



ABN 35 007 573 417

HILLS INDUSTRIES LIMITED (ASX:HIL)

Hills Industries Limited (ASX: HIL) notes media coverage today regarding a possible takeover offer for Hills' 74.9% owned subsidiary, Fielders Australia. Hills is aware that the minority shareholder in Fielders Australia, FSR Investments has offered its shareholding for sale. Hills has not sought to sell its shareholding in Fielders Australia.

Under a pre emptive rights agreement between Hills and FSR Investments, the two shareholders in Fielders Australia, Hills has the right to purchase the minority interest in Fielders Australia or to sell its interest to an acquirer of the FSR Investments stake. Whilst Hills has been shown a copy of an agreement between FSR Investments and Bastion Private Equity, the agreement is subject to conditions that cannot, in Hills' view, be satisfied.

Hills has a history of being a long term holder and operator of its major and substantial assets of which Fielders Australia is one. As announced on Monday, Hills has increased its shareholding in Fielders Australia from 60% to 74.9% following a Fielders Australia rights issue in which both FSR Investments and Hills participated; however FSR Investments did not take up all of its pro rata entitlement.

Mr John Easling, the majority shareholder of Eldersmede Pty Ltd which owns all the shares in FSR Investments, is currently associated with a competitor of Fielders Australia and Fielders Australia has instituted legal proceedings against Mr John Easling for breach of his employment agreement and breach of his duties as a director of Fielders Australia. As these matters are currently before the Courts, Hills does not consider it appropriate to comment further on these matters.

For further information, please contact:

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