Thursday 22 April 2004

Change of forecast

Highlands Pacific (HIG)

Steady progress to development

Construction of the US$40m Kainantu gold mine commenced, a Heads of Agreement was signed with a major Chinese group for development of Ramu nickel, and the debt facility of US$31m was executed, adding to the US$34m in cash held at end of March.

Key forecasts

	FY01A	FY02A	FY03F	FY04F	FY05F
Revenue (A$m)	0.01	0.02	0.97	0.00	27.2
EBITDA (A$m)	-5.74	-1.76	-2.09%	-1.00	6.97&
Reported Net Profit (A$m)	-122.4	-39.4	5.57%	-2.17%	0.47&
Normalised Net Profit (A$m) *	-122.4	-39.4	5.57	-2.17	0.47
Normalised EPS (c)	-56.4	-12.0	1.38	-0.52	0.11
Dividend Per Share (c)	0.00	0.00	0.00	0.00	0.00
Dividend Yield (%)	0.00	0.00	0.00	0.00	0.00
Normalised PE (x)	n/m	n/m	29.0%	n/m&	360.2%
EV/EBITDA (x)	n/m	n/m	n/m	n/m	21.9
Price/Net Oper. CF (x)	-11.6	78.0	232.9%	-35.3%	73.8%
ROIC (%)	n/a	-29.2	-2.92	-2.62	1.71

Source: Company data, ABN AMRO Morgans forecasts *year to Dec, fully diluted*

** Post goodwill amort. & normalised for abnormal items.*

Kainantu Gold Mine Development - cash flow and valuation

The Memorandum of Agreement (integrated benefits package) was signed with the provincial government. A Letter of Intent was signed with a Japanese smelter for the purchase of concentrate, with finalisation expected in the current quarter. Curtain Bros commenced infrastructure development of the access road to the lower portal. Rehabilitation and stripping of the upper portal and exploration drive also commenced. Paramina Earth Technologies Inc, a Philippines-based mining contractor, was awarded the mining contract for supply of labour and equipment. The EPCM contract for the process plant was in the process of finalisation with Ausenco. Production is scheduled to commence mid 2005, with US$9.2m of the US$40m project now committed.

Ramu Nickel - a free carried interest in a major development

A Heads of Agreement for development of the Ramu nickel laterite project was signed with the China Metallurgical Construction Corporation (MCC). MCC is currently involved in a detailed review of the project, and finalisation of documentation is anticipated by the end of the June quarter. Under the HoA, MCC will construct the project and act as operator, to earn an 85% interest. HIG will have an effective 8.56% free-carried interest in the project. After recovery of 100% the costs from its 85% interest, MCC's interest will reduce to 80%, and HIG's participating interest will rise to 11.3%, with the government-owned MRDC and the landowners holding the balance.

Corporate and finance

HIG reported US$34m in cash at 31 March 2004, after raising A$15m with a Share Purchase Plan issuing shares at A$0.38 per share during the quarter. The project finance facility for up to US$31m was executed, and hedging of 275,000 ounces for delivery through to December 2008 at an average price of US$403.18 was put in place. HIG is now well positioned to fund the development.

Disclosures and analyst certifications are at the end of the body of this research.
Priced at close of business 22 April 2004. Use of %& indicates that the line item has changed by at least 10%.

ABN AMRO Australia Limited has been mandated by Highlands Pacific to raise a US$25m debt facility to fund its Kainantu development and will receive fees for its role. ABN AMRO Australia Limited also owns shares in HIG. ABN AMRO Morgans was a participating broker to the placement of ordinary shares of HIG in September 2003 and received fees in this regard. ABN AMRO Morgans was Lead Manager to the placement of ordinary shares of HIG and its share purchase plan in December 2003 and January 2004 and received fees in this regard.
Please refer to terms relating to the provision of this research and an explanation of recommendations and volatility at the end of this document.

