



## HILLS INDUSTRIES LIMITED

ABN 35 007 573 417

# NOTICE OF 2009 ANNUAL GENERAL MEETING

Notice is hereby given that the 52<sup>nd</sup> Annual General Meeting of Shareholders of Hills Industries Limited ABN 35 007 573 417 (**Company**) will be held at The Grainger Studio, 91 Hindley Street, Adelaide, South Australia, on Friday 23 October 2009 at 2.30 pm.

### ORDINARY BUSINESS

**1. Financial Statements and Reports**

To receive and consider the Company's Financial Statements for the year ended 30 June 2009 together with Consolidated Accounts of the Company and its Controlled Entities and the Reports of the Directors and Auditors thereon.

**2. Resolutions 1(a) and 1(b) – Re-election of Directors**

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

- (a) "That Ms Jennifer Hill-Ling, being a Director of the Company who retires by rotation in accordance with the Company's Constitution and the ASX Listing Rules and, being eligible for re-election, is re-elected as a Director of the Company."
- (b) "That Mr Peter Stancliffe, being a Director of the Company who retires by rotation in accordance with the Company's Constitution and the ASX Listing Rules and, being eligible for re-election, is re-elected as a Director of the Company."

**3. Resolution 2 – Remuneration Report**

To receive and consider the Remuneration Report for the year ended 30 June 2009, and if thought fit, pass the following resolution as an ordinary resolution:

"That the Company adopt the Remuneration Report for the year ended 30 June 2009."

**Note**

Section 250R of the Corporations Act requires a resolution that the Remuneration Report be adopted and be put to a vote. The vote on the resolution is advisory only, and does not bind the Directors or the Company.

### SPECIAL BUSINESS

**4. Resolution 3 – Conditional Placement to Poplar Pty Ltd**

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That the issue of 1,071,429 shares at \$1.40 per share to Poplar Pty Ltd ABN 63 007 611 154 (**Poplar**), details of which are set out in section 3 of the Explanatory Memorandum attached to this Notice of Meeting, be approved for the purposes of ASX Listing Rule 10.11."

**5. Other Business**

To transact any other business which may lawfully be brought before the meeting.

**6. Explanatory Memorandum**

An Explanatory Memorandum for the assistance of members of the Company in assessing the resolutions contained in this Notice of Annual General Meeting is attached to this Notice of Annual General Meeting.

## 7. **Voting**

### **Eligibility**

The Company has determined in accordance with regulation 7.11.37 of the Corporations Regulations 2001, that for the purpose of voting at the meeting, shares of the Company will be taken to be held by the persons who hold them at 5.00pm (South Australia time) on Wednesday, 21 October 2009.

### **Voting exclusion**

The Company will disregard any votes cast on Resolution 3 by Poplar or any of its associates unless the vote is cast in the following circumstances:

- (a) by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Majority required**

As each of the resolutions are ordinary resolutions, each resolution will be passed if at least 50% of the votes cast by eligible Shareholders entitled to vote on the resolution are cast in favour of the resolution.

### **Custodian voting**

For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

By Order of the Board



**Andrew D. Muir**  
Company Secretary

### **NOTES**

- (a) *A member entitled to attend the meeting and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member.*
- (b) *Where a member has appointed an attorney, the form of proxy must be signed by the member's attorney duly authorised in writing or, if the member is a corporation, under its corporate seal or by its duly authorised attorney or representative.*  
*If any attorney is to attend the meeting, please submit the relevant power of attorney for noting.*  
*If a representative of a corporation is to attend the meeting, the appropriate Letter of Representation should be produced prior to admission.*
- (c) *In the case of joint holders, the proxy form may be signed by any one holder.*
- (d) *Proxies will only be valid and accepted by the Company if they are received by the Share Registry of the Company by electronic lodgement or forwarding a hard copy to GPO Box 242, Melbourne, Victoria 3001 or faxed to (08) 8236 2305 so as to be received not later than 48 hours before the meeting. Instructions in regard to lodging your proxy vote are provided on the enclosed proxy form.*
- (e) *Should a member desire to direct the proxy how to vote, the member should place a mark in the appropriate box, otherwise the proxy form will be deemed to constitute a direction to vote as the proxy decides.*

# 2009 Annual General Meeting



## Explanatory Memorandum

This Explanatory Memorandum has been prepared to accompany the 2009 Notice of Annual General Meeting and is intended to provide members with sufficient information to form a view as to whether or not to vote in favour of the proposed resolutions being put to the 2009 Annual General Meeting to be held at The Grainger Studio, 91 Hindley Street, Adelaide, South Australia, on Friday, 23 October 2009 at 2.30 pm.

