

## PRESS RELEASE

### PROFIT IMPROVEMENT AND DIVIDEND INCREASE FOR HILLS

The Chairman, Mr Bob Ling, today announced the following operating results for the 12 months ended 30/6/99 for the Hills Group:

	12 MONTHS TO 30/6/99 \$'000	12 MONTHS TO 30/6/98 \$'000	% CHANGE
Sales revenue	377,783	348,761	8.3
Operating profit before tax	28,168	25,429	10.8
Operating profit after tax attributable to members	17,904	15,741	13.8

Mr Ling said that it was very pleasing to report a 13.8% increase in profit, which was ahead of budget.

Businesses within Hills 3 main operating segments of Electronics, Home & Hardware Products and Building & Industrial Products all performed well with the strong performance by Home & Hardware Products, particularly pleasing. The main factors influencing the results for the 12 months were as follows:

#### ELECTRONICS

- Strong sales growth in the Hills Security business but some margin squeeze due to the reduced value of the Australian dollar and increased competition.
- More consistent demand in the PayTV markets following the commencement of the Foxtel satellite rollout in March.
- The Pacific Communications CCTV business now successfully integrated into the Group.

#### HOME & HARDWARE PRODUCTS

- Housing completions in Australia on target to achieve +12% in 1998/99.
- Australian retail performance remains strong but some deterioration in the New Zealand economy.
- Recovery in the United Kingdom economy and our first successes in achieving reasonable distribution in Europe.
- Increase in imports from Asia but not at the level anticipated following the currency devaluations as a result of the Asian crisis.

## **BUILDING & INDUSTRIAL PRODUCTS**

- Stronger than expected Australian economy assisted the Tubing Division however, there was increased competition from local manufacturers and importers.
- Poor performance from Precision Metal Products as the business is restructured as a result of a major customer withdrawing from manufacture in Australia.
- Metal Building Products returned slightly lower than expected results due to reduced availability of major contract work.
- Strong performance by Korvest across their 3 business units.

## **ALL ORDINARIES INDEX**

Mr Ling said that it was disappointing that the proposed amendments to the makeup of the All Ordinaries Index would not occur until April 2000 and that Hills still found itself excluded from that Index. Urgent action is required to remedy this situation which has significantly impacted on the share prices of all companies unfairly excluded.

## **DIVIDEND ANNOUNCEMENT**

The Directors announced an increased fully franked dividend of 6.4 cents per share bringing the total dividend for the year to 17.0 cents (including the special dividend of 5 cents per share paid in April 1999), compared to 15.4 cents per share last year (including the 8 cents per share special dividend paid in April 1998).

The final dividend can be taken in cash, reinvested in Hills shares at a 5% discount, received as bonus shares at a 5% discount, or any combination of the above. The last date for receipt of revised notices for the dividend plans will be the 16 September 1999 with the dividend to be paid on the 30 September 1999.

## **GROWTH**

Mr Ling said the total organisation was very much focussed on profitable growth. So long as this growth can be funded within the targeted maximum gearing level (45% debt to equity) the current dividend policy could remain in place.

## **ANNUAL GENERAL MEETING**

The AGM of the company will be held on Friday 12<sup>th</sup> November 1999 at 2.30pm at Australian Mineral Foundation, 63 Conyngham Street, Glenside SA 5065.

**R.D. HILL-LING AO**  
**CHAIRMAN**

23 August 1999

**Appendix 4B (not equity accounted)  
Half yearly/preliminary final report**

*Rules 4.1, 4.3*

**Appendix 4B (not equity accounted)**

**Half yearly/preliminary final report**

Introduced 1/7/96. Origin: Appendices 3, 4. Amended 1/7/97, 1/12/97, 1/7/98.

