



MEMO

To: Board of Directors
From: Company Secretary
Subject: **STOCK EXCHANGE INDICES**

We have been advised that the Company has been included in the "All-Ordinaries Index" of the Australian Securities Exchange.

A measure of the movement in the value/performance of the share prices of a group of shares/equities can be shown through the use of an index. The All-Ordinaries Index (known colloquially as the 'All-Ords') is the most quoted benchmark for equities listed on the ASX; it provides a snapshot of current share market conditions.

There are also a number of other indices, measuring the movements in the prices of shares of companies in different groups or industries.

Composition of Index

The All-Ords index is weighted based on the market capitalisation of the [approximately] 500 largest listed companies. For a company to be included in this index, it must meet the requirements established by the ASX. For example, a share must have a market value of over 0.2% of all equities listed on the exchange. Furthermore, the share must be liquid, with a monthly turnover of at least 0.5% of its total outstanding shares. The ASX rebalances the index each month, ensuring companies still meet these requirements - so quite conceivably a company could flip in and out of the index over a long period.

The All-Ords was set in January 1980 with a base value of 500, and its movement (relevant to the initial setting) tracked ever since. The index code is XAO.



Market Capitalisation

The market capitalisation is calculated by multiplying the price of the company's shares by the number of shares currently held by the public, giving a market value of that company's stock. These values are then assigned a 'weight'. Once all the included stocks have been 'weighted', the All-Ords is then calculated by adding together all the 'weighted' values, then dividing the sum by the total number of companies that comprise the index.

DISCLAIMER

The comments in this memo reflect some commercial aspects and observations on the matter experienced or observed by the writer in practice as he understands them. The information is given as a guide only and does not represent a definitive or legal view of any of the issues raised, covered or referred to and the reader is urged to seek his own professional advice on all aspects of, or pertaining to, this and any related matter.