Buy (from Add)

Important: The above recommendation has been made for shorter-term investors and may not suit your individual investment requirements. The recommendation structure is summarised on the last page of this report. **PLEASE CONTACT YOUR ADVISOR**

Mod-High Volatility

Mining
Australia

Price
A$0.40 (K0.95)

Target price
A$0.55 (K1.31)

Market capitalisation
A$151.10m (US$110.76m)

Avg (12mth) daily volume
A$0.51m (US$0.37m)

Reuters
HIG.AX

HIG40422

Price performance

	(1M)	(3M)	(12M)
Price (A$)	0.5	0.5	0.3
Absolute %	-12.6	-9.8	62.7
Rel market %	-12.7	-13.2	39.4
Rel sector %	-9.7	-5.8	n/a

Source: ABN AMRO

52-week range: 0.56-0.17
S&P/ASX 300: 3443.00
BBG AP Mining: 136.31

Kina Securities Limited
Level 2 Deloitte Tower Douglas St
PO Box 1141 Port Moresby
PNG 121
+675 308 3888 Phone
+675 308 3825 Shares
+675 308 3899 Fax

Email shares@kina.com.pg
Online www.kina.com.pg

Analyst

Chris Brown
ABN AMRO Morgans Limited
Australia
+61 7 3334 4885
cbrown@abnamromorgans.com.au

www.abnamromorgans.com.au

Kainantu Gold Mine – reducing to 95%

The Memorandum of Agreement covering the integrated benefits package was signed with the Eastern Highlands Provincial government. This sets the terms under which the various participant groups benefit from the project, and from the commercial opportunities created by the project. Weekly meetings with the participants were initiated by HIG.

Disputes over land ownership are heard by the Lands Title Commission, which commenced its activities during the quarter. The first dispute hearings are scheduled for May. These hearings don't relate to the package paid by the company, rather to the distribution of these benefits amongst individual clans and clan members.

A Letter of Intent was signed with a Japanese smelter for the purchase of concentrate. The agreement will have a term of three years, with finalisation expected in the current quarter.

The contract for road construction to the lower portal was awarded to Curtain Bros who have completed a temporary bridge over the Ramu River, and have advanced the pioneer road as far as the process plant site. The development will also involve stripping the upper portal to 3m by 3m, and this work has commenced.

Paramina Earth Technologies Inc, a Philippines-based mining contractor, was awarded the mining contract development and production. The contract includes provision of labour and equipment.

The Engineering Procurement Construction and Management (EPCM) contract for the process plant was in the process of finalisation with Ausenco.

Highlands has agreed to sell a 5% interest in Kainantu to the local landowners. The payment will be funded by the cash flow from the project attributable to the 5%. In simple terms, HIG will initially have access to the full cash flow stream. After HIG has recovered its capital, the landowners will hold a 5% participating equity interest in Kainantu.

Production is scheduled to commence mid 2005, with US$9.2m of the US$40m project now committed. We have reduced our production projections for the 2005 year, and our earnings have also reduced. The reduction has no impact on our valuation of the project in US dollar terms.

Ramu Nickel – potential for development

The Ramu nickel laterite resource is 143.2Mt at a grade of 1.01% nickel and 0.10% cobalt. In a feasibility study completed in 1998, a project costing US$838m was evaluated producing 32,800t of nickel and 3,200t of cobalt per year, for a period of 20 years.

Highlands currently holds a 68.5% interest in Ramu, with Mineral Resources Development Company (MRDC), wholly-owned by the PNG government, holding the balance of 31.5%.

The China Metallurgical Construction (Group) Corporation (MCC) has signed a Heads of Agreement for the development of Ramu. MCC is a construction and operating company owned by the People's Republic of China. It is currently engaged in a detailed review of the project, and documentation of the agreement is now expected late in the June 2004 quarter.

Under the terms of the agreement, MCC can acquire an 85% interest in Ramu. The landowners will hold a 2.5% interest, and HIG and MRDC will hold the balance of 12.5% split 68.5:31.5 – the current equity position. Should a decision be made to develop Ramu, MCC will fund the development, and undertake construction and operation of the project. MCC also has the right to purchase 100% of production on commercial terms.

MCC is entitled to recover the full development cost from its 85% equity interest in Ramu. Once this is achieved, a further 5% equity interest will transfer to the other three parties and be split, based pro-rata on their existing equity interest. Under these terms, Highlands would ultimately hold an 11.3% interest in Ramu.

Frieda River – copper-gold

The Frieda River project has a resource base of 5.8Mt of copper and 11.4m oz of gold in the Nena, Horse/Ivaal and Koki deposits. A reserve of 52.8Mt at a grade of 2.0% copper and 0.7 g/t gold is reported for the Nena deposit.

Highlands currently has a reducing 88% interest in the project, with Noranda Pacific holding an option to take a 72% interest. This option is satisfied by Noranda funding exploration and evaluation for a period of up to five years at a rate of US$0.75m per year. Payment of an additional US$10.8m to HIG would secure the 72% interest.