Name of entity

Hills Industries Limited

ACN, ARBN or ARSN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('current period')
007 573 417	<input type="checkbox"/>	<input checked="" type="checkbox"/>	30 June 1999

**For announcement to the market**

*Extracts from this report for announcement to the market (see note 1).*

\$A'000

Sales (or equivalent operating) revenue ( <i>item 1.1</i> )	up	8.3%	to	377,783
Abnormal items after tax attributable to members ( <i>item 2.5</i> )	gain (loss) of			Nil
+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members ( <i>item 1.26</i> )	up	13.1%	to	18,892
+Operating profit (loss) after tax attributable to members ( <i>item 1.10</i> )	up	13.8%	to	17,904
Extraordinary items after tax attributable to members ( <i>item 1.13</i> )	gain (loss) of			Nil
+Operating profit (loss) and extraordinary items after tax attributable to members ( <i>item 1.16</i> )	up	13.8%	to	17,904
<b>Dividends (distributions)</b>	Amount per security	Franked amount per security at 36% tax		
Final dividend ( <i>Preliminary final report only - item 15.4</i> )				
Interim dividend ( <i>Half yearly report only - item 15.6</i> )	6.4	¢		6.4 ¢
Previous corresponding period ( <i>Preliminary final report - item 15.5; half yearly report - item 15.7</i> )	3.8	¢		3.8 ¢
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) ( <i>see item 15.2</i> )	16 September 1999			
Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Half yearly/preliminary final report**

**Consolidated profit and loss account**

*(The figures are not equity accounted)*

		Current period - \$A'000	Previous corresponding period - \$A'000
1.1	Sales (or equivalent operating) revenue	377,783	348,761
1.2	Other revenue	4,229	3,710
1.3	<b>Total revenue</b>	<b>382,012</b>	<b>352,471</b>
1.4	<b>+Operating profit (loss) before abnormal items and tax</b>	<b>28,168</b>	<b>25,429</b>
1.5	Abnormal items before tax (detail in item 2.4)		
1.6	+Operating profit (loss) before tax (items 1.4 + 1.5)	28,168	25,429
1.7	Less tax	9,597	9,116
1.8	+Operating profit (loss) after tax but before outside +equity interests	18,571	16,313
1.9	Less outside +equity interests	667	572
1.10	<b>+Operating profit (loss) after tax attributable to members</b>	<b>17,904</b>	<b>15,741</b>
1.11	Extraordinary items after tax (detail in item 2.6)	-	-
1.12	Less outside +equity interests	-	-
1.13	Extraordinary items after tax attributable to members	-	-
1.14	<b>Total +operating profit (loss) and extraordinary items after tax (items 1.8 + 1.11)</b>	<b>18,571</b>	<b>16,313</b>
1.15	+Operating profit (loss) and extraordinary items after tax attributable to outside +equity interests (items 1.9 + 1.12)	667	572
1.16	<b>+Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10 + 1.13)</b>	<b>17,904</b>	<b>15,741</b>
1.17	Retained profits (accumulated losses) at beginning of financial period	60,911	60,032
1.18	If change in accounting policy as set out in clause 11 of AASB 1018 Profit and Loss Accounts, adjustments as required by that clause (include brief description)		
1.19	Aggregate of amounts transferred from reserves		
1.20	Total available for appropriation <i>(carried forward)</i>	78,815	75,773

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)  
Half yearly/preliminary final report**

**Consolidated profit and loss account continued**

1.20	Total available for appropriation ( <i>brought forward</i> )	78,815	75,773
1.21	Dividends provided for or paid	16,722	14,862
1.22	Aggregate of amounts transferred to reserves	-	
1.23	<b>Retained profits (accumulated losses) at end of financial period</b>	<b>62,093</b>	<b>60,911</b>

<b>Profit restated to exclude amortisation of goodwill</b>		Current period \$A'000	Previous corresponding period \$A'000
1.24	+Operating profit (loss) after tax before outside equity interests (items 1.8) and amortisation of goodwill	19,559	17,277
1.25	Less (plus) outside +equity interests	667	572
1.26	+Operating profit (loss) after tax (before amortisation of goodwill) attributable to members	18,892	16,705

<b>Intangible, abnormal and extraordinary items</b>		<i>Consolidated - current period</i>			
		Before tax \$A'000	Related tax \$A'000	Related outside +equity interests \$A'000	Amount (after tax) attributable to members \$A'000
2.1	Amortisation of goodwill	988	-	-	988
2.2	Amortisation of other intangibles	-	-	-	-
2.3	<b>Total amortisation of intangibles</b>	988	-	-	988
2.4	Abnormal items	N/A	N/A	N/A	N/A
2.5	<b>Total abnormal items</b>				
2.6	Extraordinary items	N/A	N/A	N/A	N/A
2.7	<b>Total extraordinary items</b>				

