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Company Announcements Office
Australian Securities Exchange

SECURITIES TRADING POLICY

Attached is Hills Holdings Limited's Securities Trading Policy, provided in accordance with ASX Listing Rule 12.9.

A copy of this Policy is also available on the Company's website.



David Lethbridge
Company Secretary



SECURITIES TRADING POLICY

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Securities Trading Policy

1 Overview

1.1 Purpose and objectives

This document (**Policy**) sets out the policy of Hills Holdings Limited (**Hills**) regarding:

- (a) buying and selling shares (**Securities**); or
- (b) complying with the law on insider trading.

1.2 Application

This Policy applies to all directors, officers and employees of any entity within the Hills Group (**Hills Employees**). Although this Policy only applies to Hills Employees, the insider trading provisions of the Corporations Act 2001 (*Cwlth*) (**Corporations Act**), apply to all persons including immediate family members of Hills Employees, and to companies, trusts and entities controlled by them.

1.3 Responsibility and Accountability

Every Hills Employee has an individual responsibility to ensure that they comply with the law relating to insider trading and this Policy.

A breach of the law relating to insider trading can have serious consequences, including individual criminal and civil liability. A breach of this Policy will be treated by Hills as serious misconduct, and may lead to disciplinary action, including termination of employment with Hills.

2 Dealing in Hills Securities

2.1 Prohibition against Insider Trading

A Hills Employee who possesses Inside Information in relation to Hills Securities or any other entity (including non-Hills Group entities) must not do any of the following things:

- (a) apply for, acquire (other than pursuant to the Hills Employee Share Plan, Hills Dividend Investment Plan, Hills Share Investment Plan and any other offer made to all Hills shareholders to acquire Hills Securities, as set out in section 2.4) or dispose of Hills Securities or enter into an agreement to do so;
- (b) procure any other person to apply for, acquire or dispose of Hills Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate the Inside Information, or cause the Inside Information to be communicated to any other person who would be likely to use the Inside Information to engage in the activities specified in paragraphs (a) and (b).

It does not matter how or in what capacity the Hills Employee becomes aware of the Inside Information. It does not have to be obtained from Hills to constitute Inside Information.

What is Inside Information?

Inside Information is information relating to Hills that is:

- (d) not generally available; and

- (e) if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Hills Securities.

Information is generally available if:

- (a) it consists of readily observable matter; or
- (b) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in securities of a kind whose price might be affected by the information; and since it was made known, a reasonable period for it to be disseminated among such persons has elapsed;
- (c) it consists of deductions, conclusions or inferences made or drawn from other generally available information.

Information is likely to have a material effect on the price or value of the securities if the information would, or would be likely to, influence persons who commonly acquire securities in deciding whether or not to acquire or dispose of securities.

Examples of information that might have a material effect on price or value include information relating to:

- (a) the financial performance of Hills (including the reaching or failure to reach consensus or stated forecast earnings targets);
- (b) a major acquisition or sale of assets by Hills;
- (c) an actual or proposed takeover or mergers by Hills;
- (d) an actual or proposed change to Hills' capital structure;
- (e) the entering into or terminating a material contract; or
- (f) a material claim against/by any entity within the Hills Group or other unexpected liability.

2.2 Black-out Periods

There are certain times during the year which the Directors, Company Secretary, all members of the Hills Executive Management Group, all direct reports to the Hills executive management group and any other Hills Employee as the Managing Director nominates (each a **Hills Designated Person**) must not trade in Hills Securities, irrespective of whether or not they are in possession of Inside Information.

These periods, called Black-out Periods commence at:

- (a) midnight (ACST) on 31 December and continue until midnight (Adelaide local time) on the next ASX trading day after the day on which the Hills' half-year results are released to the ASX;
- (b) midnight (ACST) on 30 June and continue until midnight (Adelaide local time) on the next ASX trading day after the day on which the Hills' full year results are released to the ASX;
- (c) on such other dates and shall continue for such periods as the Board from time to time shall determine.

The Managing Director or the Company Secretary is to notify all Hills Designated Persons of the existence of any Black-out Period.

2.3 Short-term dealing not permitted

Hills Employees may not deal in Hills Securities on a short-term basis. Speculating in short-term fluctuations in Hills Securities does not promote shareholder and market confidence in the integrity of Hills or Hills Employees.

Subject to the trading restrictions set out in this Policy and the law, any acquisition of Hills Securities, other than the vesting of Performance Rights and the sale of the underlying Hills Shares, triggers a 30 day period where that type of Hills Security cannot be sold.

2.4 Participation in Share Plans

The Black-out Periods do not restrict Hills Employees participating in the Hills Employee Share Plan, Hills Dividend Investment Plan, Hills Share Investment Plan and any other offer made to all Hills shareholders to acquire Hills Securities, but do apply in respect of any subsequent trading of Hills Securities to which Hills Employees become entitled under those plans.

2.5 Notification of Intended Dealing

Before any Hills Designated Person trades in Hills Securities they must, in order to deal, first complete a Notification of Intended Dealing form (Appendix 1) and submit it to the Company Secretary (or, in the case of the Company Secretary, to the Managing Director). Any trade must occur within 7 days of the Notification of Intended Dealing form being submitted.

2.6 Hedging and Margin Loans not Permitted

Any employee who is a direct report to the Managing Director must not engage in hedging instruments, deal in derivatives or enter into arrangements which limit the economic risk related to Hills Securities (including, for example, the use of put and call options, contracts for difference and other contracts intended to secure a profit or avoid a loss based on fluctuations in the price of Hills Securities).

This prohibition includes, without exception, engaging in hedging or other arrangements which limit the economic risk or taking out margin loans in connection with unvested Securities issued pursuant to any Hills Employee Share Plan or rights arising from any Hills Long Term Incentive Plan.

3 Exemption Process

In exceptional circumstances (such as severe financial hardship), and subject always to compliance with the law, the Chairman of the Board of Directors (or, in the case of the Chairman, the Chair of the Audit and Compliance Committee) may grant a written exemption for a Hills Designated Person to trade Hills Securities during a Black-out Period. Any trade must occur within 7 days of such written exemption being granted.

Any approval or exemption obtained under this Policy is subject to the Hills Designated Person requirement to comply with the law.

4 Breach of Policy

Hills will take any breach of this Policy seriously. Matters raised will be investigated and Hills will take appropriate action in respect of any breach of this Policy. This may result in disciplinary action and, in some cases, termination of employment or legal action.

5 Who to contact

If a Hills Employee is in any doubt regarding a proposed dealing in Hills Securities, the Hills Employee should contact the Company Secretary.

Approved by the Board 21 June 2010

Amendments approved by the Board 29 November 2010

Appendix 1 – Notification of Intended Dealing

For completion by Hills Designated Person

Name of employee	
Description of Securities (ie number of Securities)	
Nature of agreement/dealing (sale/purchase/subscription)	
Proposed date of transaction (ie completion dated)	

I confirm that:

- (a) I am not in possession of any unpublished information which, if generally available, might materially affect the price or value of Hills Securities; and
- (b) The transaction in Hills Securities described above does not contravene the current share Hills Security Trading Policy.

Signed: _____

Dated: _____