

Statutory Reports and Financial Statements

30 SEPTEMBER 2009

- 11 › Directors' Report
- 17 › Auditor's Independence Declaration
- 18 › Corporate Governance Report
- 21 › Income Statement
- 22 › Balance Sheet
- 23 › Statement of Changes in Equity
- 24 › Statement of Cash Flows
- 25 › Notes to the Financial Statements
- 57 › Directors' Declaration
- 58 › Independent Auditor's Report
- 60 › Shareholder Information
- 62 › Financial Summary
- 63 › Directory
- 64 › Financial Calendar

The Directors of HGL Limited present their annual financial report for the year ended 30 September 2009.

Directors

The names and particulars of the directors of the Company during or since the end of the financial year are:

Name	Particulars
PG Miller , FCA	Chairman, 62, Non executive director since 2000. A member of the Audit Committee and Chairman of the Nomination and Remuneration Committee. Chartered Accountant with over 30 years experience in public practice.
KJ Eley , CA, F FIN	Chief Executive, 60, Executive director since 1985. Chartered Accountant. Prior to joining HGL over 10 years of business experience gained in management consulting, financing and corporate advice at a major international firm of Chartered Accountants and two investment banks. A member of the Nomination and Remuneration Committee. Director of MMC Contrarian Limited from September 2003 to November 2008.
FM Wolf , BA (Hons), PhD	Non executive director since 2000, 56. Chairman of Audit Committee. Current director of Abacus Property Group (appointed December 1997), with over 30 years experience in strategic planning, financing and corporate advice.
JD Constable	Non executive director since 2003, 50. A member of the Audit Committee. Authorised representative of Bell Potter Securities Limited. Over 25 years experience in the stockbroking industry.

Meetings of directors

The following table sets out the number of directors' meetings, including meetings of committees of directors, held during the financial year and the number of meetings attended by each director while they were a director or committee member.

	Board		Audit Committee		Nomination and Remuneration Committee	
	Number	Attended	Number	Attended	Number	Attended
PG Miller	15	15	4	4	2	2
KJ Eley	15	15	–	–	2	2
FM Wolf	15	15	4	4	–	–
JD Constable	15	15	4	3	–	–

Directors' interests in securities

As at the date of this report the interests of directors in the shares of the Company are as follows:

	Beneficial Interest	Non Beneficial Interest
PG Miller	39,723	9,081,893
KJ Eley	3,413,727	–
FM Wolf	291,377	–
JD Constable	44,000	625

Company secretaries

Michael Mahoney ACA (England and Wales), CA and Peter Caldelis CA act as joint company secretaries for the Company. Mr Mahoney has been an employee of the Company for 22 years and has acted as company secretary for the same period. Mr Caldelis has been employee of the Company for 15 years and has acted as company secretary for 12 years.

Review of operations

The Directors report a consolidated profit before income tax and minority interests of \$13,984,000 (2008: \$6,968,000 loss). Further details are in the Chairman's and Chief Executive's Review.

Principal activities

The principal activity of the consolidated entity during the year was the distribution of niche branded products. During the year listed securities were disposed of and this is expected to continue.

Dividends

The Directors have declared a final fully franked dividend of 5.0 cents per share (2008: 5.1 cents per share fully franked). Interim fully franked dividends of 3.0 cents per share were paid during the year (2008: 7.0 cents per share fully franked).

The board policy is to distribute between 70% and 80% of core profit as dividends.

Ordinary Shares	2009 S'000	2008 S'000
Interim dividend paid 2 July 2009 (2008: paid 3 July 2008)	1,597	3,635
Final dividend payable 17 December 2009 (2008: paid 18 December 2008)	2,696	2,669
	4,293	6,304

Included in the above are dividends paid on equity settled options issued under the Employee Share Scheme. Refer note 22 in the financial statements for more details on the Scheme.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) was established by the Directors to provide shareholders with the opportunity of reinvesting their dividends in ordinary shares in the Company. The Directors have resolved for the final dividend payable on 17 December 2009, shares will be allotted to eligible shareholders participating in the DRP with nil discount (2008: nil) from the market price of the Company's shares as defined in the DRP. No brokerage is payable if shares are allotted under the DRP. During the year the total number of shares issued under the DRP was 1,818,470 (2008: 1,373,968). This includes 284,029 (2008: 246,174) DRP shares issued on equity settled options under the Employee Share Scheme. Refer to note 22 in the financial statements for more details on the Scheme.

Share buy-back

The Company operates an unlimited duration on-market share buy-back. During the year 232,657 ordinary shares (2008: 653,886) were acquired at an average price of \$1.16 (2008: \$1.73) pursuant to the buy-back.

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which have significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in subsequent financial years, other than those referred to in the Chairman's and Chief Executive's Review and in note 33 to the Financial Statements.

Significant changes in the state of affairs and future developments

There were no significant changes in the state of affairs of the consolidated entity other than those referred to in the Chairman's and Chief Executive's Review. Likely developments in operations and operating results are detailed in the Chairman's and Chief Executive's Review.

Auditor independence and non audit services

The Directors have received an independence declaration from the auditor, a copy is on page 17.

Deloitte Touche Tohmatsu received or are due to receive the following amounts for non audit services: tax advice \$nil (2008: \$56,285). The Directors are satisfied that the nature and scope of the non audit services did not compromise auditor independence and the services are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

REMUNERATION REPORT – AUDITED

The remuneration report provides an overview of the consolidated entity's remuneration policies and practices and explains the links between rewards and company performance. The report also gives detailed information about the remuneration arrangements for the key management personnel of the company and consolidated entity and other executives of the consolidated entity.

Principles of remuneration

The consolidated entity's executive remuneration strategy seeks to match the goals of the key management personnel to those of the shareholders. This is achieved through combining conservative levels of guaranteed remuneration with attractive incentive payments. These incentive payments are only paid on attainment of previously agreed performance targets.

Remuneration packages are reviewed with due regard to performance and other relevant factors. In order to retain and attract executives of sufficient calibre to facilitate the effective and efficient management of the Company's operations the Nomination and Remuneration Committee, when necessary, seeks the advice of external advisers in connection with the structure of remuneration packages.

Structure and Remuneration of Directors and Executives

Non executive Directors

Non executive Directors are remunerated by fees with the aggregate limit approved by shareholders from time to time. The remuneration of non executive Directors does not depend on company performance. Currently, the aggregate amount of Directors' fees will not exceed \$300,000 per annum. Directors' fees can be paid as superannuation contributions.

Executives

The key management personnel of the company and consolidated entity, listed below, are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. Terms of employment are formalised in employment letters to each of the executive key management personnel. There are no fixed term contracts in place. The payment of any termination benefit is at the discretion of the Nomination and Remuneration Committee.

Name of key management personnel	Office
PG Miller	Non Executive Chairman
FM Wolf	Non Executive Director
JD Constable	Non Executive Director
KJ Eley	HGL Chief Executive Officer and Director
MP Mahoney	HGL Operations Manager
AJ Whittles	HGL Chief Financial Officer
PS Caldelis	HGL Group Controller

In addition to the above, the following executives are included in the remuneration report as they are amongst the five highest remunerated group executives of the consolidated entity during the year in accordance with s300A of the Corporations Act 2001.

