



HGL LIMITED
Half Year Financial Report
31 March 2008

investing in businesses

Overview

HGL (ASX code: HNG) today announces an increase in core profit after tax to \$5.0 million for the six months to 31 March 2008, an increase of 14% over the same period last year. This excludes a non core loss after tax of \$7.9 million which is mainly an unrealised impairment charge of \$7.7 million arising from the decline in the market value of our investment in MMC Contrarian (ASX code: MMA). In total HGL reports a loss of \$2.9 million (2007: profit of \$11.6 million).

Core profit per share increased by 14% to 10.4 cents (2007: 9.1 cents) and the interim dividend to be paid on 3 July 2008 has been increased by 13% to 7.0 cents fully franked (2007: 6.2 cents fully franked).

During the half year our listed shares decreased in value, \$7.7 million after tax of the decline has been recognised to profit with the balance of \$10.3 million after tax recognised directly into reserves and not included within the reported loss after tax.

	2008	2007
	\$ millions	
Core profit	5.0	4.4
Non core items	(7.9)	7.2
Result after tax	(2.9)	11.6
Revaluations	(10.3)	4.5
Total	(13.2)	16.1
	cents per share	
Core profit	10.4	9.1
Non core items	(16.4)	15.1
Result after tax	(6.0)	24.2
Revaluations	(21.1)	9.5
Total	(27.1)	33.7
Interim dividend	7.0	6.2

The 2007 non core after tax profit of \$7.2 million was mainly the profit on the sale of MMC Asset Management and the cancellation of the management contract with MMC Contrarian. The results are described in more detail on pages 3 and 4.

HGL Strategy

HGL typically invests in both import and distribution businesses and fund management activities in conjunction with the people who run these businesses. For twenty years we have invested on the Australian Stock Exchange and acquired import and distribution businesses through takeover offers and by acquiring privately owned businesses.

Borrowings

HGL's banking facilities have been extended to December 2011 and the total facility has been increased to \$50 million. At the end of March 2008 \$34 million of the facility was utilised. Gearing at the end of March 2008 was 27%. The interest rate on \$20 million of borrowings has been fixed at 7.98% for 3 years with the balance at variable rates. Undrawn banking facilities are mainly maintained to provide the flexibility to acquire additional businesses.

Import and distribution businesses

The positive trading conditions experienced in the first three months of our import and distribution businesses reported by the Chairman, Peter Miller, at the company's Annual General Meeting continued to March 2008. The earnings before interest and tax (EBIT) of our businesses owned at the start of the previous financial year increased by 16%. After including the EBIT from Biante which we acquired in April 2007, the EBIT in the first half has increased by 31% to \$9.3 million.

The import and distribution businesses generated combined annualised EBIT to capital employed returns of 25% (2007: 23%). HGL has owned Biante for a year and we are pleased to report the return from this business has exceeded our 20% target. At the end of March there was \$72.8 million invested

in twelve import and distribution businesses. We are continuing to search for additional businesses to acquire.

Listed shares

Over the last six months our listed shares have fallen in value by 34% or \$25.7 million before tax to \$50.3 million. The reduction partially reflects the overall decline of share market values, especially in the funds management sector where we had \$57 million invested at 30 September 2007.

We are reviewing a range of options in respect of our 13% investment in MMC Contrarian. The \$10.9 million fall in value eliminates the \$10.0 million profit we made in February 2007 when we sold MMC Asset Management to MMC Contrarian.

The market value of our investment in Hunter Hall (ASX code: HHL) fell by \$7.2 million or 31% to \$15.9 million however there remains a surplus of \$15.6 million above its cost. We remain positive about the future prospects for Hunter Hall.

The other significant falls were in Credit Corp (ASX code: CCP) and Calliden Group (ASX code: CIX) where the combined fall was \$6.7 million.

Outlook

The company's balance sheet remains sound and the management team is focussed on growing the current businesses and making acquisitions.

The company is well positioned and despite uncertain economic conditions the Board anticipates the import and distribution businesses will increase their profitability for the full year. As final dividends from Hunter Hall and MMC Contrarian have not yet been declared the Board is unable to reliably estimate core profit for the full year.

