COMPANY BALANCE SHEET

as at 31 December 2014

	Notes	2014 R'000	2013 R'000
ASSETS			
Non-current assets			
Investment in subsidiaries	2	**3 203 789**	3 135 839
Deferred tax asset	3	**19 685**	19 095
		3 223 474	3 154 934
Current assets			
Income tax asset		**126**	146
		126	146
Total assets		**3 223 600**	3 155 080
EQUITY			
Share capital and share premium	4	**1 817 580**	1 821 170
BEE reserve		**–**	134 686
Employee share-based payment reserve		**41 411**	29 720
Retained earnings		**1 294 123**	1 100 953
Total equity		**3 153 114**	3 086 529
LIABILITIES			
Non-current liabilities			
Post-retirement medical aid provision	5	**70 287**	68 169
		70 287	68 169
Current liabilities			
Trade and other payables		**199**	382
		199	382
Total liabilities		**70 486**	68 551
Total equity and liabilities		**3 223 600**	3 155 080

COMPANY INCOME STATEMENT
for the year ended 31 December 2014

	Notes	2014 R'000	2013 R'000
Revenue		**93 104**	81 667
Administrative expenses	6	**(12 359)**	(8 978)
Impairment of investment in subsidiaries		**–**	(1 239 658)
Operating profit/(loss)		**80 745**	(1 166 969)
Taxation	7	**(23 623)**	(18 621)
Net profit/(loss) for the year attributable to equity holders of the company		**57 122**	(1 185 590)

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

	2014 R'000	2013 R'000
Net profit/(loss) for the year attributable to equity holders of the company	**57 122**	(1 185 590)
Other comprehensive loss for the year		
Items that will not be reclassified to profit or loss	**(2 262)**	(1 031)
Remeasurement of post retirement medical obligation	**(3 141)**	(1 432)
Income tax effect	**879**	401
Total comprehensive income/(loss) for the year attributable to equity holders of the company	**54 860**	(1 186 621)

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2014

	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 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)
Ordinary 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 retained earnings	–	–	(78 282)	–	–	(78 282)
Balance at 31 December 2013	35 550	1 785 620	29 720	134 686	1 100 953	3 086 529
Net profit for the year	**–**	**–**	**–**	**–**	**57 122**	**57 122**
Other total comprehensive loss for the year after tax	**–**	**–**	**–**	**–**	**(2 262)**	**(2 262)**
Ordinary shares issued	**34**	**–**	**–**	**–**	**–**	**34**
A ordinary shares redeemed (note 4.3)	**(3 624)**	**–**	**–**	**–**	**–**	**(3 624)**
Share-based payment costs on A ordinary shares redeemed (note 4.3)	**–**	**–**	**–**	**–**	**3 624**	**3 624**
Value of employee services of subsidiaries	**–**	**–**	**15 156**	**–**	**–**	**15 156**
Settlement of employee share incentives	**–**	**–**	**(3 465)**	**–**	**–**	**(3 465)**
Transfer of BEE reserve to retained earnings (note 4.3)	**–**	**–**	**–**	**(134 686)**	**134 686**	**–**
Balance at 31 December 2014	**31 960**	**1 785 620**	**41 411**	**–**	**1 294 123**	**3 153 114**

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2014

	2014 R'000	2013 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit/(loss)	**80 745**	(1 166 969)
Changes in working capital	**(183)**	4
Movement in retirement benefit obligation	**(1 023)**	(271)
Impairment of investment in subsidiaries	**–**	1 239 658
Employee share-based costs	**15 156**	9 360
Share-based payment costs on repurchase of A ordinary shares (note 4.3)	**3 624**	–
Income tax payment	**(23 314)**	(18 581)
Net cash inflow from operating activities	**75 005**	63 201
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments in subsidiaries	**(67 950)**	(60 856)
Net cash outflow from investing activities	**(67 950)**	(60 856)
CASH FLOWS FROM FINANCING ACTIVITIES		
Ordinary shares issued	**34**	112
Settlement of employee share incentives	**(3 465)**	(2 457)
Repurchase of A ordinary shares (note 4.3)	**(3 624)**	–
Net cash outflow from financing activities	**(7 055)**	(2 345)
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 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IFRIC interpretations, SAICA Financial Reporting guides, the requirements of the Companies Act, No 71 of 2008, as amended, and the Listing Requirements of the JSE Limited.