Name of executive	Office
2009	
D Hewitt	Chief Executive Officer of JSB Lighting
IA Cerfontyne	Sales Director of JSB Lighting
CE Wagstaff	Chief Executive Officer of Anitech
2008	
D Hewitt	Chief Executive Officer of JSB Lighting
MR Farley	Chief Executive Officer of SPOS
IA Cerfontyne	Sales Director of JSB Lighting

2009	Short term employee benefits			Post employment benefits	Long term employee benefits \$	Total \$
	Salary/fees \$	Bonus \$	Non monetary and other benefits \$	Superannuation \$		
D Hewitt	162,500	282,793	24,000	13,928	3,482	486,703
KJ Eley*	307,512	-	17,366	13,928	4,279	343,085
IA Cerfontyne	133,864	141,396	15,000	13,398	4,698	308,356
MP Mahoney*	238,192	-	-	13,928	4,198	256,318
CE Wagstaff	221,067	-	15,000	13,928	5,250	255,245
AJ Whittles*	211,251	-	-	13,928	1,924	227,103
PS Caldelis*	130,362	-	17,905	11,733	1,312	161,312
PG Miller*	100,917	-	-	9,083	-	110,000
FM Wolf*	70,000	-	-	-	-	70,000
JD Constable*	55,046	-	-	4,954	-	60,000
	1,630,711	424,189	89,271	108,808	25,143	2,278,122

2008	Short term employee benefits			Post employment benefits	Long term employee benefits \$	Total \$
	Salary/fees \$	Bonus \$	Non monetary and other benefits \$	Superannuation \$		
D Hewitt	161,403	434,569	18,000	13,129	6,947	634,048
MR Farley	246,574	-	250,000	13,129	-	509,703
IA Cerfontyne	131,228	216,201	15,000	4,443	1,011	367,883
KJ Eley*	300,054	-	22,817	13,129	14,661	350,661
MP Mahoney*	238,871	-	-	13,129	11,666	263,666
AJ Whittles*	211,871	-	-	13,129	9,494	234,494
PS Caldelis*	130,555	-	17,905	11,540	7,175	167,175
PG Miller*	100,917	-	-	9,083	-	110,000
FM Wolf*	70,000	-	-	-	-	70,000
JD Constable*	55,046	-	-	4,954	-	60,000
	1,646,519	650,770	323,722	95,665	50,954	2,767,630

* HGL Limited employee.

Components of remuneration

Not at risk remuneration

Base remuneration is structured as a total employment cost package paid in cash and benefits at the executive's discretion and includes superannuation contributions. Base remuneration is reviewed but not necessarily increased each year. The base remuneration is at the lower end of the market rate for the role and the individual. Total remuneration above the market rate can be achieved through the attainment of previously agreed performance targets.

Long term employee benefits is the amount of long service leave entitlements accrued during the year.

At risk remuneration

Short term incentives for KJ Eley, MP Mahoney, AJ Whittles and PS Caldelis are determined in accordance with the HGL Bonus Scheme which operates for four years to 30 September 2010, no incentives are payable to these executives for 2009 and 2008.

HGL Bonus Scheme

22% of core profits above an earnings per share hurdle are paid into the bonus pool. The hurdle in 2009 was 19.6 cents per share (2008: 17.5 cents) and the hurdle increases by 12% in 2010 when the hurdle is 21.9 cents. In addition 5% of non core profits are paid into the bonus pool. The incentives are paid to the executives in December each year. Incentive payments are capped at 200% of the executive's base remuneration for the year. The HGL bonus scheme is under review by the Nomination and Remuneration Committee and the scheme may change for 2010.

Other schemes

Incentives to D Hewitt and IA Cerfontyne are based on the performance of JSB. There are two incentive schemes for the executives of JSB, a short term and a long term incentive scheme. The short term incentive is determined by reference to the profit of the year, while the long term incentive is determined by reference to the profit over three years. The long term incentive for D Hewitt is \$133,686 (2008: \$248,677) and for IA Cerfontyne \$66,843 (2008: \$124,338). In November 2009 D Hewitt was paid \$169,954 and IA Cerfontyne \$84,977 from the long term incentive scheme being one third of the accrued incentive amount. The short term incentives are \$149,107 (2008: \$185,892) for D Hewitt and \$74,553 (2008: \$91,863) for IA Cerfontyne. If an executive of JSB ceases to be employed any accrued bonus is forfeited.

The incentive to CE Wagstaff is based on the performance of Anitech. No bonus was payable in 2009.

MR Farley had an effective 20% equity interest in the increase in the value of SPOS and was not entitled to an incentive. The 2008 \$250,000 non monetary and other benefit was the estimated increase in the value of this option during the year.

Relationship between the remuneration policy and company performance

Short term incentives are determined by the profits of the consolidated entity so aligning the incentive of the executive with the creation of value for the HGL shareholders. There is nothing in any of the incentive schemes solely linked to the HGL share price. Instead incentives are based primarily on core profit as an increase in the core profit leads to an increase in the dividend. The Board is focused on increasing shareholder value through increasing dividends.

The tables below set out summary information about the Group's earnings and dividends for the 5 years to September 2009:

	30 September 2009 \$'000	30 September 2008 \$'000	30 September 2007 \$'000	30 September 2006 (a), (b) \$'000	30 September 2005 (a), (b) \$'000
Core profit	5,003	8,447	9,309	6,946	7,345
Non core profit/(loss)	2,969	(15,908)	6,344	6,910	1,855
Core earnings per share (cents)	10.0	17.3	19.2	15.5	14.7
Dividend per share (cents)	8.0	12.1	14.4	11.6	10.2

(a) The 2005 and 2006 bonus pool was calculated on the previous HGL Bonus Scheme. This Scheme paid 20% of the profit after tax and minorities before revaluations and capital gains (core profits) above a hurdle into the bonus pool. In addition 2% of the non core profits were paid into the bonus pool.

(b) The HGL Bonus Scheme in effect from 2005 to 2006 used previous Australian Accounting Standards profits in the calculation. In 2005 and 2006 the profits were restated to eliminate all the effects of the adoption of Australian equivalents to International Financial Reporting Standards (AIFRS).

Employee Share Scheme

The Directors believe that it is important to link the remuneration of eligible key management personnel to the long term success of the Company by supporting the acquisition of shares through the Company's Employee Share Scheme (Scheme). The Scheme rules are posted on the HGL website, www.hgl.com.au. The maximum number of shares in the Scheme is 10% of HGL's total issued shares.

To enable each of the eligible key management personnel to acquire shares non recourse loans (Scheme Loans) were made in accordance with the terms of the Scheme. As at 30 September 2009 there were 5,246,202 Scheme Shares (2008: 4,916,763 Scheme Shares) and Scheme Loans of \$8,167,085 (2008: \$7,915,149). The interest rate on the Scheme Loans is equal to the dividends paid by HGL on Scheme Shares. During 2009 nil (2008: nil) shares were issued and nil (2008: 100,000) shares were cancelled under the Scheme. There are no amounts for share based payments in the remuneration report as these amounts have all been expensed in prior periods.

Refer to Note 22 in the financial statements for more detail on the Scheme.