Peter Miller
Chairman
21 May 2008

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Summary of half year results and 31 March balance sheets

	Note	Earnings 2008 \$'000	Capital employed 2008 \$'000	Annual return 2008	Earnings 2007 \$'000	Capital employed 2007 \$'000	Annual return 2007
Core profit							
Import and distribution businesses	1	9,271	72,791	25%	7,064	60,318	23%
Fund management businesses	2	1,911	37,219	10%	2,451	43,489	11%
Central items	3	(1,067)	2,448		(1,291)	975	
Borrowings		(1,451)	(33,175)		(459)	(14,234)	
Profit before tax		8,664	79,283		7,765	90,548	
Tax	4	(2,123)	(1,100)		(2,093)	(6,238)	
Partners' equity interests		(1,493)	(14,280)		(1,263)	(12,797)	
Core profit		5,048	63,903	16%	4,409	71,513	12%
Non core profit / (loss)	5	(7,952)			7,246		
Profit after tax and minority interests		(2,904)			11,655		
Core earnings per share (cents)	6	10.4			9.1		
Dividend per share (cents) - fully franked		7.0			6.2		

1. Biante was acquired in April 2007, it contributed an EBIT of \$1.1 million and has capital employed of \$8.6 million. The EBIT of businesses owned at the start of the previous financial year increased by 16%.
2. Earnings comprise fully franked dividend income from MMC Contrarian of \$1.4 million (2007: \$0.9 million) and Hunter Hall of \$0.5 million (2007: \$0.3 million), 2007 includes income until their disposal on 1 February 2007 from MMC Asset Management of \$0.6 million and management fee income from MMC Contrarian of \$0.3 million. Capital employed comprises the market value of the investment in MMC Contrarian and Hunter Hall.
3. These costs mainly comprise head office expenses and salaries. The main constituents of capital employed are property of \$4.9 million (2007: \$4.6 million), employee share scheme loans of \$1.8 million (2007: \$1.5 million), deferred JSB purchase consideration of \$2.4 million (2007: \$4.0 million) and the SPOS equity liability of \$1.6 million (2007: \$1.2 million).
4. The tax liability includes deferred tax on the net unrealised surplus from Hunter Hall and MMC Contrarian of \$1.4 million (2007: \$5.3 million).
5. Non core items in 2008 are a \$7.7 million impairment charge for MMC Contrarian and a \$0.2 million fair value movement for an interest rate swap. In 2007 the non core items were \$6.7 million profit on the sale of MMC Asset Management and the cancellation of the management contract with MMC Contrarian, \$0.8 million profit from the sale of listed securities and a \$0.4 million option expense.
6. Calculated by dividing core profit by the weighted average number of shares on issue during the period. The weighted average number of shares on issue is 48,770,000 (2007: 48,255,000).

Summary of listed securities at 31 March 2008

	Note	Capital employed Mar-08 \$'000	Acquisitions /(disposals) \$'000	Decrease in value \$'000	Capital employed Sep-07 \$'000
MMC Contrarian	1	21,318	(1,943)	(10,922)	34,183
Hunter Hall	2	15,901	0	(7,188)	23,089
		<u>37,219</u>	<u>(1,943)</u>	<u>(18,110)</u>	<u>57,272</u>
Calliden Group	3	6,106	0	(2,974)	9,080
Credit Corp	4	360	319	(3,708)	3,749
Others		6,625	1,516	(903)	6,012
		<u>13,091</u>	<u>1,835</u>	<u>(7,585)</u>	<u>18,841</u>
	5	<u>50,310</u>	<u>(108)</u>	<u>(25,695)</u>	<u>76,113</u>

1. HGL owns 13% of MMC Contrarian (ASX code: MMA). The market value of MMC Contrarian was 62 cents a share on 31 March 2008. During the period \$1.5 million was invested in additional shares and a capital return of \$3.4 million was received. The share price at 30 September 2007 was 94 cents after allowing for the 10 cents capital return.
2. HGL owns 6% of Hunter Hall (ASX code: HHL). The market value of Hunter Hall was \$10.95 on 31 March 2008 and \$15.90 at 30 September 2008.
3. HGL owns 7% of Calliden Group. The market price of Calliden was 39 cents on 31 March 2008 and 58 cents on 30 September 2007.
4. The market price of Credit Corp (ASX code: CCP) was 92 cents on 31 March 2008 and \$10.98 on 30 September 2007.
5. The total decrease in the value of the portfolio was \$25.7 million before tax, \$10.9 million was recognised as an impairment charge in the income statement with the balance recognised directly into reserves after deducting deferred tax at 30%. On 31 March 2008 total unrealised gains were \$7.2 million on 30 September 2007 \$32.8 million.

