

# Directors' statement of responsibility and approval

The directors are responsible for the preparation and integrity of the annual financial statements of the company and the group, which have been prepared in accordance with International Financial Reporting Standards, the Companies Act, No 71 of 2008, as amended, and the JSE Listing Requirements, under the supervision of the Chief Financial Officer, Mr A P Krull CA (SA).

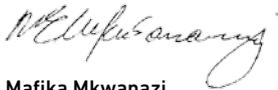
In preparing the annual financial statements, the company and the group have used appropriate accounting policies, supported by reasonable and prudent judgement and estimates, and have complied with all applicable accounting standards. The directors are of the opinion that the annual financial statements fairly present the financial position of the company and the group at 31 December 2016, and the results of its operations and cash flows 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 annual 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 is not effective and that the internal financial controls do not form a sound basis for the preparation of reliable annual financial statements. The opinion of the directors is supported by the group's Audit Committee.

The company's independent external auditors, PricewaterhouseCoopers, have audited the annual financial statements and their unqualified report appears on page 94.

The annual financial statements as set out on pages 98 to 159 were approved by the board of directors on 23 February 2017 and are signed on its behalf by:



**Mafika Mkwanazi**  
Chairman

Pietermaritzburg, KwaZulu-Natal  
23 February 2017



**Richard Gordon Jacob**  
Chief Executive Officer

# Certificate by Company Secretary

In terms of section 88 of the Companies Act, No 71 of 2008, as amended, 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 2016, 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  
23 February 2017



# 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, No 71 of 2008, as amended ("Companies Act"), and as recommended by King III, for the financial year ended 31 December 2016.

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 2016 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

V N Khumalo, C A Boles, A P Krull (Chief Financial Officer), the 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 three times during the year.

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 this integrated annual report of the group.

## ROLE AND RESPONSIBILITIES

The role and responsibilities of the committee include statutory duties per the Companies Act, 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, Annual Financial Statements, Interim Reports and other financial announcements, including the accounting principles and policies adopted therein and compliance with JSE regulations;
- Monitoring the performance and effectiveness of the independent external auditors and evaluating the qualifications, expertise, resources, fees, scope of work and independence of the external auditors prior to recommending their appointment to the board and shareholders;
- Approving the internal audit work plan and overseeing the conduct of the internal audit and the implementation of internal control enhancements;
- Approving any non-audit services provided by the external auditors;
- Considering the appropriateness of the expertise, resources and experience of the financial function and of the Chief Financial Officer;
- Approving the appointment of an external assurance provider in respect of the sustainability report;
- Performing statutory duties in terms of the 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
- Ensuring 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, 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, 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 2016 year as disclosed in note 18.3 of the financial statements of the group and note 7.1 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 approved all engagements for the provision of non-audit services by the external auditor, in terms of the established policy for non-audit services.

# Report of the Audit Committee continued

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 2017 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 2016, 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 88. 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 annual report and the reporting process.

The committee considered the company's sustainability information as disclosed in the integrated annual report and separate sustainability report of the group for the year ending 31 December 2016 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 2016 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 20 February 2017, recommended the 2016 integrated annual 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 2016 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 88.

## **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.

#### **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 2016 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  
20 February 2017

# Directors' statutory report

## Dear shareholder

The directors have pleasure in presenting their report for the year ended 31 December 2016.

## NATURE OF BUSINESS

The Hulamin group consists of two main operations: Hulamin Rolled Products and Hulamin Extrusions. Their activities are dealt with separately in note 2 of the group financial statements.

## FINANCIAL RESULTS

The net profit attributable to shareholders of the group for the year ended 31 December 2016 amounted to R384 933 000 (2015: R163 714 000). This translates into headline earnings per share of 119 cents (2015: 37 cents) and normalised earnings per share of 119 cents (2015: 55 cents) based on the weighted average number of shares in issue during the year.

The financial statements on pages 98 to 159 set out the financial position, results of operations and cash flows of the group and company for the financial year ended 31 December 2016.

## DIVIDENDS

A final dividend of 15 cents per share was declared for the year ended 31 December 2016 (2015: nil).

No interim dividend was declared for the year ended 31 December 2016 (2015: 8 cents).

## SHARE CAPITAL

There were no changes in the authorised share capital of the company in the year ended 31 December 2016:

Details of the authorised, issued and unissued ordinary shares and the group's share incentive schemes are set out in notes 11 and 32 of the group financial statements.

## SUBSIDIARY COMPANIES

The principal subsidiaries of the group are reflected in note 33 of the group financial statements. There were no special resolutions adopted by subsidiaries of Hulamin Limited in 2016.