Indemnification of directors, officers and auditors

During the year, the Company purchased Directors' and Officers' Liability Insurance to provide cover in respect of claims made against the directors and officers in office during the financial year and at the date of this report, as far as is allowable by the Corporations Act 2001. The policy also covers the Company for reimbursement of directors' and officers' expenses associated with such claims if the defence to the claim is successful. The total amount of insurance premium paid and the nature of the liability are not disclosed due to a confidentiality clause within the agreement. As at the date of this report, no amounts have been claimed or paid in respect of this indemnity and insurance, other than the premium referred to above. The Company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or the auditor of the Company against a liability incurred as an officer or auditor.

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, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Board of Directors of HGL Limited:



PG Miller
Chairman



KJ Eley
Director

Sydney 25 November 2009

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

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

25 November 2009

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 audit of the financial statements of HGL Limited for the financial year ended 30 September 2009, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Mark Rossetti
Partner
Chartered Accountants

The Board of Directors of HGL Limited is responsible for the corporate governance of the Company and its controlled entities (HGL) and to ensure HGL is directed and managed appropriately. The Board guides and monitors the business and affairs of the consolidated entity on behalf of shareholders, by whom they are elected and to whom they are accountable. The Board and management are committed to ensuring control systems are commensurate with the risks that HGL is exposed to.

This corporate governance statement summarises the practices and policies in place during the year ended 30 September 2009. For ease of reference this statement has been presented consistently with the eight ASX Corporate Governance Principles. On at least an annual basis, the Board reviews these practices and policies to ensure they continue to assist HGL with its corporate governance. Various policies and charters have been posted to the website www.hgl.com.au.

Principle 1 – Lay solid foundations for management and oversight

The primary functions and responsibilities of the Board are as follows:

- establishing the long-term goals for the Company and the review of strategic and operational plans to achieve those goals;
- appointment of the Chief Executive;
- allocating capital and funding;
- reviewing and adopting the annual budgets of the Company and all its controlled entities;
- monitoring the performance of the Company and its controlled entities against the budget and strategic plans;
- ensuring adequate systems of internal control and risk management have been designed and implemented;
- approving the half yearly and annual financial reports;
- ensuring effective external disclosure policies so that the market is fully informed on all matters that may influence the share price; and
- monitoring corporate governance.

The responsibility for the operation and administration of the consolidated entity is delegated by the Board to the Chief Executive and his executive team. The Board ensures that this team is appropriately qualified and experienced to discharge this responsibility. The Board is responsible for ensuring that management's objectives are aligned with the expectations and the risks identified by the Board. The Company has in place a process for evaluating the performance of senior executives. The Chief Executive reviews the performance of senior executives and presents to the Nomination and Remuneration Committee on this review. A performance review of senior executives took place during the year.

Principle 2 – Structure the Board to add value

The Board is comprised of four Directors (one Executive and three non-executive members). Mr FM Wolf is the sole independent director as defined in the ASX Corporate Governance Principles and Recommendations.

The board does not have a majority of independent directors.

As the Chairman of the Board is associated with a substantial shareholder (Sery Pty Limited and its associates) he is not deemed independent in accordance with the Corporate Governance Principles and Recommendations. The Chairman is on the board of Sery Pty Limited and a number of its associates but he does not benefit financially from their shareholdings in HGL Limited.

The Board has established a Nomination and Remuneration Committee. The Committee consists of PG Miller (Chairman) and KJ Eley.

The primary functions of the Nomination and Remuneration Committee are to review:

- the composition of the Board on a regular basis and make recommendations to the Board, when considered necessary, to ensure that the Board comprises a majority of non-executive Directors with the appropriate mix of skills and experience; and
- the remuneration packages of all Directors, the Chief Executive and senior HGL managers annually and make recommendations to the Board.

The Board has considered its composition and believes the current composition is in the interests of shareholders.

Annually the Chairman assesses the performance of the Directors and the performance of the Board committees.

All Directors have the right to seek independent legal and financial advice, at the expense of the Company, concerning any aspect of the consolidated entity's operations or undertakings. However, prior approval of the Chairman is required, which is not unreasonably withheld.

Principle 3 – Promote ethical and responsible decision making

The Board has a Code of Conduct and a Share Trading Policy.

Code of conduct

The overriding principle of the Code of Conduct is that all business affairs must be conducted legally and ethically. A copy of the Code of Conduct is posted on the HGL website.

Share trading policy

Other than from 1 April or 1 October until the day after the release of half or full year results, the Directors and employees of the Company are permitted to deal in the securities of the Company at any time, subject to the insider trading provisions of the Corporations Act. The insider trading provisions of the Corporations Act have been drawn to the attention of all Directors and employees of the Company. Prior to dealing in HGL shares Directors and employees must notify the Chairman of the number of shares involved, the proposed date of the transaction and whether it is a sale or a purchase. The Directors and employees must consider any views expressed by the Chairman. Notification to the Chairman does not constitute approval. It is the responsibility of the

person dealing in the HGL shares to ensure it does not constitute insider trading and to ensure the proposed dealing preserves the reputation of each of HGL, the Directors and employees and is not only fair but seen to be fair. Dealings of the Chairman must be notified to the Chairman of the Audit Committee. The share trading policy relates not only to those HGL shares held directly but also to HGL shares where the Director or employee of HGL has in substance, rather than form, the ability or power, whether direct or indirect, to dominate the decision about the trading of HGL shares.

A copy of the Share Trading Policy is posted on the HGL website.

Principle 4 – Safeguard integrity in financial reporting

It is the Board's ultimate responsibility to ensure that effective internal controls exist within the consolidated entity. To this end the Board established an Audit Committee. The Committee consists of FM Wolf (Chairman), JD Constable and PG Miller all of who are non executive directors.

The Chairman of this committee is an independent director. Committee meetings are usually held at least three times a year. A copy of the charter of the Committee is posted on the HGL website.

The functions of the Committee are to:

- consider the half yearly and annual financial reports before they are approved by the Board;
- review the appointment of the external auditors, the terms of their engagement, the scope and quality of the audit and the auditor's independence;
- establish and maintain the framework of internal control; and
- ensure compliance with statutory, Australian Security Exchange and other reporting requirements.

The Audit Committee generally invites the Chief Executive Officer, Chief Financial Officer, Company Secretary and external auditors to attend Audit Committee meetings.

The external auditors can meet privately with the committee. The partner managing the audit was appointed in 2006 and will be rotated after a maximum of five years. It is the policy of the external auditors to provide an annual declaration of their independence to the Committee.

Principle 5 – Make timely and balanced disclosure

The Board recognises its continuous disclosure obligations. The Board is committed to ensuring all investors have equal and timely access to material information about the Company and that announcements made by the Company are accurate, balanced and presented in a clear fashion. A copy of the continuous disclosure policy is posted on the HGL website.

Principle 6 – Respect the rights of shareholders

The Board aims to ensure that shareholders, on whose behalf they act, are informed of all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- compliance with Australian Security Exchange reporting and disclosure requirements;
- the Company's website;
- the annual and interim reports; and
- the Annual General Meeting and any other meetings so called to obtain approval for Board action as appropriate.

HGL creates and distributes to all shareholders an overview of the half year and full year results. These are also made available through the HGL website.

A representative from the external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and preparation and content of the auditor's report.

Principle 7 – Recognise and manage risk

The Board is responsible for ensuring the Company's risk management systems are effective. There are a number of material business risks that could impact the performance of the Company. There are risks that are specific to the Company and also those which are general business risks, for example movements in foreign exchange rates, which are beyond the control of the Company.

