DIRECTORS' STATEMENT OF RESPONSIBILITY AND APPROVAL

of the annual financial statements

The directors are required by the Companies Act, 2008 of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements of Hulamin Limited and its subsidiaries and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the year then ended in conformity with International Financial Reporting Standards, the Companies Act, No 71 of 2008, as amended, and the JSE Listings Requirements. The external auditors are engaged to express an independent opinion on the annual financial statements.

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 been prepared in accordance with International Financial Reporting 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 2017, 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 in light of this review and the group's current financial position, are satisfied that the company and group have access to adequate resources to continue in operational existence for the foreseeable future 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 financial statements have been audited by the independent auditing firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholders, the Board of Directors and committees of the Board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate. Their unqualified report appears on pages 108 to 111.

The annual financial statements of the group and company set out on pages 112 to 174, which have been prepared on the going-concern basis, were approved by the Board of Directors on 22 February 2018 and were signed on its behalf by:

Mafika Edmund Mkwanazi
Chairman

Richard Gordon Jacob
Chief Executive Officer

Pietermaritzburg, KwaZulu-Natal
22 February 2018

CERTIFICATE BY COMPANY SECRETARY

I certify that, to the best of my knowledge and belief that the requirements as stated in terms of section 88(2) of the Companies Act, No 71 of 2008, as amended, have been met and that all returns, as required of a public company in terms of the aforementioned Act, have been submitted to the Companies and Intellectual Property Commission and that such returns are true, correct and up to date.

Willem Fitchat
Company Secretary

Pietermaritzburg, KwaZulu-Natal
22 February 2018

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 IV, for the financial year ended 31 December 2017.

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. All members of the committee have the requisite financial knowledge and commercial skills and experience to contribute effectively to committee deliberations. The members were appointed by shareholders at the 2017 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:

- TP Leeuw (Chairman)
- NNA Matyumza
- LC Cele (Resigned with effect from 30 April 2017)
- N Maharajh (Appointed with effect from 1 February 2017)

The Chief Financial Officer, Head of Internal Audit and representatives from the external and internal auditors attends meetings by invitation. Other members of the Board and management team attend as required. The committee meets separately with the external and internal auditors at least once a year without management present, to ensure that all relevant matters have been identified and discussed without undue influence.

The audit committee met five 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.

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 IV. The Audit Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk and information technology risks as it relates to financial reporting.

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 IV 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.

REPORT OF THE AUDIT COMMITTEE CONTINUED

In respect of the 2017 financial year, the committee was satisfied with the quality and effectiveness of PricewaterhouseCoopers Inc. audit process and that PricewaterhouseCoopers Inc. and the designated audit partner, Mr H Govind, were accredited as such on the JSE list of auditors and their advisors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the 2017 year as disclosed in note 2.3.3 of the financial statements of the group and note 2.2 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 considers the approval of non-audit services where the approval will add value to the external audit process or the anticipated engagement is considered to be superior to other service providers. 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. In terms of the policy the cumulative fee for non-audit services should not exceed 25% of the annual audit fee without the specific approval of the audit committee.

As a result of the proposed implementation of an audit firm rotation process and taking into account that PricewaterhouseCoopers Inc. has been the Group's external auditor for the last 68 years, the Group initiated a process to change the external auditor for the financial year ending 31 December 2018.

The committee initiated a tender process and recommended to the Board of directors that Ernst & Young Inc. be proposed for appointment at the next Annual General Meeting as the Group's external auditor for the financial year ending 31 December 2018, with Mr S Sithebe acting as the designated audit partner. Ernst & Young Inc. is required to rotate the external audit partner every 5-years, and accordingly, Mr Sifiso Sithebe will be required to change on the completion of the 2023 external audit. To further enhance the Group's transformation objectives, which includes the empowerment of its supplier base, Ernst & Young Inc. will partner with Ubucule Inc., a KZN-based Black-owned auditing and accounting firm.

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.

The internal audit function reports centrally and is responsible for reviewing and providing assurance on the adequacy of the internal control environment across the Group's operations. The Head of Internal Audit, Ms L Ncoliwe, is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the committee on a regular basis and has direct access to the committee. The committee is also responsible for the performance assessment of the Head of Internal audit and the internal audit function.

