

COMMUNICATIONS AND MARKET DISCLOSURE POLICY

BACKGROUND

Hills is committed to providing timely, full and accurate disclosure of information to ensure that the market is provided with full and timely information about Hills' activities in compliance with continuous disclosure requirements.

The Hills Board has issued this policy to establish procedures at Board and management level, to ensure that all material matters which may potentially require disclosure are promptly reported to the Managing Director, through established reporting lines.

REPORTING OBLIGATIONS

The ASX Listing Rules and the *Corporations Act 2001 (Cth)* provide that public companies such as Hills are required to disclose certain material information to the market.

Continuous disclosure

Chapter 3 of the ASX Listing Rules requires Hills to provide continuous and timely disclosure to the market, to keep it informed of events and developments as they occur.

In particular:

- Listing Rule 3.1 provides the general rule that Hills must notify the market of any information concerning Hills that a reasonable person would expect to have a material effect on the price or value of Hills securities.
- Listing Rule 3.1A provides that disclosure is not required in all circumstances, for example, disclosure is not required where all of the following requirements are met:
 1. A reasonable person would not expect the information to be disclosed.
 2. The information is confidential and ASX has not formed a view that the information has ceased to be confidential.
 3. One or more of the following applies:
 - It would be a breach of law to disclose the information.
 - The information concerns an incomplete proposal or negotiation.
 - The information comprises matters of supposition or is insufficiently deficient to warrant disclosure.
 - The information is a trade secret.
- Listing Rule 3.2 sets out circumstances which require disclosure to ASX, including the following circumstances:
 1. Hills makes a takeover bid.

2. Hills reorganises its capital (including any share issue, buy-back or call on shares).
3. Hills announces a dividend or distribution plan.
4. There is a change to the Board, or the interests of any Board member.
5. Details of shareholder meetings.

REVIEWING INFORMATION

In determining whether information is material and/or market sensitive, the Board or officer having authority to make the disclosure must consider whether or not there is a substantial likelihood that the information would influence investors in deciding whether to buy, sell or hold Hills securities.

The Board or officer responsible for authorising the disclosure may consult with the Company Secretary or Hills legal officer to assist them with their deliberations. Where appropriate, external advice may be sought. Announcements must be made in the required form as soon as practicable after the announcements have been approved for disclosure in accordance with the policy.

RESPONSIBILITY OF OFFICERS AND EMPLOYEES

Identifying relevant information

Senior Executives of each business unit within the Hills Group are responsible for promptly notifying the Managing Director or Company Secretary of any information that they consider may be price sensitive information concerning the Hills Group.

The Managing Director or Company Secretary (as they case may be) must assess the information and if that person agrees with the Senior Executive's assessment of the information, must forward the same to the Board.

The Board will then make the final assessment of the information and determine whether disclosure is required.

Board disclosure

The Board is responsible for determining the timing and content of disclosure to the ASX concerning:

- Hills' results and major acquisitions; and
- information concerning Hills that could have a material effect on the price or value of Hills securities in accordance with ASX requirements.

Managing Director disclosure

The Managing Director, in consultation with the Chairman, has authority to make announcements with respect to acquisitions in a form approved by the Board.

The Managing Director may issue any other information specifically authorised by the Board.

In the event that the Managing Director is unable to contact the Chairman or such number of Directors as shall constitute a quorum of Directors for the purposes of holding a Board Meeting within the time frames available to comply with ASX Listing

Rules or Corporations Act requirements then the Managing Director shall make the required announcement and notify all Directors in writing immediately.

Company Secretary disclosure

The Company Secretary is responsible for the following communications:

- Financial reporting obligations in line with the *Corporations Act 2001* (Cth);
- Periodic disclosure in line with ASX Listing Rule 4; and
- Continuous disclosure in line with ASX Listing Rule 3, in line with any direction from the Board or Managing Director.

The Company Secretary must ensure that such information is not released to any person prior to ASX has released that information to the market.

The Company Secretary shall be responsible for forwarding copies of all ASX releases to members of the Board at the time the release is made.