Calculated risk taking is an essential part of business. The Company has policies and procedures to manage risk. Some of the controls across the business include:

- annual budgeting and monthly reporting;
- the Board has sole discretion to approve any proposed material business acquisition. Proposed new business acquisitions are analysed by management, this includes a risk assessment and extensive due diligence. Businesses that meet the Company's return and risk parameters are presented in a formal proposal document to the Board for consideration;
- policies and procedures for the management of financial risk, including movements in foreign exchange and interest rates;
- reviews of material existing and new customer and supplier arrangements;
- debtor and inventory reviews; and
- internal control questionnaires completed by management as part of the half year and year end financial reporting process.

Risks and the management of risks are not static. Management and the Board regularly review both. A copy of the risk management policy is posted to the HGL website.

The Chief Executive Officer and Chief Financial Officer confirm in writing that, to the best of their knowledge:

- the Company's financial report presents a true and fair view of the Company's financial condition and operating results and is in accordance with applicable accounting standards;
- the Company's financial records for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001; and
- the integrity of the financial records and systems is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

The Board has received the above assurances for this financial year.

Principle 8 – Remunerate fairly and responsibly

The Board has established a Nomination and Remuneration Committee. The Committee consists of PG Miller (Chairman) and KJ Eley. The principle is to reward for performance, an overview of the executive bonus schemes is described in the remuneration report. The functions and responsibilities of the Committee have been summarised under principle 2. The attendance of committee members is detailed in the directors' report. There are no retirement benefits, other than superannuation, for non executive directors.

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue - sales	2	164,653	169,914	-	-
Revenue - other	2	7,594	3,839	21,328	27,937
Share of associates' profit	6	397	388	-	-
Change in inventories of finished goods and work in progress		421	(4,909)	-	-
Raw materials and consumables used		(95,510)	(88,538)	-	-
Employee benefits expense	2	(35,708)	(38,158)	(1,574)	(1,969)
Impairment of available for sale assets		(1,665)	(17,477)	-	(14,726)
Loss on sale of available for sale assets	2	(81)	(638)	-	-
Fair value of interest rate swap	2	(651)	(765)	(651)	(765)
Goodwill impairment	9	-	(2,780)	-	-
Impairment of investment		-	-	-	(4,780)
Freight, packaging and distribution expense		(2,763)	(3,699)	-	-
Depreciation expense	2	(1,999)	(2,008)	(32)	(31)
Advertising and marketing expense		(3,320)	(3,487)	-	-
Operating lease expense	2	(4,195)	(3,744)	(127)	(121)
Interest expense	2	(2,502)	(4,003)	(2,125)	(3,686)
Other expenses		(10,687)	(10,903)	(44)	(155)
Profit/(loss) before income tax expense		13,984	(6,968)	16,775	1,704
Income tax (expense)/benefit	3	(3,515)	2,070	(1,088)	4,488
Profit/(loss) for the period		10,469	(4,898)	15,687	6,192
Attributable to:					
Equity holders of the parent		7,972	(7,461)	15,687	6,192
Minority interest		2,497	2,563	-	-
		10,469	(4,898)	15,687	6,192
		CENTS	CENTS		
Basic earnings per share	21	16.0	(15.3)		
Diluted earnings per share	21	16.0	(15.3)		

Notes to the financial statements are included on pages 25 to 56.

BALANCE SHEET

AS AT 30 SEPTEMBER 2009

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current Assets					
Cash and cash equivalents		8,126	7,931	912	1,737
Trade and other receivables	4	29,651	34,236	531	2,127
Inventories	5	33,368	34,541	-	-
Current tax assets	12	1,121	-	1,227	269
Total Current Assets		72,266	76,708	2,670	4,133
Non-current Assets					
Investments accounted for using the equity method	6	2,235	1,840	-	-
Other financial assets	7	15,924	40,691	92,873	102,686
Property, plant and equipment	8	10,530	10,382	111	127
Intangibles	9	27,489	27,304	-	-
Deferred tax assets	13	2,371	3,602	2,468	4,614
Total Non-current Assets		58,549	83,819	95,452	107,427
Total Assets		130,815	160,527	98,122	111,560
Current Liabilities					
Trade and other payables	10	21,245	30,092	536	4,207
Borrowings	11	2,477	510	4,090	3,080
Current tax liabilities	12	-	228	-	-
Provisions	14	3,865	5,411	810	2,760
Total Current Liabilities		27,587	36,241	5,436	10,047
Non-current Liabilities					
Borrowings	11	19,016	41,541	16,300	37,300
Deferred tax liabilities	13	673	1,220	-	-
Provisions	14	987	1,220	9	34
Other financial liabilities	15	-	765	-	765
Total Non-current Liabilities		20,676	44,746	16,309	38,099
Total Liabilities		48,263	80,987	21,745	48,146
Net Assets		82,552	79,540	76,377	63,414
Equity					
Issued capital	16	33,678	32,409	33,678	32,409
Reserves	19	9,235	11,441	2,442	2,442
Retained earnings	18	25,474	21,602	40,257	28,563
HGL Limited Equity Interest		68,387	65,452	76,377	63,414
Minority Interest	17	14,165	14,088	-	-
Total Equity		82,552	79,540	76,377	63,414

Notes to the financial statements are included on pages 25 to 56.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total equity at beginning of financial year		79,540	106,076	63,414	63,598
Available for sale investments:					
Revaluation gain/(loss) recognised directly in equity, net of tax	19	1,869	(25,990)	-	(10,294)
Land and buildings revaluation reserve:					
Revaluation gain recognised directly in equity, net of tax	19	168	262	-	-
Translation of foreign operations:					
Exchange differences recognised directly in equity, net of tax	19	(8)	(28)	-	-
Net income/(expense) recognised directly in equity		2,029	(25,756)	-	(10,294)
Loss transferred to the income statement on impairment of available for sale investments, net of tax	19	-	12,234	-	10,309
(Profit)/loss transferred to the income statement on sale of available for sale investments, net of tax	19	(4,283)	212	-	-
Profit/(loss) for the period		10,469	(4,898)	15,687	6,192
Total recognised income and expense for the period		8,215	(18,208)	15,687	6,207
Transactions with equity holders in their capacity as equity holders:					
Dividend paid	20	(3,993)	(7,401)	(3,993)	(7,401)
Dividend Reinvestment Plan shares issued	16	1,441	2,074	1,441	2,074
Shares bought back and cancelled	16	(271)	(1,131)	(271)	(1,131)
Shares issued to Employee Share Scheme participants	16	99	77	99	77
Employee share scheme reserve	19	-	(10)	-	(10)
Other	18 and 19	(59)	(99)	-	-
Minority interest		(2,420)	(1,838)	-	-
		(5,203)	(8,328)	(2,724)	(6,391)
Total equity at end of financial year		82,552	79,540	76,377	63,414
Total recognised income and expense is attributable to:					
Equity holders of the parent		5,718	(20,771)	15,687	6,207
Minority interest		2,497	2,563	-	-
		8,215	(18,208)	15,687	6,207