21 May 2008

HGL Limited – Half Year Report (Appendix 4D)
for the half year ended 31 March 2008

The directors of HGL Limited are pleased to announce the results for the half year ended 31 March 2008 as follows:

Final results for announcement to the market:

Extracted from the 2008 Half Year Report:

	% change	\$A'000
Revenue	up 15%	81,279
Net loss from ordinary activities after tax attributable to members	down 125%	(2,904)
Net loss after tax attributable to members	down 125%	(2,904)

Dividends per share:

	Amount per security	Franked amount per security
Interim Dividend – Ex date 13 June 2008, Record date 19 June 2008, Payable 3 July 2008 and DRP discount rate of nil, last day for election for the DRP is 19 June 2008. The DRP share price will be the weighted average share price of trades on the ASX over the 5 trading day period 13 June 2008 to 19 June 2008. There is no foreign conduit income attributable to the dividend.	7.0 cents	7.0 cents
Final dividend paid in respect of prior financial year	8.2 cents	8.2 cents
Interim dividend – previous corresponding period	6.2 cents	6.2 cents

Net Tangible Assets per share:

	31 March 2008	31 March 2007
Net Tangible Assets per share	97.6 cents	133.2 cents

The remainder of the information requiring disclosure to comply with the Listing Rules is contained in the 2008 Half Year Report released to the ASX today.

Consolidated Income Statement

	Note	Half year ended 31 March 2008 \$'000	Half year ended 31 March 2007 \$'000
Revenue		81,279	71,014
Profit on sale of MMC Asset Management and cancellation of management agreement		-	9,992
Share of associates' profit accounted for using the equity method		437	956
Other income		657	501
Change in inventories of finished goods and work in progress		(2,527)	(514)
Raw materials and consumables used		(39,729)	(36,704)
Employee benefits expense		(17,907)	(16,378)
Impairment of available for sale investment		(10,943)	-
Freight, packaging and distribution expense		(1,725)	(1,411)
Advertising and marketing expense		(1,661)	(1,099)
Depreciation expense		(990)	(881)
Operating lease expense		(1,856)	(1,669)
Equity settled share based payments		10	(371)
Fair value movement of interest rate swap		(335)	-
Interest expense		(1,816)	(757)
Other expenses		(5,645)	(4,596)
(Loss)/Profit before income tax expense		(2,751)	18,083
Income tax benefit/(expense)	2	1,340	(5,165)
(Loss)/Profit for the period		(1,411)	12,918
Profit attributable to minority interests		(1,493)	(1,263)
(Loss)/Profit attributable to members of HGL Limited		(2,904)	11,655
		Cents	Cents
Basic earnings per share		(6.0)	24.2
Diluted earnings per share		(5.9)	24.0

The notes to the financial statements are included on pages 10 to 16.

Consolidated Balance Sheet

	Note	31 March 2008 \$'000	30 September 2007 \$'000
Current Assets			
Cash and cash equivalents		6,391	10,858
Trade and other receivables		28,802	30,658
Inventories		31,374	28,967
Total Current Assets		66,567	70,483
Non Current Assets			
Investments accounted for using the equity method		2,278	2,042
Other financial assets		52,411	78,120
Property, plant and equipment		9,992	9,517
Intangibles		28,532	28,154
Total Non Current Assets		93,213	117,833
Total Assets		159,780	188,316
Current Liabilities			
Trade and other payables		21,688	24,041
Borrowings		1,103	34,468
Current tax liabilities		262	2,689
Provisions		4,242	4,608
Total Current Liabilities		27,295	65,806
Non Current Liabilities			
Borrowings		38,463	3,876
Deferred tax liabilities		1,602	8,967
Provisions		1,574	3,591
Other financial liabilities		335	-
Total Non Current Liabilities		41,974	16,434
Total Liabilities		69,269	82,240
Net Assets		90,511	106,076
Equity			
Issued capital	4	32,022	31,389
Reserves	6	14,533	24,761
Retained earnings	5	29,676	36,563
HGL Limited Equity Interest		76,231	92,713
Minority Interest	6	14,280	13,363
Total Equity		90,511	106,076

The notes to the financial statements are included on pages 10 to 16.