### **1. RESOLUTIONS 1(a) and 1(b) – ELECTION OF DIRECTORS**

Rule 17 of the Company Constitution and ASX Listing Rule 14.4 require that at every Annual General Meeting one-third of the Directors for the time being (excluding the Managing Director) must retire from office and be eligible for re-election.

Rule 17 of the Company Constitution and ASX Listing Rule 14.4 provide that each Director (excluding the Managing Director) will retire from office no later than at the third Annual General Meeting following his or her last election or appointment or 3 years (whichever is longer) by a general meeting and being eligible, may submit himself or herself for re-election.

Profiles of the Directors who offer themselves for re-election are contained in your Company's Annual Report.

#### **Resolution 1(a)**

Ms Jennifer Hill-Ling retires as a Director in rotation and offers herself for re-election pursuant to Rule 17 of the Company Constitution and ASX Listing Rule 14.4.

The Board recommends that you cast your vote in favour of Resolution 1(a), either by attending the meeting in person or by ticking the box marked "**For**" and submitting your proxy form in accordance with the instructions in the Note to the Notice of Meeting and the instructions contained in the proxy form. Ms Jennifer Hill-Ling makes no recommendation regarding Resolution 1(a).

#### **Resolution 1(b)**

Mr Peter Stancliffe retires as a Director in rotation and offers himself for re-election pursuant to Rule 17 of the Company Constitution and ASX Listing Rule 14.4.

The Board recommends that you cast your vote in favour of Resolution 1(b), either by attending the meeting in person or by ticking the box marked "**For**" and submitting your proxy form in accordance with the instructions in the Note to the Notice of Meeting and the instructions contained in the proxy form. Mr Peter Stancliffe makes no recommendation regarding Resolution 1(b).

### **2. RESOLUTION 2 – REMUNERATION REPORT**

In accordance with the Corporations Act, included in the Company's 2009 Annual Report is the Remuneration Report, setting out details of the Company's Director and senior executive remuneration. A copy of the Company's 2009 Annual Report is available to members upon request at the Company's offices, and is also available from the Company's website at [www.hills.com.au](http://www.hills.com.au).

### **3. RESOLUTION 3 – CONDITIONAL PLACEMENT TO POPLAR PTY LTD**

On 5 August 2009, the Company announced a placement of approximately 29,184,688 ordinary, fully paid Shares (**Placement**), the proceeds of which would be used primarily to pay down existing debt. Under the Placement, 28,113,259 shares were issued on 12 August 2009 pursuant to an unconditional placement to institutional and sophisticated investors at \$1.40 per share (**Unconditional Placement**) and a further 1,071,429 shares were agreed to be issued to Poplar Pty Ltd ABN 63 007 611 154 (**Poplar**) at \$1.40 per share, conditional on Shareholder approval (**Conditional Placement**).

Poplar's directors are Robert (Bob) and Rosemary Hill-Ling, who have been actively involved with the Company's success since its incorporation. Bob Hill-Ling was the Chairman of the Company for approximately 40 years and his daughter, Jennifer, is the current Chairman of the Company.

Poplar is the Company's largest shareholder, with a shareholding of approximately 8.1% of the Company (and a further 0.5% shareholding jointly with Hills Associates Limited) at the date of this notice. Poplar is considered to be a related party of the Company by virtue of the fact that it is controlled by Bob Hill-Ling.

The Company invited Poplar to participate in the Conditional Placement on 5 August 2009 at an equivalent discount to other parties who participated in the Unconditional Placement. Poplar was allocated approximately \$1.5 million worth of shares under the Conditional Placement under a Placement Agreement between the Company and Poplar on commercial, arm's length terms.

The Placement Agreement is conditional upon (amongst other things):

- approval by the appropriate majority of the Company's Shareholders at the 2009 Annual General Meeting (**Shareholder Approval**);
- the price of the Company's shares on ASX being not more than 10% below \$1.40 (being the price shares were issued under the Unconditional Placement) on the date of Shareholder Approval;
- there being no material adverse change to the Company between the date of the Placement Agreement and the date of Shareholder Approval; and
- ASX not indicating to the Company that it will refuse to grant quotation of the shares to be issued to Poplar under the Conditional Placement.