Notes to the financial statements are included on pages 25 to 56.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Receipts from customers		184,442	181,909	952	1,619
Payments to suppliers and employees		(171,151)	(169,971)	(2,356)	(4,321)
Dividends received		924	4,007	1,497	5,610
Income tax paid		(3,202)	(6,332)	(1,058)	(3,554)
Interest received		550	738	4,205	5,613
Interest rate swap settlement		(1,416)	-	(1,416)	-
Interest paid		(2,502)	(3,712)	(2,125)	(3,395)
Net cash inflow from operating activities	30	7,645	6,639	(301)	1,572
Cash flows from investing activities					
Payment for purchase of property, plant and equipment		(2,539)	(2,474)	(16)	(36)
Proceeds from sale of property, plant and equipment		318	174	-	-
Payment for purchase of listed securities		-	(5,708)	-	(1,496)
Payment for purchase of controlled entities	25	(4,554)	(2,307)	(3,713)	(1,630)
Prepayment for purchase of controlled entity	26	-	(1,266)	-	(1,266)
Cash in deconsolidated entity		(446)	-	-	-
Proceeds from sale of listed securities		25,674	2,583	21,292	-
Proceeds from return of capital on financial asset		-	3,438	-	3,438
Loan to controlled entities		-	-	(5,943)	(5,061)
Loan repaid by controlled entities		-	-	6,350	4,317
Loan to other entities		(95)	(212)	(95)	(212)
Loan repaid by other entities		408	430	-	200
Net cash inflow/(outflow) from investing activities		18,766	(5,342)	17,875	(1,746)
Cash flows from financing activities					
Payment for share buy back		(271)	(1,131)	(271)	(1,131)
Proceeds from borrowings		131,607	162,228	129,134	158,300
Repayment of borrowings		(153,097)	(158,521)	(144,710)	(155,510)
Dividends paid:					
Members of the parent entity		(2,552)	(5,327)	(2,552)	(5,327)
Minority interests		(1,894)	(1,453)	-	-
Net cash inflow/(outflow) from financing activities		(26,207)	(4,204)	(18,399)	(3,668)
Net increase/(decrease) in cash held		204	(2,907)	(825)	(3,842)
Cash and cash equivalents at the beginning of the financial year		7,931	10,858	1,737	5,579
Effects of exchange rate changes on the balance of cash held in foreign currencies		(9)	(20)	-	-
Cash and cash equivalents at the end of the financial year		8,126	7,931	912	1,737

Notes to the financial statements are included on pages 25 to 56.

1 - Summary of Significant Accounting Policies

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and complies with other requirements of the law.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting judgements and key sources of estimation uncertainty

In the application of Accounting Standards including Australian equivalents to International Financial Reporting Standards (AIFRS) management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies for the consolidated entity's intangible assets and inventories are set out below:

Note 5 - Inventories. The key assumptions in estimating net realisable value require the use of management judgement and are reviewed annually.

Note 9 - Intangibles. Determining whether goodwill is impaired requires an estimation by management of the value in use of the cash generating units to which goodwill has been allocated.

Statement of compliance

Compliance with AIFRS ensures that the financial statements and notes of the company and consolidated entity comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 25 November 2009.

(a) Principles of consolidation

The Company and its controlled entities together are referred to in these financial statements as the "consolidated entity". The consolidated financial statements are prepared by combining the financial statements of all entities that comprise the consolidated entity, being HGL Limited (the Company) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit or loss in the period of acquisition. The effects of all transactions between entities included in the consolidated financial statements are eliminated in full.

Minority interests are shown separately in the consolidated income statement and consolidated balance sheet.

Where controlled entities are acquired, their results are included only from the date control commenced. For controlled entities disposed of, their results are included up to the date control ceased.

(b) Intangibles

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and cannot subsequently be reversed.

In the event that settlement of all or part of the purchase consideration is deferred or is dependent on future events the cost is determined by discounting the best estimate of amounts payable in the future to their present value as at the date of acquisition.

(c) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill cannot subsequently be reversed. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease, to the extent of any existing revaluation reserve in respect of the same class of asset.

For any asset other than goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(d) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements. Subsequent to initial recognition, investment in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified as either available for sale financial assets or loans and receivables according to the nature and purpose of the financial assets. This determination is made at the time of initial recognition.

Available for sale

The consolidated entity's listed securities are classified as available for sale (AFS) under AASB 139 Financial Instruments: Recognition and Measurement. Under AASB 139 financial instruments classified as AFS are recorded at fair value. Gains and losses arising from changes in fair value are recognised directly in the AFS revaluation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the AFS revaluation reserve is included in the income statement for the period.

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

(e) Financial instruments issued by the company and consolidated entity**Debt and equity instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials, direct labour and an appropriate portion of overheads. Cost is based on a weighted average cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(g) Property, plant and equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of independent valuation prepared by external valuation experts. The fair values are recognised in the financial statements of the consolidated entity and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the land and buildings revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case

the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the land and buildings revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale, the attributable revaluation surplus remaining in the land and buildings revaluation reserve, net of any related deferred taxes, is transferred directly to the retained earnings.

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

(h) Depreciation

Buildings are depreciated over their estimated useful lives using the straight line method. Items of plant and equipment are depreciated over their estimated useful lives using the reducing balance method. The estimated useful lives and depreciation method is reviewed at the end of each reporting period.

The following estimated useful lives are used in the calculation of depreciation: buildings – 40 years; plant and equipment – 3 to 10 years; and leased plant and equipment – 3 to 5 years. The cost of improvements to or on leasehold properties is depreciated over the lesser of the period of the lease or the estimated useful life of the improvement.

(i) Leased assets

Finance leases, which effectively transfer to the consolidated entity substantially all the risks and benefits incidental to ownership of leased items, are capitalised at the lower of fair value or present value of the minimum lease payments, disclosed as property, plant and equipment and amortised over the period during which the consolidated entity is expected to benefit from use of the leased assets.

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased items, are charged to the income statement in the period in which they are incurred.

(j) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and are capable of being measured reliably. Employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at time of settlement. Employee benefit provisions, which are not expected to be settled within 12 months, are measured at

the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

(k) Share based payments

Equity settled share based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period.

(l) Revenue recognition

Service contract revenue is brought to account by reference to the expired period of the contract. Amounts received and receivable in relation to the unexpired period of contracts at year end are treated as deferred revenue. Revenue from the sale of goods and profit on the disposal of other assets is recognised when the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods or assets. Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(m) Derivative financial instruments

The consolidated entity enters into a variety of derivative financial instruments to manage its exposure to financial risk, including foreign exchange contracts and interest rate instruments.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The consolidated entity has elected not to adopt hedge accounting under AASB 139, any material changes in the fair value of any derivative instruments are recognised immediately in the income statement.

(n) Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into Australian currency at the rate of exchange at the date of the transaction. Amounts receivable or payable in foreign currencies are translated at the rates of exchange ruling at balance date. The resulting exchange differences are brought to account in determining the profit or loss for the year.

Translation of foreign controlled entities

For the consolidated entity's foreign operations, the assets and liabilities are translated into Australian currency at rates of exchange current at balance date while their revenue and expenses are translated at the average rates ruling during the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve and are recognised in the income statement on disposal of the foreign operation.

(o) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset and liability giving rise to them are realised or settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The Company and its wholly owned Australian controlled entities have entered into tax funding and tax sharing agreements.

The head entity, HGL Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right, adjusted for intercompany transactions.