Consolidated Statement of Changes in Equity

	Note	Half year ended 31 March 2008 \$'000	Half year ended 31 March 2007 \$'000
Total equity at the beginning of the half year		106,076	87,265
Available for sale investments:			
Revaluation Loss/(Gain) recognised directly in equity, net of tax	6	(17,985)	5,340
Translation of foreign operations:			
Exchange differences recognised directly in equity, net of tax	6	50	58
Net income/(expense) recognised directly in equity		(17,935)	5,398
Loss transferred to the income statement on impairment of available for sale investment, net of tax	6	7,660	-
Loss/(Gain) transferred to the income statement on sale of available for sale investments, net of tax	6	57	(827)
(Loss)/Profit for the period		(1,411)	12,918
Total recognised income and expense for the period		(11,629)	17,489
Transactions with equity holders in their capacity as equity holders:			
Dividend paid	3	(3,983)	(2,983)
Dividend Reinvestment Plan shares issued	4	811	617
Shares bought back and cancelled	4	(254)	(161)
Shares issued to Employee Share Scheme participants	4	76	63
Employee share scheme reserve	6	(10)	-
Purchase of equity interest	6	-	(326)
Minority interest		(576)	(1,572)
		(3,936)	(4,362)
Total equity at the end of the half year		90,511	100,392
Total recognised income and expense for the half year is attributable to:			
Equity holders of the parent		(13,122)	16,226
Minority interest		1,493	1,263
		(11,629)	17,489

The notes to the financial statements are included on pages 10 to 16.

Consolidated Cash Flow Statement

	Note	Half year ended 31 March 2008 \$'000	Half year ended 31 March 2007 \$'000
Cash flows from operating activities			
Receipts from customers		90,776	79,043
Payments to suppliers and employees		(80,670)	(69,945)
Dividends received		3,330	1,508
Income tax paid		(4,021)	(2,304)
Interest received		365	309
Interest paid		(1,816)	(757)
Net cash inflow from operating activities		7,964	7,854
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(1,498)	(666)
Proceeds from sale of property, plant and equipment		108	163
Proceeds from redemption of preference shares		-	423
Proceeds from return of capital on financial asset		3,438	-
Payment for purchase of listed securities		(4,677)	(12,818)
Payment for purchase of controlled entities		(2,012)	(4,201)
Proceeds from sale of listed securities		1,347	4,368
Loan to other entities		(585)	(275)
Loan repaid by other entities		149	238
Net cash (outflow)/inflow from investing activities		(3,730)	(12,768)
Cash flows from financing activities			
Payment for share buyback		(254)	(161)
Proceeds from borrowings		75,233	26,132
Repayment of borrowings		(79,779)	(16,440)
Dividends paid:			
Members of the parent entity	3	(3,172)	(2,366)
Minority Interests		(728)	(617)
Net cash (outflow)/inflow from financing activities		(8,700)	6,548
Net (decrease)/increase in cash held		(4,466)	1,634
Cash and cash equivalents at the beginning of the half year		10,858	6,438
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1)	(2)
Cash and cash equivalents at the end of the half year		6,391	8,070

The notes to the financial statements are included on pages 10 to 16.

1. Basis of preparation of the half year financial statements

The half year condensed financial statements are a general purpose financial report which have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 "Interim Financial Reporting" ensures compliance with International Financial Reporting Standard IAS 34.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and investing activities of the entity as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of HGL Limited as at 30 September 2007 and any public announcements made by HGL Limited during the half year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 30 September 2007 annual report.

2. Income Tax Expense

Half year ended 31 March 2008 \$'000	Half year ended 31 March 2007 \$'000
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The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the accounts as follows:

Prima facie income tax expense on the operating profit at 30% (2007: 30%)	(825)	5,425
Tax effect of:		
Fully franked dividends	(605)	(388)
Tax rate differential relating to overseas controlled entities	44	36
Equity share of associates' profit	(16)	(145)
Amortisation and depreciation on buildings	11	4
Equity settled share based payments	(3)	111
Equity settled share based payments recognised directly in equity	3	3
Income on scheme loans recognised directly in equity	75	54
Unwinding of discount on deferred consideration	-	14
Non-allowable expenses	18	22
Prior period (over)/under provision	(42)	29
Income tax (benefit)/expense	(1,340)	5,165