Under ASX Listing Rule 10.11, the Company may only issue Shares to a related party with Shareholder approval. Accordingly, the Company is seeking Shareholder approval to issue 1,071,429 shares to Poplar under the Conditional Placement for the purposes of ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, Exception 14 to Listing Rule 7.2 provides that separate approval is not required for the purposes of ASX Listing Rule 7.1 (this means that the issue of Shares under the Conditional Placement will not utilise any of the Company's 15% placement capacity under ASX Listing Rule 7.1).

ASX Listing Rule 10.13 requires that Shareholders are provided with the following information:

<b>Issue Date</b>	On or before 30 October 2009
<b>Nature of issue</b>	Placement
<b>Number of Shares issued</b>	1,071,429
<b>Issue price of shares issued</b>	\$1.40
<b>Terms of shares issued</b>	Fully paid, ordinary shares ranking pari passu with existing shares
<b>Allottee</b>	Poplar Pty Ltd ABN 63 007 611 154
<b>Use or intended use of funds raised</b>	Primarily to pay down existing debt

The Board believes that it is in the best interests of the Company that the Conditional Placement is approved in order to enable Poplar to participate in the Placement on substantially the same terms as the parties who participated in the Unconditional Placement.

In this regard, the Board notes that:

- the shareholding of Poplar is an important and strategic holding, particularly given the shared history between Bob Hill-Ling and the Company;
- each of the Company's top 20 Shareholders who are not related parties of the Company were invited to participate in the Unconditional Placement and such invitation would have been made to Poplar had it not been for the restrictions in the ASX Listing Rules;
- eligible Shareholders have been given the opportunity to subscribe for shares at the same issue price as the Placement under a share purchase plan announced to ASX on 5 August 2009; and
- the underwriters of the Placement, Commonwealth Securities Limited, considered that Poplar's participation was important to the success of the Placement and requested that the Company enter into the Placement Agreement with Poplar.

If approved, Poplar will be issued Shares on the terms set out in this Explanatory Memorandum on or before Friday 30 October 2009.

The Board recommends that you cast your vote in favour of Resolution 3, either by attending the meeting in person or by ticking the box marked "**For**" and submitting your proxy form in accordance with the instructions in the Note to the Notice of Meeting and the instructions provided in the proxy form. Ms Jennifer Hill-Ling makes no recommendation regarding Resolution 3.

## QUESTIONS FROM SHAREHOLDERS

Your questions regarding any matter relating to the Company are important and we encourage you to raise them with us. We request that you use this question sheet to submit any questions that you would like answered at the 2009 Annual General Meeting.

Please return this question sheet in the reply paid envelope or fax it to +61 8 8371 1670 or email it to [info@hills.com.au](mailto:info@hills.com.au) by 2.30pm (Adelaide time) Wednesday 14 October 2009.

We will endeavour to answer as many of the frequently asked questions as possible at the meeting, both in the Chairman's and Managing Director's addresses, or alternatively in a specific reply to frequently raised issues by the Chairman.

Name: \_\_\_\_\_  
 Security Reference Number (SRN) or Holder Identification Number (HIN): \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

### Questions

Matter subject: \_\_\_\_\_  
 Question: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Matter subject: \_\_\_\_\_  
 Question: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Matter subject: \_\_\_\_\_  
 Question: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Matter subject: \_\_\_\_\_  
 Question: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_



Hills Industries Limited  
ABN 35 007 573 417

## Lodge your vote:

 **Online:**  
www.investorvote.com.au

 **By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**  
(within Australia) 1300 556 161  
(outside Australia) +61 3 9415 4000

## Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

**www.investorvote.com.au**

- Cast your proxy vote
- Access the annual report
- Review and update your securityholding


**Your secure access information is:**

**Control Number:**

**SRN/HIN:**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 2:30 pm (Adelaide time) Wednesday , 21 October 2009**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.computershare.com](http://www.computershare.com).

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.


## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf


I/We being a member/s of Hills Industries Limited hereby appoint

the Chairman of the meeting OR

 **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Hills Industries Limited to be held at The Grainger Studio, Adelaide Symphony Orchestra, 91 Hindley Street, Adelaide on Friday, 23 October 2009 at 2.30pm and at any adjournment of that meeting.

### STEP 2 Items of Business

 **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

#### ORDINARY BUSINESS

	For	Against	Abstain
1 (a) To re-elect Ms Jennifer Hill-Ling as Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1 (b) To re-elect Mr Peter Stancliffe as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To adopt the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### SPECIAL BUSINESS

3 To approve the issue of 1,071,429 shares to Poplar Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------------------------------------------	--------------------------	--------------------------	--------------------------

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

Contact  
Daytime  
Telephone

Date / /