange of the JSE Limited on 1 August 2012. 700 381 of those ordinary shares vested in August 2012 and were transferred to participants. A further 37 392 ordinary shares will vest to the relevant participants on 1 March 2014. The balance of 49 026 ordinary shares, which constitute unallocated or forfeited shares, will remain in the MSOP Share Trust until such time as it is wound up.

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) Ltd (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 were 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.

33. 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	% Equity interest 2013	2012
Subsidiaries			
Hulamin Rolled Products (Pty) Ltd*	South Africa	100	100
Hulamin Systems (Pty) Ltd*	South Africa	100	100
Hulamin Operations (Pty) Ltd	South Africa	90	90
Hulamin Extrusions (Pty) Ltd*	South Africa	100	100
Hulamin North America LLC*	United States of America	100	100
Associates			
Almin Metal Industries Limited **	Zimbabwe	49	49

* *Subsidiaries of Hulamin Operations (Pty) Ltd.*

** *Investment held by Hulamin Extrusions (Pty) Ltd.*

All the investments are unlisted.

Special purpose vehicles

The following special purpose vehicle has also been consolidated:

– Chaldean Trading 67 (Pty) Ltd.

NOTES TO THE GROUP FINANCIAL STATEMENTS
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34. FINANCIAL RISK MANAGEMENT

34.1 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 cooperation with the group's operating units.

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 and recognised assets and liabilities that are denominated in a currency that is not the group's functional currency, which is the 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 lower or higher by R151 000 (2012: higher or lower by R2 623 000) 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 was no more sensitive to movements in currency exchange rates in 2013 than in 2012, as all foreign currency denominated assets and liabilities are hedged through foreign exchange contracts. The above change in currency exchange rates would have resulted in equity being lower or higher by R46 052 000 (2012: R35 301 000). 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. Due to this commodity price risk having opposing effects on cash and profit, the approach is to hedge approximately 50% of the risk using futures contracts. At 31 December 2013, 47% (2012: 46%) of the risk was hedged.

For every 5% weakening or strengthening of the price of aluminium at 31 December, after-tax profit for the year would have been lower or higher by R3 213 000 (2012: higher or lower by R150 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 2013 and 2012. For this reason, profit was no more sensitive to movement in commodity prices in 2013 than in 2012. The above change in aluminium prices would have resulted in equity being lower or higher by R16 643 000 (2012: R13 723 000). The change in equity is mainly from losses/gains on translation of US Dollar-denominated 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 not fixed the interest rate on any of its borrowings. 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 (2012: nil) and no effect on equity (2012: nil).

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 R3 063 000 (2012: R3 715 000).

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.

34. FINANCIAL RISK MANAGEMENT continued

34.1 Financial risk factors continued

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 hedging transactions are undertaken with these banks. All aluminium futures are undertaken with major London Metal Exchange broker companies and with major South African banks.

Hulamin's credit risk exposure to customers is mainly influenced by individual customer characteristics and there is no significant concentration of risk related to industry segments. In addition to any significant exposures arising from specific customers, credit exposures to both local and overseas customers are detailed in note 8 to the annual financial statements. The creditworthiness of new customers is assessed when credit is first extended and is reviewed on a monthly basis thereafter. The establishment and subsequent maintenance of credit limits is, in the majority of cases, based on the specific amount of credit insurance that can be secured for each new customer. The value of all trade receivables covered by insurance is detailed in note 8.

Quantitative data on credit risk is disclosed in the notes to the annual financial statements on derivative financial instruments (note 9) and trade and other receivables (note 8).

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	2013 R'000	2012 R'000
Total borrowing facilities		1 521 348	1 180 000
Less:			
Non-current borrowings	12	–	(556 948)
Current borrowings	16	(804 482)	(215 131)
Add:			
Bank balances	10	191 907	28 984
Committed undrawn facilities		908 773	436 905

The total borrowing facilities include a general short-term facility of R250 million and facilities of R1 200 million that are committed for three years but, as each drawdown against the R1 200 million is repayable within 12 months, are classified as current. The repayment of each drawdown can either be through cash generated within the business or through a new replacement drawdown (a revolving facility). A pension fund loan facility of R71 million also exists.