3. Dividends

Half year ended 31 March 2008 \$'000	Year ended 30 September 2007 \$'000
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Final 2007 dividend paid 18 December 2007 8.2 cents 100% franked at 30%	3,983	-
Interim 2007 dividend paid 5 July 2007 6.2 cents 100% franked at 30%	-	2,983
Final 2006 dividend paid 20 December 2006 6.2 cents 100% franked at 30%	-	2,998
	3,983	5,981

Half year ended 31 March 2008 \$'000	Year ended 30 September 2007 \$'000
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Paid in cash	3,172	4,761
Satisfied by the issue of shares	811	1,220
Dividends actually paid	3,983	5,981

Interim dividend

In accordance with AASB 110 Events after the Balance Sheet Date, HGL Limited has not provided for the interim dividend. The interim dividend of 7.0 cents 100% franked at 30% will be payable on 3 July 2008.

The dividend policy is to distribute between 70% and 80% of core earnings per share before any impairment of goodwill or amortisation of intangibles.

4. Issued Capital

	31 March 2008		31 March 2007	
	Number	\$'000	Number	\$'000
Balance at the beginning of the period	48,577,236	31,389	48,107,512	30,371
Allotment pursuant to HGL Dividend Reinvestment Plan	379,326	811	300,097	617
Cancellation of capital pursuant to the on-market share buy-back	(122,373)	(254)	(79,830)	(161)
Shares issued to Employee Share Scheme participants	40,281	76	33,225	63
Balance at the end of the period	48,874,470	32,022	48,361,004	30,890

In accordance with AASB 2 Share-based Payment the shares issued to the executive key management personnel after November 2002 under the Employee Share Scheme are recognised as equity settled options.

Reconciliation of Total Share Capital

	31 March 2008 Number	31 March 2007 Number
Issued capital at end of financial year	48,874,470	48,361,004
Shares issued to Employee Share Scheme participants	3,120,127	2,962,687
Total share capital at end of financial year	51,994,597	51,323,691

5. Retained Earnings

	Half year ended 31 March 2008 \$'000	Half year ended 31 March 2007 \$'000
Balance at the beginning of the period	36,563	26,891
Net (Loss)/Profit attributable to members of the entity	(2,904)	11,655
Dividends paid	(3,983)	(2,983)
Balance at the end of the period	29,676	35,563

6. Reserves and Minority Interest

	Half year ended 31 March 2008	Half year ended 31 March 2007
	\$'000	\$'000
Available for Sale Revaluation Reserve	12,730	19,377
Employee Share Scheme Reserve	2,442	2,442
Land and Buildings Revaluation Reserve	494	388
Foreign Currency Translation Reserve	(101)	(81)
Other Reserve	(1,032)	(984)
	<u>14,533</u>	<u>21,142</u>

Available for Sale Revaluation Reserve

Balance at the beginning of the period	22,998	14,864
Revaluation of listed securities, net of tax	(17,985)	5,340
Transferred to the income statement on impairment of financial asset, net of tax	7,660	-
Transferred to the income statement on sale of financial assets, net of tax	57	(827)
Balance at the end of the period	<u>12,730</u>	<u>19,377</u>

Employee Share Scheme Reserve

Balance at the beginning of the period	2,452	2,442
Equity settled share based payments	(10)	-
Balance at the end of the period	<u>2,442</u>	<u>2,442</u>

Land and Buildings Revaluation Reserve

Balance at the beginning of the period	494	388
Revaluation of land and buildings, net of tax	-	-
Balance at the end of the period	<u>494</u>	<u>388</u>

Foreign Currency Translation Reserve

Balance at the beginning of the period	(151)	(139)
Translation of overseas controlled entities, net of tax	50	58
Balance at the end of the period	<u>(101)</u>	<u>(81)</u>

Other Reserve

Balance at the beginning of the period	(1,032)	(658)
Purchase of equity interest	-	(326)
Balance at the end of the period	<u>(1,032)</u>	<u>(984)</u>

The Other Reserve arose on HGL increasing its equity interest in J Leutenegger Pty Limited. This did not meet the definition of a business combination under AASB 3 Business Combinations as there was no change of control. Consequently, the excess of the purchase consideration over the share of net assets acquired was adjusted directly to reserves rather than recognised as an increase to goodwill.

