ABN 35 007 573 417

HILLS MAKES CONDITIONAL PROPOSAL TO BSA

The Board of Hills Industries Limited announced today that it is in discussions with BSA Limited (“BSA”) regarding a non-binding proposal which if approved by BSA shareholders would result in Hills holding 50.1% of the equity in BSA.

Under the proposed transaction Hills would merge its existing Antenna & TV Systems Group (consisting of a number of long established businesses in Australia and New Zealand) with BSA in exchange for shares. The proposal contemplates that as a result of BSA undergoing a capital reduction and Hills subscribing for additional shares Hills would end up owning 50.1% of the equity in BSA.

A number of approvals will be required from the shareholders of BSA to conclude the transaction. All elements of the proposed transaction will need to be approved for any part to proceed.

If the proposed transaction proceeds, BSA will have revenues of around $375M per annum, with Hills bringing product opportunities in markets that have growth, in particular Fibre to the Home infrastructure, satellite delivery of Voice, Data and Telephony and a presence in the Audio Visual retail market.

Hills expects that negotiations regarding the proposed transaction will be concluded by 7 December 2007. Should those negotiations result in agreement being reached on a proposed transaction, Hills will announce further details.

J.H. HILL-LING
CHAIRMAN
3 December 2007

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