The current work programme, funded by Noranda and managed by Highlands, is for expenditure of US$3m focussing on higher-grade zones and extensions to the Nena deposit.

Corporate and financial

The Share Purchase Plan completed during the quarter raised A$15m, with the issue of shares at A$0.38 per share. This has taken the issued capital to 419.55 million shares. At 31 March, HIG held cash of US$34.18m (A$46.15m). The debt funding facility of US$31m had been approved, and hedging covering 275,000oz of gold at an average price of US$403.18 per oz had been established using flat forward sales. The first delivery of 10,000oz is scheduled for September 2005, with quarterly deliveries ranging between 15,000 and 25,000 oz until December 2008.

HIGHLANDS PACIFIC: KEY FINANCIAL DATA

Income statement

A$m	FY01A	FY02A	FY03F	FY04F	FY05F
Revenue	0.01	0.02	0.97	0.00	27.2
Cost of Sales	-1.72	-0.53	-0.92	-0.30	-6.08
Operating Costs	-4.02	-1.25	-2.15	-0.70	-14.2
EBITDA	**-5.74**	**-1.76**	**-2.09**	**-1.00**	**6.97**
DD&A (Ex GW)	-117.2	-38.1	-0.06	-1.00	-4.63
EBITA	**-122.9**	**-39.8**	**-2.15**	**-2.00**	**2.33**
Goodwill Amort (Pre-EBIT)	0.00	0.00	0.00	0.00	0.00
EBIT	**-122.9**	**-39.8**	**-2.15**	**-2.00**	**2.33**
Net Interest	0.47	0.47	2.60	-0.17	-1.87
Associates (Pre-Tax)	0.00	0.00	0.00	0.00	0.00
Other Pre-Tax Items	0.00	0.00	5.12	0.00	0.00
Reported PTP	**-122.4**	**-39.4**	**5.58**	**-2.17**	**0.47**
Taxation	-0.01	0.00	-0.01	0.00	0.00
Minority Interests	0.00	0.00	0.00	0.00	0.00
Exceptionals (Post-Tax)	0.00	0.00	0.00	0.00	0.00
Other Post-Tax Items	0.00	0.00	0.00	0.00	0.00
Reported Net Profit	**-122.4**	**-39.4**	**5.57**	**-2.17**	**0.47**
Exceptionals (Total)	0.00	0.00	0.00	0.00	0.00
Normalised Net Profit	**-122.4**	**-39.4**	**5.57**	**-2.17**	**0.47**

Source: Company data, ABN AMRO Morgans forecasts ***year to Dec***

Balance sheet

A$m	FY01A	FY02A	FY03F	FY04F	FY05F
Cash and Liq Assets (1)	6.95	27.9	41.8	51.2	52.5
Other Current Assets	2.26	0.41	0.21	0.00	5.99
Tangible Fixed Assets	0.46	0.33	0.27	53.1	50.4
Intang Assets (Incl GW)	93.8	53.2	57.2	43.0	42.0
Oth Non-Curr Assets	0.62	0.56	0.49	0.49	0.49
Total Assets	**104.1**	**82.4**	**99.9**	**147.8**	**151.4**
Short Term Debt (2)	0.00	0.00	0.00	5.38	5.38
Trade & Oth Current Liab	1.19	2.28	3.96	0.16	3.33
Long Term Debt (3)	0.00	0.00	0.00	48.4	48.4
Oth Non-Current Liab	0.34	0.57	0.73	0.73	0.73
Total Liabilities	**1.52**	**2.85**	**4.69**	**54.7**	**57.8**
Total Equity (Incl Min)	102.5	79.5	95.3	93.1	93.6
Total Liab & Sh Equity	**104.1**	**82.4**	**99.9**	**147.8**	**151.4**
Net Debt (2+3-1)	-6.95	-27.9	-41.8	2.55	1.28

