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PRESS RELEASE

HGL POSTS 67.5 PER CENT ANNUAL PROFIT GROWTH

Listed supplier of branded goods into specialist markets, HGL Limited (ASX Code HNG), has posted a 67.5 per cent rise in Net Profit After Tax from \$8 million to \$13.4 million in the year ended 30 September 2010.

Underlying profit for the year to September 2010 also rose 36 per cent from \$5 million to \$6.8 million, while sales grew from \$164 million to \$170 million.

Directors have declared a final fully franked dividend of 5 cents a share, making the total dividend for the year 11 cents a share, up from 8 cents a share in the previous year.

HGL Chief Executive Officer, Mr Michael Mahoney said "The year was marked by HGL simplifying our business model and selling our remaining shares in listed companies. Our model simply involves the importing of branded goods and delivering them to specialist retailers and other businesses across the country.

"We now concentrate on building the value of the brands we manage and investing in product development, training and marketing, with the change in our business model now yielding pleasing results, despite the challenging trading conditions at certain periods throughout the year", he added.

He said HGL would continue to concentrate its focus on delivering market leading products to specialist markets, enabling the company to maintain its pricing power.

The strength of the Australian dollar contributed to the group's gross margin rising from 42.3 per cent to 45 per cent, with management of the 12 businesses now also pursuing a strategy to source high margin products for distribution.

Mr Mahoney said "The current demand for our products and our internal improvements lead to optimism about the year ahead".

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supplying market leading branded products