In addition to the current and deferred tax amounts, HGL Limited also recognises the current tax liabilities (or assets) and the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities, recorded at the tax equivalent amount, arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

(p) Accounts payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(q) Cash

For purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(r) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority; and
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(t) AASB Accounting Standards issued but not yet effective

The following accounting standards have been issued by the AASB but have not been adopted by the consolidated entity as they are not effective until after annual reporting periods beginning on or after 1 January 2009:

- (i) AASB 8 Operating Segments – effective on or after 1 January 2009. The objective of AASB 8 is to enhance the disclosure requirements in relation to the operating segments of the Company and the consolidated entity. It will not impact on the results of the Company or the consolidated entity;
- (ii) Revised AASB 101 Presentation of financial statements. Effective on or after 1 January 2009. The impact of this standard will be on disclosure in the financial statements. All non-owner changes in equity must be presented in one statement of comprehensive income, or in a separate income statement and statement of comprehensive income. Components of comprehensive income may not be presented in the statement of changes in equity. Income tax and reclassification adjustments relating to each component of other comprehensive income have to be disclosed. The titles of financial statements will also change; and
- (iii) AASB 3 Business Combinations and AASB 127 Separate and Consolidated Financial Statements. Effective on or after 1 July 2009. The standard introduces greater emphasis on the use of fair value through increasing the judgement and subjectivity around business combination accounting and requiring greater involvement of valuation experts. Further volatility in the income statement will

be introduced through the separate accounting for transaction costs, changes in the fair value of contingent consideration, settlement of pre-existing contracts and share based payments. The Standard also focuses on changes in control as a significant economic event, with requirements to remeasure interests to fair value of gaining or losing control, and to recognise all transactions between controlling and non-controlling shareholders whilst control is retained in retained earnings.

There are no other accounting standards issued by the AASB that are expected to have a material impact on the Company or consolidated entity.

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	CONSOLIDATED		COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
2 - Profit from operations				
a) Revenue				
Sales revenue - sale of goods	164,653	169,914	-	-
Net income from MMC Contrarian Limited	7	65	7	65
Sale of securities:				
Profit on sale of listed securities	6,120	335	3,756	-
Dividends:				
Controlled entities	-	-	12,970	20,295
Partnership distribution	-	-	390	590
Other entities - listed securities	917	2,701	-	1,375
Interest:				
Controlled entities	-	-	3,880	5,225
Other entities	414	496	189	145
Employee Share Scheme:				
Executive key management personnel	136	242	136	242
	172,247	173,753	21,328	27,937
b) Profit/(Loss) before income tax				
Profit/(Loss) before income tax has been arrived at after crediting/(charging) the following gains and losses:				
Profit/(Loss) on sale of property, plant and equipment	(56)	(24)	-	-
Foreign exchange gain	425	820	-	-
c) Expenses				
Cost of sales	95,089	93,447	-	-
Interest:				
Controlled entities	-	-	122	144
Associates	48	39	-	-
Other entities	2,364	3,570	2,003	3,251
Fair value of interest rate swap	651	765	651	765
Unwinding of deferred consideration interest	-	291	-	291
Finance charges relating to finance leases	90	103	-	-
	3,153	4,768	2,776	4,451
Depreciation:				
Buildings	75	72	-	-
Leased plant and equipment	366	450	-	-
Leasehold improvements	81	94	6	6
Plant and equipment	1,477	1,392	26	25
	1,999	2,008	32	31

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
2 - Profit from operations CONTINUED					
Employee benefits expense:					
Salary and wages		34,095	35,730	1,348	1,799
Defined contribution superannuation plans		2,197	2,188	226	180
Movement in equity liability	26	(584)	250	-	-
Equity settled share based payments		-	(10)	-	(10)
		35,708	38,158	1,574	1,969
Loss on sale of listed securities		81	638	-	-
Doubtful debts arising from:					
Other entities - customers		420	192	-	-
Writedown of inventory to net realisable value		1,585	897	-	-
Operating lease expenses:					
Minimum lease payments		4,195	3,744	127	121

3 - Income Tax

(a) Income tax recognised in profit or loss

Tax expense comprises:

Current tax expense		2,142	4,164	(1,138)	518
Prior year (over)/under provision		(346)	(266)	80	77
Deferred tax expense/(benefit)		1,719	(5,968)	2,146	(5,083)
		3,515	(2,070)	1,088	(4,488)

The prima facie income tax expense/(benefit) on pre-tax accounting profit/(loss) reconciles to the income tax expense/(benefit) in the financial statements as follows:

Prima facie income tax expense/(benefit) on profit/(loss) from ordinary activities

at 30% (2008: 30%)		4,195	(2,090)	5,032	511
Fully franked dividends		(275)	(810)	(121)	(455)
Tax rate differential relating to overseas controlled entities		-	77	-	-
Equity share of associates' profit		(39)	(22)	-	-
Equity settled share based payments		-	(3)	-	(3)
Income on scheme loans recognised directly in equity		80	140	80	140
Unwinding of discount on deferred consideration		-	87	-	87
Movement in equity liability		(175)	75	-	-
Amortisation and depreciation on buildings		23	22	-	-
Non-allowable expenses		52	31	1	2
Goodwill impairment		-	682	-	-
Impairment of investment		-	-	-	1,434
Effect of decrease in overseas tax rates of deferred tax assets		-	7	-	-
Prior year (over)/under provision		(346)	(266)	80	77
Non-assessable amount related to transactions within the tax consolidated group		-	-	(3,984)	(6,281)
		3,515	(2,070)	1,088	(4,488)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	CONSOLIDATED		COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
3 - Income Tax CONTINUED				
(b) Income tax recognised directly in equity				
The following deferred amounts were charged directly to equity during the period:				
Deferred tax - available for sale assets	(1,035)	(5,381)	-	-

4 - Trade and Other Receivables

Current

Trade receivables	26,095	29,887	-	-
Less: Allowance for doubtful debts	(496)	(304)	-	-
	25,599	29,583	-	-
Other debtors	4,052	3,387	531	861
Prepayment for purchase of controlled entity	-	1,266	-	1,266
	29,651	34,236	531	2,127

Movement in allowance for doubtful debts

Opening balance	(304)	(211)	-	-
Additional provisions	(420)	(192)	-	-
Amounts written off	230	98	-	-
Foreign currency exchange differences	(2)	1	-	-
Closing balance	(496)	(304)	-	-

Age of trade receivables

Not yet due	20,042	20,562	-	-
Past due 0-30 days	3,634	6,108	-	-
Past due 31-60 days	1,348	1,954	-	-
Past due 61-90 days	480	749	-	-
Past due greater than 90 days	591	514	-	-
	26,095	29,887	-	-

The average credit period on sales, excluding cash on delivery sales, is generally 30-60 days. An allowance for doubtful debts is recognised when there is objective evidence that the customer will not be able to pay. As the concentration of credit risk is limited due to the customer base being large and unrelated the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

5 - Inventories

Current

Raw materials	2,927	3,679	-	-
Work in progress	280	545	-	-
Finished goods	30,161	30,317	-	-
	33,368	34,541	-	-

6 - Investments Accounted for Using the Equity Method

NAME OF ENTITY	PRINCIPAL ACTIVITY	OWNERSHIP INTEREST CONSOLIDATED		CARRYING AMOUNT CONSOLIDATED	
		2009 %	2008 %	2009 \$'000	2008 \$'000
Safilo Australia Partnership ¹	Optical Frame Distribution	19.5	19.5	1,546	1,669
Amcla Pty Limited ²	Pharmacy Product Distribution	36.6	91.5	471	-
Other immaterial associates				218	171
				2,235	1,840

¹ The statutory reporting date of Safilo Australia Partnership is 31 December.