<b>Comparison of half year profits</b> <i>(Preliminary final report only)</i>		Current year - A'000	Previous year - A'000
3.1	Consolidated +operating profit (loss) after tax attributable to members reported for the <i>1st</i> half year (item 1.10 in the half yearly report)	9,489	8,340
3.2	Consolidated +operating profit (loss) after tax attributable to members for the <i>2nd</i> half year	8,415	7,401

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Half yearly/preliminary final report**

**Consolidated balance sheet**

(See note 5)

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000	
<b>Current assets</b>				
4.1	Cash	2,533	308	2,617
4.2	Receivables	65,077	57,377	67,434
4.3	Investments	-	1,521	-
4.4	Inventories	45,397	44,703	44,307
4.5	Other (provide details if material)			
4.6	<b>Total current assets</b>	<b>113,007</b>	<b>103,909</b>	<b>114,358</b>
<b>Non-current assets</b>				
4.7	Receivables		-	
4.8	Investments	1,125	1,125	1,125
4.9	Inventories			
4.10	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)			
4.11	Development properties (+mining entities)			
4.12	Other property, plant and equipment (net)	85,489	88,339	86,099
4.13	Intangibles (net)	2,250	3,238	2,700
4.14	Other (provide details if material)	13,518	11,469	12,936
4.15	<b>Total non-current assets</b>	<b>102,382</b>	<b>104,171</b>	<b>102,860</b>
4.16	<b>Total assets</b>	<b>215,389</b>	<b>208,080</b>	<b>217,218</b>
<b>Current liabilities</b>				
4.17	Accounts payable	45,481	40,093	40,476
4.18	Borrowings	2,568	4,912	7,915
4.19	Provisions	29,258	23,655	32,837
4.20	Other (provide details if material)			
4.21	<b>Total current liabilities</b>	<b>77,307</b>	<b>68,660</b>	<b>81,228</b>
<b>Non-current liabilities</b>				
4.22	Accounts payable			
4.23	Borrowings	23,563	24,563	26,563
4.24	Provisions	6,931	6,823	6,901
4.25	Other (provide details if material)			
4.26	<b>Total non-current liabilities</b>	<b>30,494</b>	<b>31,386</b>	<b>33,464</b>
4.27	<b>Total liabilities</b>	<b>107,801</b>	<b>100,046</b>	<b>114,692</b>
4.28	<b>Net assets</b>	<b>107,588</b>	<b>108,034</b>	<b>102,526</b>

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)  
Half yearly/preliminary final report**

**Consolidated balance sheet continued**

	<b>Equity</b>			
4.29	Capital	21,022	11,004	17,765
4.30	Reserves	20,884	32,694	23,026
4.31	Retained profits (accumulated losses)	62,093	60,911	58,190
4.32	Equity attributable to members of the parent entity	103,999	104,609	98,981
4.33	Outside +equity interests in controlled entities	3,589	3,425	3,545
4.34	<b>Total equity</b>	<b>107,588</b>	<b>108,034</b>	<b>102,526</b>
4.35	Preference capital included as part of 4.32	N/A	N/A	N/A

**Exploration and evaluation expenditure capitalised**

*To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.*

	Current period \$A'000	Previous period- \$A'000	corresponding
5.1	Opening balance	N/A	N/A
5.2	Expenditure incurred during current period	N/A	N/A
5.3	Expenditure written off during current period	N/A	N/A
5.4	Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
5.5	Expenditure transferred to Development Properties	N/A	N/A
5.6	<b>Closing balance as shown in the consolidated balance sheet (item 4.10)</b>	<b>N/A</b>	<b>N/A</b>

**Development properties**

*(To be completed only by entities with mining interests if amounts are material)*

	Current period \$A'000	Previous period- \$A'000	corresponding
6.1	Opening balance	N/A	N/A
6.2	Expenditure incurred during current period	N/A	N/A
6.3	Expenditure transferred from exploration and evaluation	N/A	N/A
6.4	Expenditure written off during current period	N/A	N/A
6.5	Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
6.6	Expenditure transferred to mine properties	N/A	N/A
6.7	<b>Closing balance as shown in the consolidated balance sheet (item 4.11)</b>	<b>N/A</b>	<b>N/A</b>

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Half yearly/preliminary final report**

**Consolidated statement of cash flows**

(See note 6)