Minority Interest

Balance at the beginning of the period	13,363	13,106
Profit attributable to minority interests	1,493	1,263
Dividends paid to minority interests	(728)	(617)
Equity settled share based payments	10	380
Purchase of equity interest	-	(1,390)
Foreign exchange	142	55
Balance at the end of the period	<u>14,280</u>	<u>12,797</u>

7. Changes in the composition of the consolidated entity

On 1 October 2007 Aarque Graphics New Zealand Limited acquired the business assets of Frontline Technologies Limited for \$382,000 with an additional amount of \$100,000 payable depending on the future profitability. Goodwill of \$365,000 was recognised.

Half year ended 31 March 2007 revised for 30 September 2007

Acquisition of Biante

On 17 April 2007 J Leutenegger, a subsidiary of HGL, acquired 100% of Biante Pty Limited, a Perth based importer and distributor of collector model cars for \$8.2 million, paid in cash.

When preparing accounts for the business combination of Biante the consolidated entity is required to recognise identifiable intangible assets separately from goodwill. Goodwill of \$6.4 million for the acquisition of Biante was recognised. There were no identifiable intangibles recognised.

If HGL had owned Biante from 1 October 2006, the Group's profit after tax and minorities for the year ended 30 September 2007 would have been \$16.0 million and the Group's revenue would have been \$171.8 million.

The contribution of Biante to profit after tax and minorities for the year ended 30 September 2007 was \$0.39 million after the interest cost associated with funding the acquisition.

The fair value of identifiable assets and liabilities of Biante as at the date of acquisition are:

	\$'000
Consideration	8,000
Costs of acquisition	225
Total consideration	8,225
Net assets acquired:	
Current assets	
Cash	321
Trade and other receivables	304
Inventories	1,208
Current tax assets	59
Non current assets	
Other financial assets	8
Plant and equipment	544
Current liabilities	
Trade and other liabilities	(121)
Current tax liabilities	(259)
Provisions	(23)
Non current liabilities	
Provisions	(174)
Net Assets	1,867
Goodwill	6,358
	8,225

J Leutenegger Pty Ltd

On 3 October 2006 HGL increased its equity interest in J Leutenegger Pty Limited to 100% from 85% for \$1,560,000 paid in cash. The reserve adjustment on acquisition was \$326,000. Refer to note 6 for details.

On 4 October 2006 Chris Roche, the Chief Executive Officer, beneficially acquired 20% of the equity in J Leutenegger Pty Ltd for \$250,000. Under AASB 2 Share-based Payment this beneficial equity interest is treated as an option as Chris Roche funded the equity purchase through a loan made by HGL Limited that was secured on his J Leutenegger Pty Ltd equity. A one off option expense of \$371,000 was recognised.

Acquisition of JSB Lighting

On 4 October 2005 HGL acquired 100% of JSB Lighting (JSB), a Sydney based importer and distributor of specialist commercial lighting equipment. JSB was acquired for an upfront payment of \$4.0 million and an obligation to pay additional consideration based on earnings over the next three years.

In October 2007 \$1.63 million of the deferred consideration was paid. In October 2006 \$1.84 million was paid.