## DIRECTORATE

Brief curricula vitae of the directors are listed on the company's website. Details of directors' remuneration are reflected in note 31 of the group financial statements.

Mr A P Krull was appointed Chief Financial Officer effective 1 May 2016 following the resignation of Mr D A Austin.

Mr J B Magwaza resigned from the board of directors with effect from 30 April 2016.

Mr G C Zondi was appointed as an alternate non-executive director to Mr S P Ngwenya with effect from 1 May 2016.

In terms of the board succession plan the following non-executive directors were appointed: Mr N Maharajh with effect from 1 September 2016, Mr C A Boles with effect from 1 October 2016 and Dr B Mehlomakulu with effect from 1 November 2016.

These directors and Mr A P Krull who was appointed to fill a vacancy on the board with effect from 1 May 2016, will retire at the annual general meeting in accordance with the Memorandum of Incorporation. The Remuneration and Nomination Committee, at its meeting on 10 November 2016, recommended that they be re-elected and, all being eligible, offered themselves for re-election.

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 M Z Mkhize, and Mr M E Mkwanzazi.

The Remuneration and Nomination Committee, at its meeting on 10 November 2016, also recommended that they be re-elected and, all being eligible, offered themselves for re-election.

## DIRECTORS' AND PRESCRIBED OFFICER'S SHAREHOLDINGS

At 31 December 2016, the present directors and prescribed officer of the company beneficially held a total of 835 861 ordinary no par value shares, equivalent to 0,26 percent in the company (2015: 639 438 ordinary par value shares, equivalent to 0,20 percent, were held by directors). Their associates held no ordinary par value shares in the company. Details of the directors' and prescribed officer's shareholdings and interests in the share incentive schemes are set out in note 31 of the group financial statements.

There has been no change in the directors' and prescribed officer's shareholdings between 31 December 2016 and 23 February 2017.

## HOLDING COMPANY

Hulamin Limited has no holding company at 31 December 2016.

## AUDITORS

PricewaterhouseCoopers continued as auditors of Hulamin Limited and its subsidiaries. At the annual general meeting of 26 April 2017, shareholders will be requested to appoint PricewaterhouseCoopers as auditors of Hulamin Limited for the 2017 financial year and it will be noted that Mr H N 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 section of this integrated annual report.

## POST BALANCE SHEET EVENTS

The directors are not aware of any other matters or circumstances arising between the end of the financial year and the date of these financial statements 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 98 to 159 have been approved by the board. Signed on behalf of the board of directors by:



**Mafika Mkwanazi**  
Chairman

Pietermaritzburg, KwaZulu-Natal  
23 February 2017



**Richard Gordon Jacob**  
Chief Executive Officer

# Independent auditor's report

TO THE SHAREHOLDERS OF HULAMIN LIMITED

## Report on the audit of the consolidated and separate financial statements

### Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Hulamín Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2016, 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.

### What we have audited

Hulamín Limited's Group and Company financial statements set out on pages 98 to 159 comprise:

- the Group and Company balance sheets as at 31 December 2016;
- the Group and Company income statements for the year then ended;
- the Group and Company statements of comprehensive income for the year then ended;
- the Group and Company statements of changes in equity for the year then ended;
- the Group and Company cash flow statements for the year then ended; and
- the notes to the Group and Company financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

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

### Independence

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

### Our audit approach

#### Overview



#### Overall group materiality

- Overall group materiality: R50,4 million, which represents 0.5% of the Group's revenue.

#### Group audit scope

- Full scope audits conducted over all operating subsidiaries in the group.

#### Key Audit Matters

The key audit matter identified, which relates to the consolidated financial statements:

- Impairment assessment of the Rolled Products cash generating unit ("CGU").

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall group materiality</i>	R50,4 million
<i>How we determined it</i>	0.5% of the Group's revenue
<i>Rationale for the materiality benchmark applied</i>	We have selected revenue as our materiality benchmark because, in our view, it is a benchmark against which the performance of the Group can be consistently measured in circumstances of volatile year-on-year earnings. This benchmark has remained a stable and key driver of the Group's business. We chose 0.5% based on our professional judgement and after consideration of the range of quantitative materiality thresholds that we would typically apply when using revenue to compute materiality.

### How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. The Group has three operating subsidiaries based and managed in South Africa. Full scope audits were carried out on all of these subsidiaries.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We communicate the key audit matter that relates to the audit of the consolidated financial statements of the current period in the table below. We have determined that there are no key audit matters to communicate in our report with regard to the audit of the separate financial statements of the Company of the current period.