		Current period \$A'000	Previous corresponding period- \$A'000
<b>Cash flows related to operating activities</b>			
7.1	Receipts from customers	372,404	346,562
7.2	Payments to suppliers and employees	(335,031)	(312,366)
7.3	Dividends received	-	-
7.4	Interest and other items of similar nature received	110	418
7.5	Interest and other costs of finance paid	(1,832)	(2,032)
7.6	Income taxes paid	(9,289)	(8,878)
7.7	Other (provide details if material)		
<b>7.8</b>	<b>Net operating cash flows</b>	<b>26,352</b>	<b>23,704</b>
<b>Cash flows related to investing activities</b>			
7.9	Payment for purchases of property, plant and equipment	(9,580)	(20,607)
7.10	Proceeds from sale of property, plant and equipment	886	903
7.11	Payment for purchases of equity investments	-	-
7.12	Proceeds from sale of equity investments	1,521	7,226
7.13	Loans to other entities	299	404
7.14	Loans repaid by other entities	-	-
7.15	Other – payments for the acquisition of businesses	-	(4,586)
7.15	Other (provide details if material)	689	940
<b>7.16</b>	<b>Net investing cash flows</b>	<b>(6,185)</b>	<b>(15,720)</b>
<b>Cash flows related to financing activities</b>			
7.17	Proceeds from issues of +securities (shares, options, etc.)	3,257	3,197
7.18	Proceeds from borrowings	591	1,009
7.19	Repayment of borrowings	(3,848)	(480)
7.20	Dividends paid	(14,253)	(14,978)
7.21	Share Buy Back	(3,180)	-
<b>7.22</b>	<b>Net financing cash flows</b>	<b>(17,433)</b>	<b>(11,252)</b>
<b>7.23</b>	<b>Net increase (decrease) in cash held</b>	<b>2,734</b>	<b>(3,268)</b>
7.24	Cash at beginning of period (see Reconciliation of cash)	(176)	3,162
7.25	Exchange rate adjustments to item 7.24.	(25)	(70)
<b>7.26</b>	<b>Cash at end of period</b> (see Reconciliation of cash)	<b>2,533</b>	<b>(176)</b>

+ See chapter 19 for defined terms.



**Appendix 4B (not equity accounted)  
Half yearly/preliminary final report**

**Non-cash financing and investing activities**

*Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.*

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**Reconciliation of cash**

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous corresponding period- \$A'000
8.1 Cash on hand and at bank	2,533	308
8.2 Deposits at call		
8.3 Bank overdraft	-	(484)
8.4 Other (provide details)		
<b>8.5 Total cash at end of period (item 7.25)</b>	<b>2,533</b>	<b>(176)</b>

**Ratios**

	Current period	Previous corresponding period
<b>9.1 Profit before abnormals and tax / sales</b>		
Consolidated +operating profit (loss) before abnormal items and tax (item 1.4) as a percentage of sales revenue (item 1.1)	7.5%	7.3%
<b>9.2 Profit after tax / +equity interests</b>		
Consolidated +operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.32)	17.2%	15.0%

**Earnings per security (EPS)**

	Current period	Previous corresponding period
<b>10.1 Calculation of the following in accordance with AASB 1027: Earnings per Share</b>		
(a) Basic EPS	16.3 cents	14.5 cents
(b) Diluted EPS (if materially different from (a))	N/A	N/A
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	110,071,905	108,203,527

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)  
Half yearly/preliminary final report**

<b>NTA backing</b> <i>(see note 7)</i>	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security	91.5 cents	92.1 cents

**Details of specific receipts/outlays, revenues/ expenses**

	Current period \$A'000	Previous corresponding period - \$A'000
12.1 Interest revenue included in determining item 1.4	110	418
12.2 Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3 Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	1,832	2,032
12.4 Interest costs excluded from item 12.3 and capitalised in asset values (if material)	-	-
12.5 Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6 Depreciation and amortisation (excluding amortisation of intangibles)	8,166	7,596

**Control gained over entities having material effect**

*(See note 8)*

13.1 Name of entity (or group of entities)	N/A
13.2 Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was +acquired	\$
13.3 Date from which such profit has been calculated	
13.4 +Operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	\$

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Half yearly/preliminary final report**

**Loss of control of entities having material effect**

(See note 8)

14.1	Name of entity (or group of entities)	N/A
14.2	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	\$
14.3	Date to which the profit (loss) in item 14.2 has been calculated	
14.4	Consolidated +operating profit (loss) and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
14.5	Contribution to consolidated +operating profit (loss) and extraordinary items from sale of interest leading to loss of control	\$

