



PRESS RELEASE

HGL POSTS FIRST HALF PROFIT AND EXPANDS BUSINESS OPERATIONS

Listed supplier of branded goods into specialist markets, HGL Limited (ASX Code HNG), has posted underlying profit of \$4.1 million (2010: \$4.1 million) for the six months to March 31, 2011, as the group expands into adjacent markets and improves business processes.

Statutory profit for the first six months this year was \$4.1 million, the corresponding figure last year was \$7.8 million including \$3.7 million profit from the sale of listed shares. HGL exited all listed security investments in 2010.

Directors have declared an unchanged fully franked interim dividend of 6 cents a share.

Underlying profit has been maintained without the positive impact in the previous corresponding period created by the Federal Government Stimulus Package, which boosted profit in 2010 especially on the back of higher sales of large format printers and eye testing equipment.

Chief Executive Officer of HGL, Mr Michael Mahoney said "We are pleased with the result as it has been a period marked by unreliable demand and the price deflationary effects of a stronger Australian dollar. Sales, apart from those affected by the stimulus package last year, are up 3 per cent."

He added that "We have passed most of the benefit of the strong Australian dollar to our customers in much the same way as we put up our prices when the dollar fell in the 2008/2009 year. We have a long term sustainable business model and as a market leader in specialised markets, we adjust our pricing when the dollar moves."

"We are seeking growth through broadening our product offering in existing and adjacent markets. An example of this has been the Mountcastle hat business, which has expanded its operations by adding school uniforms and school bags to its traditional hat range."

"Meanwhile JSB Lighting has extended its top end lighting business to now include the energy saving systems that control lighting."

"These are natural extensions to our client relationships built up over many years", added Mr Mahoney.

Mr Mahoney said “Since my appointment I have had a particular focus on improving internal processes, especially sales management. Our processes and standards have improved but can be lifted further. We will continue to better recruit, train and manage our people to lift sales, earnings and opportunities for all our staff.”

“The current demand for our products, the product extensions and the internal improvements we are making, lead to optimism about the second half and underlying profit for the full year should be higher than last year”, he concluded.

The business is run using a decentralised model as shown below:

Market	Major brands	HGL business unit
Large Format Printing	Kip, Seiko, Epson, Drytac, Kodak	Anitech and Aarque Group www.anitech.com.au www.aarque.co.nz
Home Sewing and Craft	DMC, Prym, Benartex, Marcus Brothers	Leutenegger and XLN www.leutenegger.com.au www.xln.com.au
Point of Sale	Icandy, Propel, episys, eyeclick, SPOS	SPOS Group www.spos.com.au
Top End Lighting	Modular, LTS, ACDC, Lutron	JSB Lighting www.jsblighting.com.au
Eye Testing Instruments	Nidek, Reichert, Optovue	BOC Instruments www.bocinstruments.com.au
Beauty	Thalgo, Grown, Essie	BLC Cosmetics www.blccosmetics.com
Collector Model Cars	Biante	Biante www.biante.com.au
Specialist Headwear and Uniforms	Statesman Hats, Mountcastle, Leuts, Trutex	Mountcastle www.mountcastle.com.au

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