There are no financial liabilities with contractual maturity dates beyond a year from 31 December 2013. Financial liabilities that had contractual maturity dates beyond a year from 31 December 2012 comprised long-term borrowings. Financial liabilities with maturity dates less than one year comprise current borrowings, trade and other payables, sundry accruals and derivative liabilities.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 December 2013

34. FINANCIAL RISK MANAGEMENT continued

34.1 Financial risk factors continued

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
2013							
Current borrowings		804 482					804 482
Trade and other payables (excluding employee benefit payables)		752 024					752 024
Derivative financial liabilities		65 357					65 357
	–	1 621 863	–	–	–	–	1 621 863
2012							
Non-current borrowings			114 749	503 774			738 698
Current borrowings	143 131	120 175					263 306
Trade and other payables (excluding employee benefit payables)		647 147					647 147
Derivative financial liabilities		49 443					49 443
	143 131	816 765	114 749	503 774	–	–	1 578 419

Included in the above amounts payable within a period of less than one year, are financial liabilities in the amount of R841 809 000 (2012: R710 275 000) which are payable within a period of three months, including trade payables in the amount of R641 795 000 (2012: R543 841 000). Trade receivables amounting to R749 508 000 (2012: R704 241 000) are recoverable within a period of three months.

34.2 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.

These objectives result in varying 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	2013 R'000	2012 R'000
Non-current borrowings	12	–	556 948
Current borrowings	16	804 482	215 131
Total borrowings		804 482	772 079
Less: Cash and cash equivalents	10	(192 800)	(29 596)
Net borrowings		611 682	742 483
Total equity		3 402 810	4 747 597
Total capital		4 014 492	5 490 080
Gearing ratio (net debt over total capital)	(%)	15	14

COMPANY BALANCE SHEET
as at 31 December 2013

	Notes	2013 R'000	Restated 2012 R'000	Restated 2011 R'000
ASSETS				
Non-current assets				
Investment in subsidiaries	2	3 135 839	4 392 923	4 348 209
Deferred tax asset	3	19 095	18 770	18 264
		3 154 934	4 411 693	4 366 473
Current assets				
Income tax asset		146	110	–
		146	110	–
Total assets		3 155 080	4 411 803	4 366 473
EQUITY				
Share capital and share premium	4	1 821 170	1 821 058	1 822 444
BEE reserve		134 686	134 686	134 686
Employee share-based payment reserve		29 720	101 099	105 750
Retained earnings		1 100 953	2 287 574	2 237 857
Total equity		3 086 529	4 344 417	4 300 737
LIABILITIES				
Non-current liabilities				
Post-retirement medical aid provision	5	68 169	67 008	65 227
		68 169	67 008	65 227
Current liabilities				
Income tax liability		–	–	227
Trade and other payables		382	378	282
		382	378	509
Total liabilities		68 551	67 386	65 736
Total equity and liabilities		3 155 080	4 411 803	4 366 473

COMPANY INCOME STATEMENT
for the year ended 31 December 2013

	Notes	2013 R'000	Restated 2012 R'000
Revenue		81 667	77 421
Administrative expenses	6	(8 978)	(8 816)
Impairment of investment in subsidiaries	7	(1 239 658)	–
Operating (loss)/profit		(1 166 969)	68 605
Taxation	8	(18 621)	(19 210)
Net (loss)/profit for the year attributable to equity holders of the company		(1 185 590)	49 395

COMPANY STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	2013 R'000	Restated 2012 R'000
Net (loss)/profit for the year attributable to equity holders of the company	(1 185 590)	49 395
Other comprehensive loss for the year		
Items that will not be reclassified to profit or loss	(1 031)	(960)
Remeasurement of post-retirement medical obligation	(1 432)	(1 334)
Income tax effect	401	374
Total comprehensive (loss)/income for the year attributable to equity holders of the company	(1 186 621)	48 435