² HGL Limited deconsolidated Amcla on 31 May. The statutory reporting date of Amcla Pty Limited is 30 June.

On 31 May 2009 HGL decreased its equity interest in Amcla Pty Ltd following a \$300,000 subscription by its management team. A loss on deconsolidation of \$317,000 before tax was recognised.

Summarised financial position of associates

Current assets	13,744	12,111
Non-current assets	433	380
Total assets	14,177	12,491
Current liabilities	(4,410)	(3,722)
Non-current liabilities	(214)	(242)
Total liabilities	(4,624)	(3,964)
Net assets	9,553	8,527
Revenue	23,782	20,735
Profit after tax	1,783	1,908
Share of associates' profit:		
Share of profit before income tax	452	420
Income tax expense ¹	(55)	(32)
Share of associates' profit	397	388

¹ The income tax expense excludes taxation arising on the Safilo Australia partnership. This tax expense is recognised by HGL.

During the year, the consolidated entity received distributions of \$390,000 (2008: \$590,000) from the Safilo Australia partnership.

The principal activity of the Safilo Australia partnership is the distribution of imported spectacle frames and sunglasses. During the 2005 financial year HGL's interest in the Safilo Australia partnership fell from 24.5% to 19.5%. The consideration given to HGL for the reduction in its partnership interest was a deferral of the exercise date of the call option held by Safint, a wholly owned subsidiary of Safilo S.p.A., under which Safint can acquire all of HGL's interest in the Safilo Australia partnership. Following the deferral, the earliest date that the call option can now be exercised is 1 January 2010 and the amount payable to HGL on exercise of the call option would be 19.5% of the sum of:

- \$4.412 million; and
- 60% of the average net profit before tax of the Safilo Australia partnership for the five years prior to the date on which the call option is exercised.

7 - Other Financial Assets

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Non-current					
At cost less impairment:					
Shares in controlled entities		-	-	24,776	25,993
Shares in associates		-	-	429	40
		-	-	25,205	26,033
At fair value:					
Available for sale shares		13,815	38,677	-	17,535
At amortised cost:					
Non interest bearing loans to controlled entities		-	-	28,999	23,609
Interest bearing loans advanced to:					
Executive key management personnel	22	1,968	1,883	1,968	1,883
Other entities		141	131	141	131
Controlled entities		-	-	36,560	33,495
		2,109	2,014	67,668	59,118
		15,924	40,691	92,873	102,686

8 - Property, Plant and Equipment

	CONSOLIDATED				TOTAL \$'000
	LAND & BUILDINGS \$'000	LEASEHOLD IMPROVEMENTS \$'000	PLANT & EQUIPMENT \$'000	LEASED PLANT & EQUIPMENT \$'000	
Gross Carrying Amount					
Balance at 30 September 2007	5,317	1,137	7,584	1,910	15,948
Additions	-	17	1,975	466	2,458
Acquisition of businesses	-	-	80	-	80
Net revaluation increments	505	-	-	-	505
Disposals	-	(33)	(1,051)	(339)	(1,423)
Net foreign currency exchange difference	(85)	(16)	(49)	-	(150)
Balance at 30 September 2008	5,737	1,105	8,539	2,037	17,418
Additions	-	50	2,120	308	2,478
Disposals	(374)	(5)	(1,054)	(595)	(2,028)
Deconsolidation of controlled entity	-	-	(76)	-	(76)
Net revaluation increments	79	-	-	-	79
Net foreign currency exchange difference	(29)	(5)	(16)	-	(50)
Balance at 30 September 2009	5,413	1,145	9,513	1,750	17,821

8 - Property, Plant and Equipment CONTINUED

	LAND & BUILDINGS \$'000	LEASEHOLD IMPROVEMENTS \$'000	CONSOLIDATED PLANT & EQUIPMENT \$'000	LEASED PLANT & EQUIPMENT \$'000	TOTAL \$'000
Accumulated Depreciation					
Balance at 30 September 2007	(396)	(861)	(4,354)	(820)	(6,431)
Disposals	–	–	939	284	1,223
Net revaluation increments	120	–	–	–	120
Depreciation expense	(72)	(94)	(1,392)	(450)	(2,008)
Net foreign currency exchange difference	7	19	34	–	60
Balance at 30 September 2008	(341)	(936)	(4,773)	(986)	(7,036)
Disposals	374	4	829	445	1,652
Deconsolidation of controlled entity	–	–	74	–	74
Depreciation expense	(75)	(81)	(1,477)	(366)	(1,999)
Net foreign currency exchange difference	2	3	13	–	18
Balance at 30 September 2009	(40)	(1,010)	(5,334)	(907)	(7,291)
Net Book Value					
As at 30 September 2009	5,373	135	4,179	843	10,530
As at 30 September 2008	5,396	169	3,766	1,051	10,382

During the year one of the three properties was revalued. The carrying values are based on independent valuations made by Darroch Valuations in July 2009 and by Herron Todd White in May 2008, based on market value. It was determined the carrying value of the remaining land and buildings were not materially different to the fair value.

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
The carrying amount of land and buildings had they been recognised under the cost model	4,003	4,067

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in note 2 to the financial statements.

	LAND & BUILDINGS \$'000	LEASEHOLD IMPROVEMENTS \$'000	COMPANY PLANT & EQUIPMENT \$'000	LEASED PLANT & EQUIPMENT \$'000	TOTAL \$'000
Gross Cost					
Balance at 30 September 2007	–	178	130	–	308
Additions	–	–	36	–	36
Disposals	–	–	(24)	–	(24)
Balance at 30 September 2008	–	178	142	–	320
Additions	–	–	16	–	16
Balance at 30 September 2009	–	178	158	–	336

8 – Property, Plant and Equipment CONTINUED

	LAND & BUILDINGS \$'000	LEASEHOLD IMPROVEMENTS \$'000	COMPANY PLANT & EQUIPMENT \$'000	LEASED PLANT & EQUIPMENT \$'000	TOTAL \$'000
Accumulated Depreciation					
Balance at 30 September 2007	–	(152)	(34)	–	(186)
Disposals	–	–	24	–	24
Depreciation expense	–	(6)	(25)	–	(31)
Balance at 30 September 2008	–	(158)	(35)	–	(193)
Depreciation expense	–	(6)	(26)	–	(32)
Balance at 30 September 2009	–	(164)	(61)	–	(225)
Net Book Value					
As at 30 September 2009	–	14	97	–	111
As at 30 September 2008	–	20	107	–	127

9 – Intangibles

	NOTE	CONSOLIDATED 2009 \$'000	2008 \$'000	COMPANY 2009 \$'000	2008 \$'000
Goodwill					
Net book value at the beginning of the financial year		27,304	28,154	–	–
Acquisition of businesses	25	189	957	–	–
Net foreign currency exchange difference		(4)	(19)	–	–
Impairment of goodwill		–	(2,780)	–	–
Adjustment to deferred consideration		–	992	–	–
Net book value at the end of the financial year		27,489	27,304	–	–

Goodwill has been allocated for impairment testing purposes to each of the following cash generating units:

	CONSOLIDATED 2009 \$'000	2008 \$'000
JSB	10,166	10,166
Biante	6,358	6,358
Thalgo	5,908	5,908
SPOS	2,815	2,813
Other ¹	2,242	2,059
	27,489	27,304

¹ Other comprises Mountcastle Pty Ltd, J Leutenegger Pty Ltd and Aarque Graphics New Zealand Limited. The movement mainly arises due to the acquisition of certain assets and the business of AM International by Aarque Graphics New Zealand Limited.