**Reports for industry and geographical segments**

Segment	Total Assets		Total Revenue		Consolidated Profit Before Interest & Tax	
	30.06.99	30.06.98	30.06.99	30.06.98	30.06.99	30.06.98
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Home & Hardware Products	41,223	39,021	118,931	111,773	8,707	6,650
Building & Industrial Products	51,279	52,309	152,517	156,022	10,899	11,754
Electronics	43,287	36,858	108,074	75,938	10,087	8,019
Other	79,600	79,892	2,490	8,738	197	620
<b>Total segment assets</b>	<b>215,389</b>	<b>208,080</b>				
<b>Total revenue</b>			<b>382,012</b>	<b>352,471</b>		
<b>Consolidated profit before interest and tax</b>					<b>29,890</b>	<b>27,043</b>
Interest					1,722	1,614
Earnings before tax					28,168	25,429
Income tax attributable to operating profit					9,597	9,116
<b>Operating profit after tax</b>					<b>18,571</b>	<b>16,313</b>

Geographic Segment	Total Assets		Total Revenue		Consolidated Profit After Tax	
	30.06.99	30.06.98	30.06.99	30.06.98	30.06.99	30.06.98
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Australia	187,548	178,727	341,748	322,091	17,741	14,411
Overseas	27,841	29,353	40,264	30,380	830	1,902
<b>Total</b>	<b>215,389</b>	<b>208,080</b>	<b>382,012</b>	<b>352,471</b>	<b>18,571</b>	<b>16,313</b>

+ See chapter 19 for defined terms.

1/7/98\*

**Appendix 4B (not equity accounted)  
Half yearly/preliminary final report**

**Dividends (in the case of a trust, distributions)**

15.1	Date the dividend (distribution) is payable	30 September, 1999
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received up to 5.00 pm if paper based, or by "End of Day" if a proper +SCH transfer)	16 September, 1999
15.3	If it is a final dividend, has it been declared? <i>(Preliminary final report only)</i>	Yes

**Amount per security**

		Amount per security	Franked amount per security at 36% tax
15.4	<i>(Preliminary final report only)</i> <b>Final dividend:</b> Current year	6.4 ¢	6.4 ¢
15.5	Previous year	3.8 ¢	3.8 ¢
15.6	<i>(Half yearly and preliminary final reports)</i> <b>Interim dividend:</b> Current year	5.6 ¢	5.6 ¢
	Previous year	3.6 ¢	3.6 ¢
	<b>Special dividend:</b> Current Year	5.0 ¢	5.0 ¢
15.7	Previous year	8.0 ¢	8.0 ¢

**Total dividend (distribution) per security (interim plus final)**

*(Preliminary final report only)*

	Current year	Previous year
15.8 +Ordinary securities	17.0 ¢	15.4 ¢
15.9 Preference +securities	N/A ¢	N/A ¢

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)  
Half yearly/preliminary final report**

**Half yearly report - interim dividend (distribution) on all securities or  
Preliminary final report - final dividend (distribution) on all securities**

		Current period \$A'000	Previous corresponding period - \$A'000
15.10	+Ordinary securities	7,136	4,182
15.11	Preference +securities		
15.12	<b>Total</b>	<b>7,136</b>	<b>4,182</b>

The +dividend or distribution plans shown below are in operation.

The Dividend Investment Plan and Share Investment Plan will operate. A discount of 5% from the Market Value will apply under the Rules of the Plans.

The last date(s) for receipt of election notices for the +dividend or distribution plans

September 16, 1999

Any other disclosures in relation to dividends (distributions)

**Equity accounted associated entities and other material interests**

*Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate note. See AASB 1016: Disclosure of Information about Investments in Associated Companies.*

<b>Investments in associated entities</b>		Current period \$A'000	Previous corresponding period- \$A'000
16.1	Statutory carrying value of investments in associated entities (SCV)	N/A	N/A
16.2	Share of associated entities' retained profits and reserves not included in SCV:	N/A	N/A
	Retained profits	N/A	N/A
	Reserves		
16.3	<b>Equity carrying value of investments</b>	<b>N/A</b>	<b>N/A</b>

+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)  
Half yearly/preliminary final report**

**Material interests in entities which are not controlled entities**

*The economic entity has an interest (that is material to it) in the following entities.*