# Independent auditor's report continued

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment assessment of the Rolled Products cash generating unit ("CGU")</i>  Refer to note 19 to the consolidated financial statements for the related disclosures.</p> <p>The applicable accounting standards require an impairment test of non-financial assets to be performed when there are indicators that these may be impaired.</p> <p>The Group's market capitalisation (share price at 31 December 2016: R5.35) was below its net asset value (net asset value per share at 31 December 2016: R13.60) as at 31 December 2016. This position indicated that the carrying value of the Group's property, plant and equipment assets may be impaired.</p> <p>Management performed an impairment test at the Rolled Products CGU and at Extrusions CGU levels. The Extrusions CGU is a minor segment in the business and was not determined to be a matter of most significance in our audit of the consolidated financial statements.</p> <p>In respect of the Rolled Products CGU, which accounts for the major portion of the Group, management determined its recoverable amount to be its value in use. This value was determined using a discounted cash flow model.</p> <p>Management used the five year business plan approved by the board and the 2017 board approved budget in projecting future cash flows for the CGU.</p> <p>Included within the cash flow forecasts are the following key assumptions which required the exercise of significant management judgement:</p> <ul style="list-style-type: none"> <li>• <b>Sales volumes</b> – This excludes benefits of future capital expenditure and restructuring and is adjusted to take account of actual performance against previous forecasts. Annual future volume was capped at 225,000 tons.</li> <li>• <b>Rolling margins</b> – This takes into account current and anticipated changes in market conditions and product mix.</li> <li>• <b>Currency exchange rates</b> – This is based on the median of forecasts by major financial and other institutions to 2018 and on inflation differentials thereafter, with the ZAR/USD rate rising from an average of R13.98 in 2017 to R14.87 in 2021.</li> </ul> <p>The discount rate applied by management was based on the capital asset pricing model which includes inputs that are subjective and require the exercise of management judgement.</p> <p>Management's impairment test indicated the recoverable amount to be greater than the carrying amount of the assets within the Rolled Products CGU and management therefore did not recognise an impairment charge in the current year</p> <p>We considered the impairment assessment of the Rolled Products CGU to be a matter of most significance to our audit due to the following:</p> <ul style="list-style-type: none"> <li>• Management's assessment involves significant judgement about future results of the business and the discount rate applied to cash flow forecasts;</li> <li>• Given the magnitude of the property, plant and equipment balances of R3.06 billion at 31 December 2016, the recognition of an impairment charge could have a significant impact on the financial statements; and</li> <li>• The result of the cash flow forecast is sensitive to small changes in certain assumptions.</li> </ul>	<p>We agreed with the existence of the impairment indicator identified by management and found it to be in line with the provisions of IAS 36 <i>Impairment of assets</i>.</p> <p>Our assessment of the CGU's discounted cash flow model included the following:</p> <p>We obtained the discounted cash flow calculations prepared by management. We assessed the various inputs in the calculations which included the following key items: volume forecasts, currency rates, rolling margins and discount rate, by reference to the board approved business plan, market data and past performance of the Rolled Products CGU. Market data that was considered included forecast exchange rates, aluminium prices, geographic premiums and inflation rates. We found the key inputs to be consistent with the board approved business plan and market data and we established that past performance had been appropriately considered in forecasting these inputs.</p> <p>To assess the adequacy of management's forecasts we considered the level of precision with which management had historically prepared their forecasts by comparing them to actual performance, with consideration given to factors beyond management's control. Our procedures performed indicated that management's previous forecasts were within a reasonable range of the actual performance.</p> <p>With the assistance of our valuation experts we considered the appropriateness of the discount rate as well as the methodology used by management in forecasting the ZAR/USD exchange rates beyond a two year period. Our consideration of the discount rate included recalculating the inputs with reference to independent market data. This included risk-free rates, betas and market risk premiums. We found the discount rate applied by management to be within an acceptable range. The use of inflation differentials by management in forecasting long term exchange rates is an approach commonly used by valuation practitioners in South Africa and was considered appropriate.</p> <p>The sensitivity analysis described in note 19 to the financial statements discloses the assumptions to which the value in use is particularly sensitive. We found the parameters applied to these assumptions to be reasonable when compared to historical changes in these assumptions.</p> <p>Using the assumptions disclosed in note 19 to the financial statements, we reperformed the sensitivity analysis, using management's model. Our results were consistent with that of management.</p>

## Other information

The directors are responsible for the other information. The other information comprises the Directors' Statutory Report, the Report of the Audit Committee and the Certificate by Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the Integrated Annual Report which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on other legal and regulatory requirements**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Hulam Limited for 67 years.



**PricewaterhouseCoopers Inc.**

**Director: HN Govind**  
Registered Auditor

Durban  
23 February 2017