Source: Company data, ABN AMRO Morgans forecasts ***year ended Dec***

Cash flow statement

A$m	FY01A	FY02A	FY03F	FY04F	FY05F
EBITDA	-5.74	-1.76	-2.09	-1.00	6.97
Change in Working Capital	-1.95	2.98	1.87	-3.58	-2.83
Net Interest (Pd) / Rec	0.24	0.47	0.92	-0.17	-1.87
Taxes Paid	-0.01	0.00	-0.01	0.00	0.00
Other Oper Cash Items	0.00	0.00	0.00	0.00	0.00
Cash Flow from Ops (1)	**-7.45**	**1.68**	**0.69**	**-4.75**	**2.27**
Capex (2)	0.00	-7.03	-10.5	-39.6	-1.00
Disposals/(Acquisitions)	-0.01	-0.01	0.00	0.00	0.00
Other Investing Cash Flow	-6.49	0.00	0.00	0.00	0.00
Cash Flow from Invest (3)	**-6.50**	**-7.04**	**-10.5**	**-39.6**	**-1.00**
Incr / (Decr) in Equity	0.00	26.3	20.8	0.00	0.00
Incr / (Decr) in Debt	0.00	0.00	0.00	53.8	0.00
Ordinary Dividend Paid	0.00	0.00	0.00	0.00	0.00
Preferred Dividends (4)	0.00	0.00	0.00	0.00	0.00
Other Financing Cash Flow	0.00	0.00	0.00	0.00	0.00
Cash Flow from Fin (5)	**0.00**	**26.3**	**20.8**	**53.8**	**0.00**
Forex & Disc Ops (6)	n/a	n/a	2.88	n/a	n/a
Inc/(Decr) Cash (1+3+5+6)	**-13.9**	**20.9**	**13.9**	**9.43**	**1.27**
Equity FCF (1+2+4)	-7.45	-5.35	-9.77	-44.3	1.27

Source: Company data, ABN AMRO Morgans forecasts. Lines in bold can be derived from the immediately preceding lines ***year to Dec***

HIGHLANDS PACIFIC: PERFORMANCE AND VALUATION

Standard ratios

Performance	Highlands Pacific FY01A	FY02A	FY03F	FY04F	FY05F	Perseverance Corporation FY04F	FY05F	FY06F	Lafayette Mining FY04F	FY05F	FY06F
Sales Growth (%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-1.88	n/a	n/a	47.5
EBITDA Growth (%)	n/a	-69.3	19.0	-52.2	n/a	-56.2	n/a	-12.2	n/a	4154.4	56.2
EBIT Growth (%)	n/a	-67.6	-94.6	-7.08	n/a	-56.7	n/a	-19.6	n/a	3052.0	54.8
Normalised EPS Growth (%)	n/a	-78.8	-93.9	46.0	n/a	-79.5	n/a	-19.6	n/a	1852.8	70.7
EBITDA Margin (%)	0.00	0.00	0.00	0.00	25.6	0.00	41.2	36.8	0.00	48.3	51.1
EBIT Margin (%)	0.00	0.00	0.00	0.00	8.57	0.00	31.1	25.5	0.00	35.8	37.5
Net Profit Margin (%)	0.00	0.00	0.00	0.00	1.71	0.00	31.1	25.5	0.00	22.2	25.6
Return on Avg Assets (%)	0.00	-42.6	4.11	-1.65	1.19	-7.05	21.8	14.6	1.14	20.3	28.9
Return on Avg Equity (%)	0.00	-43.2	6.37	-2.30	0.50	-7.66	22.7	15.1	4.30	58.3	55.6
ROIC (%)	n/a	-29.2	-2.92	-2.62	1.71	196.2	20.8	16.0	2.06	17.3	28.4
ROIC - WACC (%)	-11.1	-40.3	-14.0	-13.7	-9.40	187.2	11.9	7.02	0.00	0.00	0.00
					year to Dec			*year to Jun*			*year to Jun*

Valuation	FY01A	FY02A	FY03F	FY04F	FY05F	FY04F	FY05F	FY06F	FY04F	FY05F	FY06F
EV/Sales (x)	n/a	n/a	n/a	n/a	5.60	n/a	0.70	0.41	n/a	2.03	1.02
EV/EBITDA (x)	n/m	n/m	n/m	n/m	21.9	n/m	1.70	1.12	205.7	4.21	1.99
EV/EBITDA @ Tgt Price (x)	n/m	n/m	n/m	n/m	30.0	n/m	2.53	2.06	261.4	5.52	2.83
EV/EBIT (x)	n/m	n/m	n/m	n/m	65.3	n/m	2.25	1.62	205.7	5.68	2.71
EV/Invested Capital (x)	1.51	2.39	2.04	1.61	1.61	0.92	0.64	0.39	1.62	1.49	1.24
Price/Book Value (x)	0.85	1.65	1.69	1.80	1.79	1.96	1.56	1.34	4.30	2.36	1.33
Equity FCF Yield (%)	-8.59	-4.07	-6.05	-26.4	0.76	-47.1	10.3	11.6	-90.4	26.0	46.0
Normalised PE (x)	n/m	n/m	29.0	n/m	360.2	n/m	7.69	9.57	102.1	5.23	3.06
Norm PE @Tgt Price (x)	n/m	n/m	39.9	n/m	495.3	n/m	9.99	12.4	157.8	8.08	4.73
Dividend Yield (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
					year to Dec			*year to Jun*			*year to Jun*