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.

1.2 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 1.37).

1.3 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:

1.3.1 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.

1.3.2 Interest income

Interest income comprises interest earned on loan to subsidiary. Interest income is disclosed under revenue in the income statement.

When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

	2014 R'000	2013 R'000
2. INVESTMENT IN SUBSIDIARIES		
Investment in shares in subsidiaries	**2 449 071**	2 437 380
– Gross	**2 449 071**	3 677 038
– Impairment loss	**–**	(1 239 658)
Loan to subsidiary	**754 718**	698 459
	3 203 789	3 135 839

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 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 subsidiary is subordinated in favour of Nedbank as security for group borrowings.

	2014 R'000	2013 R'000
3. DEFERRED TAX ASSET		
At beginning of year	**19 095**	18 770
Income statement		
Current year charge (note 7)	**(289)**	(76)
Deferred tax credit on other comprehensive items	**879**	401
At end of year	**19 685**	19 095
Deferred income tax asset analysed as follows:		
Post-retirement medical aid provision	**19 680**	19 088
Other	**5**	7
	19 685	19 095
Deferred tax asset to be recovered after more than 12 months	**19 680**	19 088
Deferred tax asset to be recovered within 12 months	**5**	7
	19 685	19 095

	2014 R'000	2013 R'000
4. SHARE CAPITAL AND SHARE PREMIUM		
4.1 Authorised		
800 000 000 ordinary shares of 10 cents each (2013: 800 000 000 ordinary shares of 10 cents each)	**80 000**	80 000
45 000 000 A ordinary shares of 10 cents each (2013: 45 000 000 A ordinary shares of 10 cents each)	**4 500**	4 500
28 000 000 B ordinary shares of 10 cents each (2013: 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 (319 268 492 ordinary shares of 10 cents each) (2013: 318 141 050 ordinary shares of 10 cents each)	**31 926**	31 814
Issued during year (328 344 ordinary shares of 10 cents each (2013: 1 127 442 ordinary shares of 10 cents each)	**34**	112
Closing balance (319 596 836 ordinary shares of 10 cents each) (2013: 319 268 492 ordinary shares of 10 cents each)	**31 960**	31 926
A ordinary shares		
A ordinary shares of 10 cents each (2013: 36 235 470 A ordinary shares of 10 cents each)	**–**	3 624
Total issued share capital	**31 960**	35 550
Share premium		
Opening balance	**1 785 620**	1 785 620
Share capital and share premium	**1 817 580**	1 821 170

4. SHARE CAPITAL AND SHARE PREMIUM CONTINUED

4.3 A ordinary shares

In respect of the prior year, the A ordinary shares were unlisted and carried full voting rights. The A ordinary shares had no entitlements to any dividends or other shareholder distributions. The A ordinary shares were eliminated in the group accounts in the prior year as they were held by an entity related to the introduction of broad-based BEE investors, and this entity was consolidated into the group results. The BEE transaction matured on or about 9 July 2014, and the A ordinary shares were repurchased by the company at par value.

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 subscribed for 10% of the ordinary share capital of Hulamin Operations (Pty) Ltd (OPCO) at a cost of R37 500 000 and for 25 million A ordinary shares in Hulamin at a cost of R2 500 000. 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 ordinary 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, was determined using a Monte Carlo simulation model based on the following significant inputs:

Share price at grant date	R34,10
Grant date	Monday 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.

The BEE transaction matured on or about 9 July 2014, this has resulted in a deconsolidation of Chaldean from the Hulamin group, including cumulative retained earnings of R5 020 000. The company has repurchased 36 235 470 A ordinary shares from Chaldean at par value (R3 624 000) in terms of BEE transaction agreements. An additional share-based payment charge of R3 624 000 has been recognised in respect of this repurchase. As a result of the maturing of the transaction, the BEE reserve amounting to R134 686 000, reflecting the share-based payment costs of the transaction at grant date, has been transferred to retained earnings.

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 the group financial statements.

Under the control of the directors:

At 31 December 2014, 6 801 529 unissued ordinary shares (2013: 7 129 873) were under the control of the directors, for the purpose, *inter alia,* of existing employee share incentive schemes.