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2013

	Share capital R'000	Share premium R'000	Employee share-based payment reserve R'000	BEE reserve R'000	Retained earnings R'000	Total equity R'000
Balance at 31 December 2011 as previously reported	36 695	1 785 749	105 750	134 686	2 249 166	4 312 046
Impact of change in accounting policy (note 1.5)	–	–	–	–	(11 309)	(11 309)
Restated balance at 31 December 2011	36 695	1 785 749	105 750	134 686	2 237 857	4 300 737
Total comprehensive income for the year	–	–	–	–	48 435	48 435
B ordinary shares repurchased and cancelled (note 4.2)	(1 282)	(129)	–	–	1 282	(129)
Shares issued (net of B ordinary shares converted) (note 4.2)	25	–	–	–	–	25
Value of employee services of subsidiaries	–	–	(1 878)	–	–	(1 878)
Settlement of employee share incentives	–	–	(2 773)	–	–	(2 773)
Restated balance at 31 December 2012	35 438	1 785 620	101 099	134 686	2 287 574	4 344 417
Net loss for the year	–	–	–	–	(1 185 590)	(1 185 590)
Other total comprehensive loss for the year after tax	–	–	–	–	(1 031)	(1 031)
Shares issued	112	–	–	–	–	112
Value of employee services of subsidiaries	–	–	9 360	–	–	9 360
Settlement of employee share incentives	–	–	(2 457)	–	–	(2 457)
Transfer of share-based payment reserve to investment in subsidiary	–	–	(78 282)	–	–	(78 282)
Balance at 31 December 2013	35 550	1 785 620	29 720	134 686	1 100 953	3 086 529

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2013

	Notes	2013 R'000	Restated 2012 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating (loss)/profit		(1 166 969)	68 605
Other comprehensive loss		(1 432)	(1 334)
Changes in working capital		4	96
Movement in retirement benefit obligation		1 161	1 781
Impairment of investment in subsidiaries		1 239 658	–
Employee share-based costs		9 360	(1 878)
Income tax payment		(18 581)	(19 679)
Net cash inflow from operating activities		63 201	47 591
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in investments in subsidiaries		(60 856)	(44 714)
Net cash outflow from investing activities		(60 856)	(44 714)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares issued (net of B ordinary shares converted)	4,2	112	25
Settlement of employee share incentives		(2 457)	(2 773)
Repurchase of B ordinary shares	4,2	–	(129)
Net cash outflow from financing activities		(2 345)	(2 877)
Net increase 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 2013

1. ACCOUNTING POLICIES

BASIS OF PREPARATION

1.1 Compliance with International Financial Reporting Standards (IFRS)

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

1.2 Underlying concepts

The financial statements are prepared using the historical cost convention 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.

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.

1.3 Judgements, estimates and assumptions

The accounting estimates and critical judgements applied by the key management of Hulamin Limited are discussed in the group's consolidated financial statements (see note 1.36).

1.4 Principal accounting policies

The principal accounting policies applied by the company are the same as those presented in note 1 to the consolidated group financial statements, to the extent that the group's transactions and balances are applicable to the company financial statements. Principally, the accounting policies which are not directly relevant to the company financial statements are those relating to consolidation accounting.

The accounting policies which are either different, or additional, to those applied by the group are stated as follows:

1.4.1 Subsidiaries

Subsidiaries are all entities over which the group has control, generally accompanying a shareholding of more than one half of the voting rights.

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.

1.5 Change in accounting policy

During the current year, the company changed its accounting policy for accounting for actuarial gains and losses on post-retirement defined benefit plans, resulting from the adoption of IAS 19 (Amended) Employee Benefits as discussed in the group's consolidated financial statements (see note 1.1). The most significant impact on the company has been that IAS 19 eliminates the option to defer the recognition of actuarial gains and losses, previously referred to as the corridor approach. Under the amended policy, all actuarial gains and losses are recognised in other comprehensive income in full. The change in accounting policy has been applied retrospectively in accordance with its transitional provisions. Consequently, the company has restated its reported results throughout the comparative periods presented.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2013

	2013 R'000	2012 R'000	2011 R'000
1. ACCOUNTING POLICIES continued			
1.5 Change in accounting policy continued			
The effects of the application of IAS 19R on the reported results for the years presented are as follows:			
Impact on profit/(loss) for the period			
Decrease in cost of sales	3 036	2 903	2 935
Increase in taxation expense	(850)	(813)	(822)
Increase in net profit for the period	2 186	2 090	2 113
Impact on comprehensive income/(loss) for the period			
Decrease in remeasurement of retirement benefit obligations	(1 432)	(1 334)	(18 642)
Increase in taxation relating to items of other comprehensive income	401	374	5 220
Decrease in other comprehensive income for the period	(1 031)	(960)	(13 422)
Increase/(decrease) in total comprehensive income for the period	1 155	1 130	(11 309)
Impact on balance sheet			
Increase in retirement benefit obligations	(12 535)	(14 139)	(15 707)
Increase in deferred income tax asset	3 510	3 959	4 398
Net decrease in net assets	(9 025)	(10 180)	(11 309)
Decrease in retained earnings	9 025	10 180	11 309