Per share data	FY01A	FY02A	FY03F	FY04F	FY05F
Tot Adj Dil Sh, Ave (m)	217.0	328.5	403.5	419.5	419.5
Reported EPS (c)	-56.4	-12.0	1.38	-0.52	0.11
Normalised EPS (c)	-56.4	-12.0	1.38	-0.52	0.11
Dividend Per Share (c)	0.00	0.00	0.00	0.00	0.00
Equity FCF Per Share (c)	-3.43	-1.63	-2.42	-10.6	0.30
Book Value Per Sh (c)	47.3	24.2	23.6	22.2	22.3
					year to Dec

Solvency	FY01A	FY02A	FY03F	FY04F	FY05F
Net Debt to Equity (%)	-6.78	-35.1	-43.9	2.74	1.37
Net Debt to Tot Ass (%)	-6.68	-33.9	-41.8	1.73	0.84
Net Debt to EBITDA (%)	121.1	1584.5	1995.9	-255.1	18.4
Current Ratio (x)	7.76	12.4	10.6	9.24	6.72
Operating CF Int Cov (x)	32.3	-2.63	0.24	-27.7	2.22
Dividend Cover (x)	0.00	0.00	0.00	0.00	0.00
					year to Dec

Source: Company data, ABN AMRO Morgans forecasts

RESEARCH TEAM

CHRIS BROWN	-	Senior Analyst	ROGER LEANING		Analyst
FIONA BUCHANAN	-	Retail Strategist/Analyst	SOPHIE MITCHELL	-	Senior Analyst
JOHN CLIFFORD	-	Senior Analyst	BELINDA MOORE	-	Analyst
MICHAEL KNOX	-	Director of Strategy & Chief Economist	SCOTT POWER	-	Senior Analyst
GRANT McCASKER	-	Analyst – Fixed Interest	REBECCA SULLIVAN	-	Retail Strategist
AMANDA MILLER	-	Senior Analyst	STEVEN WRIGHT	-	Director - Fixed Interest

ABN AMRO MORGANS OFFICES

BRISBANE	(07) 3334 4888	CHATSWOOD	(02) 9411 8988
BRISBANE INVESTOR CENTRE	(07) 3334 4888	COFFS HARBOUR	(02) 6651 5700
BUNDABERG	(07) 4153 1050	HURSTVILLE	(02) 9570 5755
BURLEIGH HEADS	(07) 5520 8788	MERIMBULA	(02) 6495 2869
CAIRNS	(07) 4052 9222	NEUTRAL BAY	(02) 8969 7500
CALOUNDRA	(07) 5491 5422	NEWCASTLE	(02) 4926 4044
CAPALABA	(07) 3245 5466	NEWPORT	(02) 9997 3232
CHERMSIDE	(07) 3350 9000	ORANGE	(02) 6361 9166
EMERALD	(07) 4988 2777	PARRAMATTA	(02) 9615 4500
GLADSTONE	(07) 4972 5599	PORT MACQUARIE	(02) 6583 1735
GOLD COAST	(07) 5592 5777	WOLLONGONG	(02) 4227 3022
HERVEY BAY	(07) 4128 2288	**MELBOURNE**	(03) 9612 1478
IPSWICH	(07) 3202 3995	BERWICK	(03) 9796 2676
MACKAY	(07) 4957 3033	BRIGHTON	(03) 9592 4555
ROCKHAMPTON	(07) 4922 5855	CAMBERWELL	(03) 9882 3837
SUNSHINE COAST	(07) 5479 2757	GEELONG	(03) 5222 5128
TOOWOOMBA	(07) 4639 1277	**CANBERRA**	(02) 6232 4999
TOWNSVILLE	(07) 4771 4577	**ADELAIDE**	(08) 8464 5000
UNDERWOOD	(07) 3841 4011	**PERTH**	(08) 9261 0888
SYDNEY	(02) 8259 6400	BUNBURY	(08) 9791 9188
ARMIDALE	(02) 6772 1288	**DARWIN**	(08) 8981 9555
BALLINA	(02) 6686 4144	**HOBART**	(03) 6236 9000

DISCLOSURE OF INTEREST

ABN AMRO Morgans and/or its affiliated companies may make markets in the securities discussed. Further, ABN AMRO Morgans and/or its affiliated companies and/or their employees from time to time may hold shares, options, rights and/or warrants on any issue included in this report and may, as principal or agent, sell such securities. ABN AMRO Morgans affiliates may have acted as manager or co-manager of a public offering of any such securities in the past three years. ABN AMRO Morgans affiliates may provide or have provided banking services or corporate finance to the companies referred to in the report. The knowledge of affiliates concerning such services may not be reflected in this report.