During the year the committee satisfied itself that the Head of Internal Audit, Ms L Ncoliwe, is competent and possessed the appropriate expertise and experience to act in this capacity, and believes that the Group's internal audit function met its objectives and that the adequate procedures were in place to ensure that the Group complies with its legal, regulatory and other responsibilities.

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 102. The committee supports the opinion of the Board in this regard.

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.

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 2017 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. It further considered and satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the Group's finance function. The annual financial statements were compiled under the supervision of Anton Krull, CA(SA).

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 2017, 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.

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 2017 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 2017 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 19 February 2018, recommended the 2017 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 and the group as at 31 December 2017 and has made a recommendation to the Board in this respect. The Board's statement on the going concern status of the company and the group, as supported by the committee, is detailed on page 102.

On behalf of the audit committee:

Thabo Leeuw
Chairman of the Audit Committee

Pietermaritzburg, KwaZulu-Natal

19 February 2018

DIRECTORS' STATUTORY REPORT

Dear shareholder

The directors have pleasure in presenting their report for the year ended 31 December 2017.

NATURE OF BUSINESS

Hulamin Limited is the holding company of two main operating subsidiaries, Hulamin Rolled Products and Hulamin Extrusions. Their activities are dealt with separately in note 2.1 of the group financial statements.

FINANCIAL RESULTS

The net profit attributable to shareholders of the group for the year ended 31 December 2017 amounted to R 332 232 000 (2016: R384 933 000). This translates into headline earnings per share of 104 cents (2016: 119 cents) and normalised earnings per share of 104 cents (2016: 119 cents) based on the weighted average number of shares in issue during the year.

The annual financial statements presented on pages 112 to 174 set out fully the financial position, results of operations and cash flows for the year.

DIVIDENDS

A final dividend of 15 cents per share was declared for the year ended 31 December 2017 (2016: 15 cents per share).

SHARE CAPITAL

There were no changes in the authorised and issued share capital during the year under review.

Details of the authorised, issued and unissued ordinary shares and the group's share incentive schemes are set out in notes 3.4 of the group financial statements.

SUBSIDIARIES

Details of Hulamin Limited's interest in its subsidiaries are set out in note 6 of the notes to the consolidated financial statements.

DIRECTORATE

The names of the directors and secretary of the company are reflected on page 154.

Brief curricula vitae of the directors are listed on the company's website. Details of directors' remuneration are reflected in note 8.3 of the group financial statements.

Mrs AT Nzimande and Mr LR Larson were appointed to the board on 1 April 2017.

Ms LC Cele resigned from the board of directors with effect from 30 April 2017.

DIRECTORS' AND PRESCRIBED OFFICER'S SHAREHOLDINGS

At 31 December 2017, the present directors and prescribed officer of the company beneficially held a total of 1 066 445 ordinary no par value shares, equivalent to 0,33%, in the company (2016: 835 861 ordinary no par value shares, equivalent to 0,26%, 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 8.3.3 of the group financial statements.

There has been no change in the directors' and prescribed officer's shareholdings between 31 December 2017 and 22 February 2018.

HOLDING COMPANY

Hulamin Limited is the ultimate holding company at 31 December 2017.

AUDITORS

PricewaterhouseCoopers continued as auditors of Hulamin Limited and its subsidiaries during the current financial year. A resolution to appoint Ernst & Young Inc. as the company's external auditors for the financial year ending 31 December 2018 will be proposed at the Annual General Meeting of Hulamin Limited. The appointment of Ernst & Young Inc. has the support of the Hulamin Group audit committee.
Mr Sifiso Sithebe will be the 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 112 to 174 have been approved by the board. Signed on behalf of the board of directors by:

Mafika Mkwanazi
Chairman

Richard Gordon Jacob
Chief Executive Officer

Pietermaritzburg, KwaZulu-Natal
22 February 2018

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 Hulamin Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2017, 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

Hulamin Limited's consolidated and separate financial statements set out on pages 112 to 174 comprise:

- the Group and Company statements of financial position as at 31 December 2017;
- the Group and Company statements of profit or loss 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 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.