	2014 R'000	2013 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.

	2014 R'000	2013 R'000
Amounts recognised in the balance sheet are as follows:		
Present value of unfunded obligations	**70 287**	68 169
Liability in the balance sheet	**70 287**	68 169
The liability can be reconciled as follows:		
Balance at beginning of year	**68 169**	67 009
Total expense accrued	**3 716**	5 455
Remeasurements:		
Actuarial losses/(gains) arising from changes in financial assumptions	**1 402**	(271)
Actuarial losses arising from changes in experience adjustments	**1 739**	1 703
Benefit payments	**(4 739)**	(5 727)
Balance at end of year	**70 287**	68 169
Amounts recognised in the income statement are as follows:		
Interest costs	**5 021**	5 455
Settlement gain (note i)	**(1 305)**	–
	3 716	5 455
Amounts recognised in other comprehensive income are as follows:		
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	**1 402**	(271)
Actuarial losses arising from changes in experience adjustments	**1 739**	1 703

Principal risks

Through its PRMA subsidy benefit, the group is exposed to a number of risks, principally changes in:

- Financial assumptions:
  - Discount rate, which is set having regard to the market yield on suitable government bonds taking into account the estimated duration of the liability.
  - Long-term price inflation rate, which is measured by the relationship between the yields of conventional and inflation-linked government bonds, taking into account the estimated duration of the liability.
  - Medical inflation rate.
- Demographic assumptions:
  - Post-retirement mortality
  - Family statistics

The demographic assumptions used in the valuation of the liability are consistent with those of the prior year.

Changes in the principal financial assumptions are detailed below.

The principal fianancial assumptions:		2014	2013
Discount rate	(%)	**8,80**	8,90
Future medical inflation rate	(%)	**7,75**	7,75

note i *During the current year, the company made a voluntary offer to pensioners whereby, interalia, pensioners could elect to accept a once-off lump sum in lieu of continuing to receive PRMA subsidy payments. The settlement gain in the current year arose from certain pensioners electing to receive a once off lump sum in lieu of future PRMA subsidy payments.*

	2014 R'000	2013 R'000
5. POST-RETIREMENT MEDICAL AID BENEFITS CONTINUED		
Sensitivity of future medical inflation rate		
1% increase in future medical inflation rate – effect on the aggregate of the service and interest costs	**540**	563
1% increase in future medical inflation rate – effect on the obligation	**6 132**	6 329
1% decrease in future medical inflation rate – effect on the aggregate of the service and interest costs	**(471)**	(490)
1% decrease in future medical inflation rate – effect on the obligation	**(5 362)**	(5 503)

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 2014 is 8,9 years (2013: 9,3 years).

	2014 R'000	2013 R'000
Estimated benefits payable by the group in the next financial year	**5 926**	5 980

6. ADMINISTRATIVE EXPENSES

	2014 R'000	2013 R'000
Post retirement medical aid costs	**3 716**	5 455
Auditors' remuneration (note 6.1)	**145**	137
Share-based payment costs on A ordinary shares redeemed (note 4.3)	**3 624**	–
Other costs	**4 874**	3 386
	12 359	8 978

6.1 Auditors' remuneration

	2014 R'000	2013 R'000
Audit fees	**137**	130
Expenses	**8**	7
	145	137

6.2 Directors' emoluments

	2014 R'000	2013 R'000
Non-executives		
Fees	**4 246**	3 592
	4 246	3 592

7. TAXATION

		2014 R'000	2013 R'000
South African normal taxation:			
Current			
Current year		**23 334**	20 277
Prior year over provision		**–**	(1 732)
Deferred			
Current year (note 3)		**289**	76
		23 623	18 621
Normal rate of taxation	(%)	**28,0**	28,0
Adjusted for:			
Items of a capital nature	(%)	**1,3**	–
Prior year adjustments	(%)	**–**	(2,4)
Effective rate of taxation	(%)	**29,3**	25,6

8. RELATED PARTY TRANSACTIONS

During the year the company, in the ordinary course of business, entered into the following related party transactions:

	2014 R'000	2013 R'000
Interest received from subsidiary	**87 916**	77 317
Agency fees received from subsidiary	**80**	75
Management fees received from subsidiary	**5 108**	4 275

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

The following balances were outstanding at the end of the reporting period:

	2014 R'000	2013 R'000
Loan balance owing by subsidiary (note 2)	**754 718**	698 459