<i>Name of entity</i>	Percentage of ownership interest (+ordinary securities, +units etc) held at end of period		Contribution to +operating profit (loss) and extraordinary items after tax	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period - \$A'000
17.1 <b>Equity accounted associated entities</b>	N/A		<i>Equity accounted</i>	
17.2 <b>Other material interests</b>	N/A		<i>Not equity accounted (ie part of item 1.14)</i>	

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+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)**  
**Half yearly/preliminary final report**

**Issued and quoted securities at end of current period**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

Category of +securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 <b>Preference +securities</b> <i>(description)</i>				
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
18.3 <b>+Ordinary securities</b>	111,226,316	111,226,316		
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
18.5 <b>+Convertible debt securities</b> <i>(description and conversion factor)</i>				
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date (if any)</i>
Unissued options are ordinary shares exercisable from: 1 January 2001 1 July 1999	175,000	-	\$2.13	31/1/01
	350,000	-	\$2.00	31/7/99
18.8 Issued during current period	175,000	-	\$2.13	31/1/01
18.9 Exercised during current period				
18.10 Expired during current period				
18.11 <b>Debentures</b> <i>(totals only)</i>				
18.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Appendix 4B (not equity accounted) Half yearly/preliminary final report

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### Comments by directors

Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Law) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.

### Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]

Material factors affecting the revenues and expenses of the economic entity for the current period

Refer attached

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Refer attached

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

The directors expect that dividends will be fully franked in the foreseeable future

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly report in accordance with paragraph 15(c) of AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

None

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+ See chapter 19 for defined terms.



## Additional disclosure for trusts

19.1 Number of units held by the management company or responsible entity or their related parties

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19.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

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## Annual meeting

*(Preliminary final report only)*

The annual meeting will be held as follows:

Place

Australian Mineral Foundation 63 Conyngham Street, Glenside SA 5065
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Date

12 November 1999
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Time

2.30 pm
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Approximate date the annual report will be available

12 October 1999
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## Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 12).

Identify other standards used

N/A
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2 This report, and the financial statements prepared under the Corporations Law (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

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+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)  
Half yearly/preliminary final report**

4 This report is based on financial statements to which one of the following applies.

*(Tick one)*

The financial statements have been audited.

The financial statements have been subject to review.

The financial statements are in the process of being audited or subject to review.

The financial statements have *not* yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached/will follow immediately they are available\* (*delete one*). (*Half yearly report only - the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Law.*)

6 The entity has a formally constituted audit committee.

Sign here: .Graham Twartz..... Date: 23 August, 1999

(Company secretary)

Print name: Graham Twartz

**Notes**

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.
2. **True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated profit and loss account**  
Item 1.1 The definition of "operating revenue" and an explanation of "sales revenue" (or its equivalent) and "other revenue" are set out in *AASB 1004: Disclosure of Operating Revenue*.

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+ See chapter 19 for defined terms.

**Appendix 4B (not equity accounted)  
Half yearly/preliminary final report**

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- Item 1.4 "+operating profit (loss) before abnormal items and tax" is calculated before dealing with outside +equity interests and extraordinary items, but after deducting interest on borrowings, depreciation and amortisation.
- Item 1.7 This item refers to the total tax attributable to the amount shown in item 1.6. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as operating expenses (eg, fringe benefits tax).

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+ See chapter 19 for defined terms.

4. **Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.
  
5. **Consolidated balance sheet**

**Format** The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029 and AASB 1034*. Banking institutions, trusts and financial institutions identified in an ASC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of paragraphs 9.1-9.4 of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030*.
  
6. **Statement of cash flows** For definitions of "cash" and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. +Mining exploration entities may use the form of cash flow statement in Appendix 5B.
  
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the +ordinary securities (ie, all liabilities, preference shares, outside +equity interests etc). +Mining entities are *not* required to state a net tangible asset backing per +ordinary security.
  
8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the entity's consolidated +operating profit (loss) and extraordinary items after tax by more than 5% compared to the previous corresponding period.
  
9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A'000 headings are amended. If an entity qualifies under an ASC Class Order dated 9 July 1997, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A'000 headings are amended.

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+ See chapter 19 for defined terms.

10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.
11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASC under the Corporations Law must also be given to ASX. For example, a directors' report and statement, if lodged with the +ASC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
13. **Corporations Law accounts** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.

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+ See chapter 19 for defined terms.