8. Segment information

	Import & Distribution \$'000	Fund Management \$'000	Segment Total \$'000	Unallocated* \$'000	Consolidated \$'000
Business segments					
31 March 2008					
Revenue					
Segment Revenue	78,956	1,933	80,889	390	81,279
Segment Result					
Profit/(Loss) before income tax	9,271	(9,010)	261	(3,012)	(2,751)
Income tax	-	-	-	1,340	1,340
Profit/(Loss) after income tax	9,271	(9,010)	261	(1,672)	(1,411)
Segment Assets					
	95,304	50,315	145,619	14,161	159,780
Segment Liabilities					
	(22,513)	-	(22,513)	(46,756)	(69,269)
Net Assets					
	72,791	50,315	123,106	(32,595)	90,511
Other disclosures					
Depreciation expense	974	-	974	16	990
Acquisition of segment assets	1,498	-	1,498	-	1,498
Carrying value of equity investments	2,278	-	2,278	-	2,278
Share of associates' profit	437	-	437	-	437
Loss on sale of listed securities	-	82	82	-	82
Impairment of available for sale investment	-	10,943	10,943	-	10,943
Other significant revenue					
Dividends	-	2,015	2,015	-	2,015
Other significant expenses					
Inventory obsolescence	178	-	178	-	178
Business segments					
31 March 2007					
Revenue					
Segment Revenue	67,621	3,093	70,714	300	71,014
Segment Result					
Profit/(Loss) before income tax	7,064	12,769	19,833	(1,750)	18,083
Income tax	-	-	-	(5,165)	(5,165)
Profit/(Loss) after income tax	7,064	12,769	19,833	(6,915)	12,918
Segment Assets					
	81,223	62,515	143,738	16,337	160,075
Segment Liabilities					
	(20,906)	-	(20,906)	(38,777)	(59,683)
Net Assets					
	60,317	62,515	122,832	(22,440)	100,392
Other disclosures					
Depreciation expense	867	-	867	14	881
Acquisition of segment assets	666	-	666	-	666
Carrying value of equity investments	2,123	-	2,123	-	2,123
Share of associates' profit	505	451	956	-	956
Profit on sale of listed securities	-	1,181	1,181	-	1,181
Profit on sale of unlisted securities and management contract	-	9,992	9,992	-	9,992
Profit on sale of preference shares	-	106	106	-	106
Net income from MMC Contrarian Limited	-	310	310	-	310
Other significant revenue					
Dividends	-	1,496	1,496	-	1,496
Other significant expenses					
Inventory obsolescence	326	-	326	-	326

* Unallocated refers to tax assets, tax liabilities and tax expenses, cash, properties, head office items and the employee share scheme.

The import and distribution businesses obtain branded products mainly from overseas and distribute these products mainly within Australia. Fund management comprises the listed investments and management fee income from MMC Contrarian Limited. The consolidated entity's main business is carried on in Australia. There are no material geographical segments to report.

9. Subsequent events

There are no subsequent events.

DIRECTORS' DECLARATION

The Directors declare that:

- (a) in the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Directors:

PG Miller
Chairman

Sydney 21 May 2008

DIRECTORS' REPORT

The Directors submit the financial report of HGL Limited for the half year ended 31 March 2008.

Directors

The names and particulars of the directors of the Company during the half year and until the date of this report are:

PG Miller	- Chairman
KJ Eley	- Chief Executive
FM Wolf	- Non Executive Director
JD Constable	- Non Executive Director

Review of Operations

The Directors report a consolidated loss before income tax and minority interests of \$2,751,000 (2007: Profit \$18,083,000). Further details are in the Chairman's report on pages 1-4.

Dividends

The Directors have declared an interim fully franked dividend of 7.0 cents per share (2007: 6.2 cents fully franked interim dividend) to be paid on 3 July 2008. The record date will be 19 June 2008.

The dividend reinvestment plan continues. It offers shareholders the opportunity of reinvesting their dividends in ordinary shares of the company. The shares will be issued at the weighted average market price of shares sold on the ASX on the record date and the 4 trading days preceding that date. The Directors have resolved that there will be no discount for the dividend. Notices for the dividend reinvestment plan must be received by the share registry by no later than 5.00pm on the record date for a forthcoming dividend in order to take effect for that dividend.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 19.

Rounding of Amounts

The consolidated entity is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in this report, and the financial report, have been rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the Directors:

PG Miller
Chairman
Sydney 21 May 2008

Registered office and principal place of business:

Level 5, 34 Hunter Street
SYDNEY NSW 2000
Phone: +612 9221 7155
Fax: +612 9233 2713
Email: hgl@hgl.com.au
Web: www.hgl.com.au
ABN: 25 009 657 961

The Board of Directors
HGL Limited
Level 5, 34 Hunter Street
SYDNEY NSW 2000

21 May 2008

Dear Board Members

HGL Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of HGL Limited.

As lead audit partner for the review of the financial statements of HGL Limited for the half-year ended 31 March 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Mark Rossetti

Mark Rossetti
Partner
Chartered Accountants

Independent Auditor's Review report to the members of HGL Limited

We have reviewed the accompanying half year financial report of HGL Limited, which comprises the balance sheet as at 31 March 2008, and the income statement, cash flow statement, statement of changes in equity for the half year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising HGL Limited and the entities it controlled at the end of the half year or from time to time during the half year as set out on pages 6 to 17.

Directors' Responsibility for the Half year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of HGL Limited's financial position as at 31 March 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of HGL Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of HGL Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Rossetti

Mark Rossetti
Partner
Chartered Accountants
Sydney, 21 May 2008