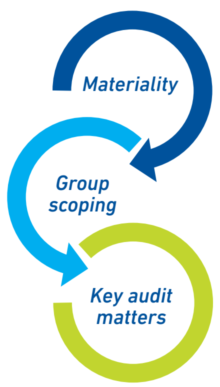
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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: R50,8 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.

Overall Group materiality	R50,8 million
How we determined it	0,5% of the Group's revenue
Rationale for the materiality benchmark applied	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 a number of factors, in particular the level of third party debt and the existence of financial covenants.

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. To support the Group opinion, full scope audits were carried out for these subsidiaries, in line with statutory requirements.

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 for the current period.

Key audit matter	How our audit addressed the key audit matter
IMPAIRMENT ASSESSMENT OF THE ROLLED PRODUCTS CASH GENERATING UNIT ("CGU")	
Refer to note 1.4 Judgements made by management – Impairment of non-financial assets and note 5.3 Impairment of non-financial assets to the consolidated financial statements for the related disclosures. The applicable accounting standards require an impairment test of non-financial assets to be performed when there are indicators that these may be impaired. The Group's market capitalisation (share price at 31 December 2017: R6,15) was below its net asset value (net asset value per share at 31 December 2017: R14,55) as at 31 December 2017. This position indicated that the carrying value of the Group's assets may be impaired. Management performed an impairment test at the Rolled Products CGU and at the 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. In respect of the Rolled Products CGU, which accounts for the majority of the Group, management determined its recoverable amount to be its value in use. This value was determined using a discounted cash flow model. Management used the five year business plan approved by the board and the 2018 board approved budget in projecting future cash flows for the CGU. Included within the cash flow forecasts are the following key assumptions which required the exercise of significant management judgement: • **Sales volumes** – This excludes benefits of future capital expenditure and restructuring and is adjusted to take account of actual performance against previous forecasts. Sales volumes are forecast to grow to 226 000 tons over the period of the business plan. • **Rolling margins** – This takes into account current and anticipated changes in market conditions and product mix. • **Currency exchange rates** – This is based on the median of forecasts by major financial and other institutions to 2019 and on inflation differentials thereafter, with the ZAR/USD rate rising from an average of R12,96 in 2018 to R14,64 in 2022.	We considered management's assessment of the existence of an impairment indicator and found it to be in line with the provisions of IAS 36 *Impairment of assets.* We assessed the basis adopted by management in the preparation of the discounted cash flow valuation model against the applicable requirements of IAS 36 *Impairment of assets* and found it to be consistent. We tested the mathematical accuracy of the model. We assessed various inputs in the cash flow forecasts, interrogated the integrity of supporting calculations and considered the reasonableness of the following key items: volume forecasts, currency rates, rolling margins and cost saving initiatives, with 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. 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. We identified instances where actual results in the current year relating to certain key items were lower than the previously approved forecasts. We discussed these matters with management and explanations provided were considered in the context of other audit evidence obtained, giving consideration to factors beyond management's control. Management's explanations, together with audit evidence obtained appropriately supported the forecasts prepared historically.

REPORT OF THE INDEPENDENT AUDITORS CONTINUED

Key audit matter	How our audit addressed the key audit matter
IMPAIRMENT ASSESSMENT OF THE ROLLED PRODUCTS CASH GENERATING UNIT ("CGU") CONTINUED	
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. 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. We considered the impairment assessment of the Rolled Products CGU to be a matter of most significance to our audit due to the following: • Management's assessment involves significant judgement about future results of the business and the discount rate applied to cash flow forecasts; • Given the magnitude of the related property, plant and equipment and intangible asset balances of R3,14 billion at 31 December 2017, the recognition of an impairment charge could have a significant impact on the financial statements; and • The result of the cash flow forecast is sensitive to small changes in certain assumptions.	With the support 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. We obtained and evaluated management's sensitivity analyses, described in note 5.3 to the financial statements, to ascertain the impact of reasonably possible changes in key assumptions. We performed our own independent sensitivity calculations to quantify the extent of downside changes required to result in impairment. Our results were consistent with that of management.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the *Annual Group Financial Statements for the year ended 31 December 2017*, which includes 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 other sections of the *Hulamin Integrated Annual Report 2017* 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 Hulamin Limited for 68 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: HN Govind
Registered Auditor
Durban
22 February 2018