COMMUNICATIONS

Shareholder communications

It is important for Hills to provide shareholders with up to date information and reports regarding the activities and performance of the Hills Group. Such information is communicated to shareholders and investors generally through:

- Release of half year and full year financial statements;
- Publication of the full annual report;
- Conduct of an Annual General Meeting;
- Letters from the Chairman and Managing Director to inform shareholders of key matters of interest; and
- Hills website www.hills.com.au
- Personal communications with shareholders

Hills also provides information to the market through:

- Investor briefings, (primarily through half year and full year results);
- Media interviews and comment;
- Various industry forums; and
- Meetings with analysts, fund managers and other investors.

Hills reports and results

All half-year and full-year reports are posted on Hills' website (www.hills.com.au) immediately following release by ASX.

Hills also posts explanatory information regarding its reports and other updates to ensure the clarity of its communications.

Any explanatory information is issued to the market as a whole and Hills will not conduct specific discussions to any person (including analysts, major shareholders,

institutional investors or the media) prior to such information being released to the ASX.

Media and press announcements

Unless otherwise delegated by the Board, only the Chairman and Managing Director may issue any public statements about Hills.

A General Manager within a division of the Hills Group may provide comment to trade publications in respect of Products within their specific area of responsibility and expertise. Other than this limited exception, no Hills personnel is entitled to speak on Hills' behalf (or as an employee of Hills) to any other media organisation without the prior written consent of the Chairman or Managing Director.

As a general rule, all media announcements issued by the Hills Group (which are not in respect of Product information) are to be made through ASX, even where such announcement is not necessary under the ASX Listing Rules.

All such announcements are also posted on Hills' website: www.hills.com.au.

Hills' policy is not to comment on market speculation and rumour unless the ASX formally requests disclosure by Hills to clarify such matter.

Discussions with analysts and advisors

Unless otherwise authorised by the Chairman or Managing Director:

- only the Managing Director, Directors or Chief Financial Officer may attend meetings with analysts or fund managers;
- if the Managing Director is not present then at least two representatives from Hills must attend such meetings;
- Hills attendees must take and retain detailed notes, reflecting the key matters discussed.

Representatives from Hills must be careful to ensure that only publicly available information is discussed at any such meeting. While errors in fact may be corrected, the representatives must not make any comment regarding financial forecasting that has not already been released to the market.

Analyst reports and forecasts

Stockbroking analysts frequently prepare reports about Hills. Such reports are generated by analysts based on publicly available information.

It is not Hills' policy to provide comment or feedback to analysts on draft or final versions of reports and forecasts unless such report or forecast contains information that is materially misleading.

If the market's consensus materially differs from Hills' own forecasts, irrespective whether this is due to incorrect facts in stockbroking analyst reports or whether stockbroking analysts have changed their views, Hills will act in line with the Guidance Notes to the ASX Listing Rules to determine whether or not it should issue to the ASX a profit warning or statement to the market.

Hills does not endorse reliance upon stockbroking or analyst reports (or any similar publication) and to that end, Hills does not:

- disseminate such reports or publications externally (but may do so for internal Board or management purposes);
- post such reports or publications (or links to them) on Hills' website;
- promote the activity of any such analyst in relation to Hills' information; or
- pass any comment on such reports or publications;

UNINTENTIONAL OR ERRONEOUS COMMUNICATIONS

If any person becomes aware that any information is:

- unintentionally communicated in breach of this policy; or
- communicated in error,

the Managing Director or Company Secretary should be notified as soon as possible to enable Hills to issue an updated announcement to the market.

The Company Secretary is also responsible for overseeing the content management of the Corporate Governance section of the Hills website and the distribution of material to shareholders such as financial reports, notices of general meetings and letters to members.

QUERIES REGARDING THIS POLICY

Any questions regarding this policy and how it is to be interpreted should be referred to the attention of the Company Secretary of Hills:

By email: info@hills.com.au

By post: 944-956 South Road Edwardstown 5039 South Australia

By fax: +61 8 8297 4468

This policy is current as at 6 July 2009.