	2013 R'000	Restated 2012 R'000
2. INVESTMENT IN SUBSIDIARIES		
Investment in shares in subsidiaries	2 437 380	3 746 499
– Gross	3 677 038	3 746 499
– Impairment loss (note 7)	(1 239 658)	–
Loan to subsidiary	698 459	646 424
	3 135 839	4 392 923

Included in the investment in shares in subsidiaries is an investment in cumulative redeemable preference shares of Hulamin Operations (Pty) Ltd.

The effective interest rate on the loan to the subsidiary for the year was 11,6%. No fixed repayment terms have been set, and consequently no portion of the loan is considered past due.

The loan to the subsidiary is subordinated in favour of Nedbank as security for group borrowings.

	2013 R'000	Restated 2012 R'000
3. DEFERRED TAX ASSET		
At beginning of year	18 770	18 264
Income statement		
Current year credit	(76)	128
Prior year credit	–	4
Deferred tax credit on other comprehensive items	401	374
At end of year	19 095	18 770
Deferred income tax asset analysed as follows:		
Post-retirement medical aid provision	19 088	18 763
Other	7	7
	19 095	18 770
Deferred tax asset to be recovered after more than 12 months	19 088	18 763
Deferred tax asset to be recovered within 12 months	7	7
	19 095	18 770

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2013

	2013 R'000	2012 R'000
4. SHARE CAPITAL AND SHARE PREMIUM		
4.1 Authorised		
800 000 000 ordinary shares of 10 cents each (2012: 800 000 000 ordinary shares of 10 cents each)	80 000	80 000
45 000 000 A ordinary shares of 10 cents each (2012: 45 000 000 A ordinary shares of 10 cents each)	4 500	4 500
28 000 000 B ordinary shares of 10 cents each (2012: 28 000 000 B ordinary shares of 10 cents each)	2 800	2 800
Total authorised share capital	87 300	87 300
The B ordinary shares consist of 15 000 000 B1 shares, 10 000 000 B2 shares and 3 000 000 B3 shares.		
4.2 Issued		
Ordinary shares		
Opening balance (318 141 050 ordinary shares of 10 cents each) (2012: 317 108 686 ordinary shares of 10 cents each)	31 814	31 711
Issued during year (1 127 442 ordinary shares of 10 cents each) (2012: 1 032 264 ordinary shares of 10 cents each)	112	103
Closing balance (319 268 492 ordinary shares of 10 cents each) (2012: 318 141 050 ordinary shares of 10 cents each)	31 926	31 814
A ordinary shares		
36 235 470 A ordinary shares of 10 cents each (2012: 36 235 470 A ordinary shares of 10 cents each)	3 624	3 624
B ordinary shares		
Opening balance		
Nil (2012: 13 607 470 B ordinary shares of 10 cents each)	–	1 360
B ordinary shares repurchased and cancelled		
Nil (2012: 12 820 671 B ordinary shares of 10 cents each)	–	(1 282)
B ordinary shares converted to ordinary shares		
Nil (2012: 786 799 B ordinary shares of 10 cents each)	–	(78)
Total issued share capital	35 550	35 438
Share premium		
Opening balance	1 785 620	1 785 749
Premium applied on shares repurchased	–	(129)
Closing balance	1 785 620	1 785 620
Share capital and share premium	1 821 170	1 821 058

4.3 A ordinary shares

The A ordinary shares are unlisted and carry full voting rights. The A ordinary shares have no entitlements to any dividends other than shareholder distributions.

4.4 Unissued

Under option to employees:

Details of the employee share incentive schemes, including the share options outstanding at the end of the year, the range of exercise prices and the weighted average contractual lives related thereto, are set out in note 31 of the group financial statements.