The Directors of ABN AMRO Morgans advise that they and persons associated with them may have an interest in the above securities and that they may earn brokerage, commissions, fees and other benefits and advantages, whether pecuniary or not and whether direct or indirect, in connection with the making of a recommendation or a dealing by a client in these securities, and which may reasonably be expected to be capable of having an influence in the making of any recommendation, and that some or all of our Proper Authority holders may be remunerated wholly or partly by way of commission. The Directors of ABN AMRO Morgans advise that the author/s of this report and/or their associates hold an interest in securities mentioned in this report.

RECOMMENDATION STRUCTURE

For stocks which do not fit neatly into a sector paradigm, we show a target price and an absolute recommendation based on the implied upside/downside. A Buy/Sell requires upside/downside of 15% or more; an Add/Reduce requires upside/downside of between 5% and 15%; a Hold implies less than 5% upside/downside. Given the volatility of share prices and our predisposition not to change recommendations frequently, these performance parameters should be interpreted flexibly. Performance in this context only reflects capital appreciation and the horizon is 6 to 12 months.

The target price is the level the stock should currently trade at if the market accepted the analyst's view of the stock, provided that the necessary catalysts are in place to effect this change in perception within the performance horizon. In this way, therefore, the target price abstracts from the need to take a view on the market or sector. If it is felt that the catalysts are not fully in place to effect a re-rating of the stock to its warranted value the target price will differ from 'fair' value.

For large-cap stocks where there is a clearly defined, broadly-based sector universe our primary recommendation is relative to the sector universe.

Each stock has been assigned a Volatility Rating to assist in assessing the risk of the security. The rating measures the volatility of the security's daily closing price data over the previous year relative to other stocks included in either the S&P/ASX200 Index (large caps) or the Small Ordinaries Index (small caps) of which it is a member. This rating is a quantitative (objective) measure provided as an additional resource and is independent of the qualitative research process undertaken by our research analysts.

A rating of Low indicates very little movement in price over the previous year (Coefficient of Variation < 4 for small caps or < 5 for large caps). A Moderate rating implies average price movement over the previous year (Coefficient of Variation of 9 - 21 for small caps or 7.25 - 15 for large caps). A High rating implies significant price movement over the past year (Coefficient of Variation greater than 25 for small caps or 35 for large caps).

REGULATORY DISCLOSURES

Subject companies: **HIG.AX**

Mentioned companies: **HIG.AX, PSV.AX, LAF.AX**

ABN AMRO Australia Limited has been mandated by Highlands Pacific Limited to raise a US$25m debt facility to fund its Kainantu development and will receive fees for its role. ABN AMRO Australia Limited also own shares in HIG.**: HIG.AX**

ABN AMRO Morgans was a participating broker to the placement of ordinary shares of HIG in September 2003 and received fees in this regard. ABN AMRO Morgans was Lead Manager to the placement of ordinary shares of HIG and its share purchase plan in December 2003 and January 2004 and received fees in this regard.

This publication is intended for informational purposes only and the opinions set forth herein should not be viewed as an offer or solicitation to buy, sell or otherwise trade futures and/or options. Past performance is not necessarily indicative of future results. The risk of loss associated with futures and options trading can be substantial. Any recipient of this document wanting additional information or to effect any transaction in futures markets in the US should contact the registered futures commission merchant, ABN AMRO Inc, located at 208 S.LaSalle Street, Chicago, Illinois, 60604, Tel: (+ 1 312) 855 7600.

All disclosures made herein refer to ABN AMRO and its affiliates, including ABN AMRO Incorporated, which is regulated in the United States by the NYSE, NASD and SIPC.

PRIVACY

Personal information held by ABN AMRO Morgans Ltd may have been used to enable you to receive this publication. If you do not wish your personal information to be used for this purpose in the future please advise us, including your account details to your local ABN AMRO Morgans Ltd office or to Reply Paid 202, GPO Box 202 Brisbane Qld 4001.