Under the control of the directors:

At 31 December 2013, 7 129 873 unissued ordinary shares (2012: 8 257 315) were under the control of the directors, for the purpose, *inter alia*, of existing employee share incentive schemes.

		2013 R'000	Restated 2012 R'000
5. 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		68 169	67 008
Liability in the balance sheet		68 169	67 008
The liability can be reconciled as follows:			
Balance at beginning of year		67 009	65 227
Total expense accrued		5 455	5 632
Remeasurements:			
Actuarial (gains)/losses arising from changes in financial assumptions		(271)	843
Actuarial losses arising from changes in experience adjustments		1 703	491
Benefit payments		(5 727)	(5 185)
Balance at end of year		68 169	67 008
Amounts recognised in the income statement are as follows:			
Interest costs		5 455	5 632
		5 455	5 632
Amounts recognised in other comprehensive income are as follows:			
Remeasurements:			
Actuarial (gains)/losses arising from changes in financial assumptions		(271)	843
Actuarial losses arising from changes in experience adjustments		1 703	491
The principal actuarial long-term assumptions are:			
Discount rate	(%)	8,900	8,400
Future medical inflation rate	(%)	7,750	7,400
Sensitivity of future medical inflation rate			
1% increase in future medical inflation rate – effect on the aggregate of the service and interest costs		563	541
1% increase in future medical inflation rate – effect on the obligation		6 329	6 350
1% decrease in future medical inflation rate – effect on the aggregate of the service and interest costs		(490)	(467)
1% decrease in future medical inflation rate – effect on the obligation		(5 503)	(5 505)
The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity the same method has been applied as when calculating the liability recognised within the statement of financial position. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.			
The average duration of the benefit obligation at 31 December 2013 is 9,3 years (2012: 9,5 years). Estimated benefits payable by the group in the next financial year		5 980	5 635

NOTES TO THE COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2013

	2013 R'000	Restated 2012 R'000
6. ADMINISTRATIVE EXPENSES		
Post-retirement medical aid costs	5 455	5 260
Auditors' remuneration (note 6.1)	137	140
Other costs	3 386	3 416
	8 978	8 816
6.1 Auditors' remuneration		
Audit fees	130	123
Expenses	7	17
	137	140
6.2 Directors' emoluments		
Non-executives		
Fees (note 31 of group annual financial statements)	3 592	2 985
	3 592	2 985

7. IMPAIRMENT OF INVESTMENT

The company's shares continued to trade on the Johannesburg Stock Exchange at a discount to underlying net asset value during the period under review. In the circumstances, and as required by IAS 36, management has assessed the recoverable amount of the company's investment in subsidiaries (note 2) at the period end. The recoverable amount was determined to be the value in use and the assessment compared the estimated value in use of the underlying Rolled Products and Extrusions cash-generating units, based on forecast future cash flows, to the carrying amount (refer note 19 of the group financial statements).

The carrying value of the investment in shares in subsidiaries at 31 December 2013 exceeded the recoverable amount by R1 240 million.

The key assumptions employed in the value in use computation are consistent with those used in the group's business plan (which spans five years) approved by the board of directors, except for changes to ensure compliance with a value-in-use methodology as required by IAS 36. The key assumptions employed in the value-in-use computation in respect of the Rolled Products cash-generating unit (and any sensitivities related thereto) are set out in note 19.1 of the group financial statements. There was no impairment of the carrying values of the assets belonging to the Extrusions cash-generating unit.

		2013 R'000	Restated 2012 R'000
8. TAXATION			
South African normal taxation:			
Current			
Current year		20 277	20 151
Prior year (over)/underprovision		(1 732)	4
Deferred			
Current year (note 3)		76	(941)
Prior year overprovision (note 3)		–	(4)
		18 621	19 210
Normal rate of taxation	(%)	28,0	28,0
Adjusted for:			
Prior year adjustments	(%)	(2,4)	–
Effective rate of taxation	(%)	25,6	28,0
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 subsidiary		77 317	73 934
Loan balance owing by subsidiary (note 2)		698 459	646 424
Agency fees received from subsidiary		75	60
Management fees received from subsidiary		4 275	3 427

Transactions with non-executive directors are detailed in note 31 of the group annual financial statements.