9 – Intangibles CONTINUED

Impairment testing

The cash generating unit impairment tests are based on value in use calculations. The value in use calculations use cash flow projections based on the financial budgets approved by management on a one year basis and extrapolated over five years using a growth rate appropriate for the markets in which the businesses operate (growth rates range between 3% and 5%). The discount rate applied to the cash flow projections is 11.7% (2008: 11.7%). The discount rate was reviewed at September 2009 and was unchanged as it remains an appropriate discount rate for each cash generating unit.

The key assumptions used in the value in use calculations have been determined based on management's understanding of each cash generating unit. The assumptions are consistent with past performance.

During the year ended 30 September 2008 the consolidated entity determined that a \$2,780,000 impairment charge was required in respect of Amcla due to the under performance of the business. Amcla was deconsolidated in 2009, refer Note 6.

10 – Trade and other payables

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade payables and accruals		17,228	21,279	453	403
Deferred consideration		–	4,146	–	3,726
Deferred revenue		919	1,011	–	–
Other accruals		3,098	3,656	83	78
		21,245	30,092	536	4,207

11 – Borrowings

Current

Unsecured at amortised cost:

Interest bearing loans from controlled entities		–	–	3,813	2,803
Non interest bearing loans from controlled entities		–	–	277	277

Secured at amortised cost:

Lease liabilities ¹	28	424	510	–	–
Fixed rate bank loans ³	29	2,053	–	–	–
		2,477	510	4,090	3,080

Non-current

Secured at amortised cost:

Other borrowings

Floating rate bank loans ²	29	16,300	37,300	16,300	37,300
Fixed rate bank loans ^{2,3}	29	2,063	3,581	–	–
Lease liabilities ¹	28	653	660	–	–
		19,016	41,541	16,300	37,300

¹ Lease liabilities are secured by the respective assets acquired.

² Loans are secured by a fixed and floating charge over certain assets of the group.

³ Bank facilities are secured by a mortgage over properties.

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	CONSOLIDATED		COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Income tax receivable/(payable) attributable to:				
Parent entity	151	(397)	151	(397)
Entities in the tax consolidated group	1,076	666	1,076	666
Other entities not in the tax consolidated group	(106)	(497)	-	-
	1,121	(228)	1,227	269

The company and its wholly-owned Australian resident entities have formed a tax consolidated group with effect from 1 October 2002. The accounting policy on implementation of the legislation is set out in Note 1(o). The head entity within the tax consolidated group is HGL Limited.

13 – Deferred Tax Assets and Liabilities

Deferred tax assets comprise:

Tax losses - capital	1,426	2,829	1,254	2,829
Tax losses - revenue	945	773	619	773
Temporary differences	-	-	595	1,012
	2,371	3,602	2,468	4,614

Deferred tax liabilities comprise:

Temporary differences	673	1,220	-	-
	673	1,220	-	-

	CONSOLIDATED 2009				CONSOLIDATED 2008			
	OPENING BALANCE \$'000	CHARGED TO INCOME \$'000	CHARGED TO EQUITY \$'000	CLOSING BALANCE \$'000	OPENING BALANCE \$'000	CHARGED TO INCOME \$'000	CHARGED TO EQUITY \$'000	CLOSING BALANCE \$'000
Gross deferred tax assets								
Employee provisions	1,451	5	-	1,456	1,428	23	-	1,451
Other provisions	2,396	(542)	-	1,854	1,738	658	-	2,396
Tax losses – capital realised	-	1,331	-	1,331	-	-	-	-
Tax losses – capital unrealised	4,470	(4,375)	-	95	-	4,470	-	4,470
Tax losses – revenue realised	-	506	-	506	-	-	-	-
Tax losses – revenue unrealised	773	(334)	-	439	-	773	-	773
	9,090	(3,409)	-	5,681	3,166	5,924	-	9,090
Gross deferred tax liabilities								
Land and buildings	884	(6)	-	878	462	-	422	884
Other provisions	131	(43)	-	88	175	(44)	-	131
Rollover relief	1,641	(1,641)	-	-	1,641	-	-	1,641
Available for sale assets	4,052	-	(1,035)	3,017	9,855	-	(5,803)	4,052
	6,708	(1,690)	(1,035)	3,983	12,133	(44)	(5,381)	6,708
	2,382	(1,719)	1,035	1,698	(8,967)	5,968	5,381	2,382

13 – Deferred Tax Assets and Liabilities CONTINUED

	COMPANY 2009				COMPANY 2008			
	OPENING BALANCE \$'000	CHARGED TO INCOME \$'000	CHARGED TO EQUITY \$'000	CLOSING BALANCE \$'000	OPENING BALANCE \$'000	CHARGED TO INCOME \$'000	CHARGED TO EQUITY \$'000	CLOSING BALANCE \$'000
Gross deferred tax assets								
Employee provisions	159	(43)	–	116	137	22	–	159
Other provisions	853	(374)	–	479	1,031	(178)	–	853
Tax losses – capital realised	–	1,179	–	1,179	–	–	–	–
Tax losses – capital unrealised	4,470	(4,395)	–	75	–	4,470	–	4,470
Tax losses – revenue realised	–	180	–	180	–	–	–	–
Tax losses – revenue unrealised	773	(334)	–	439	–	773	–	773
	6,255	(3,787)	–	2,468	1,168	5,087	–	6,255
Gross deferred tax liabilities								
Rollover relief	1,641	(1,641)	–	–	1,641	–	–	1,641
Available for sale assets	–	–	–	–	(4)	4	–	–
	1,641	(1,641)	–	–	1,637	4	–	1,641
	4,614	(2,146)	–	2,468	(469)	5,083	–	4,614

14 – Employee Benefits

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current					
Employee benefits		3,865	3,561	376	497
Provision for equity liabilities	26	–	1,850	434	2,263
		3,865	5,411	810	2,760
Non-current					
Employee benefits		987	1,220	9	34
Total employee benefits		4,852	6,631	819	2,794

15 – Other Financial Liabilities

Net settled interest rate swap	–	765	–	765
--------------------------------	---	-----	---	-----

16 – Issued Capital

	CONSOLIDATED		COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Issued share capital				
50,447,025 (2008: 49,091,425) fully paid ordinary shares	33,678	32,409	33,678	32,409

	CONSOLIDATED AND COMPANY		CONSOLIDATED AND COMPANY	
	2009 NUMBER	2009 \$'000	2008 NUMBER	2008 \$'000

During the year the following changes occurred in fully paid ordinary shares:

Balance at beginning of financial year	49,091,425	32,409	48,577,236	31,389
Allotted pursuant to HGL Dividend Reinvestment Plan	1,534,441	1,441	1,127,794	2,074
Cancellation of capital pursuant to the on-market share buy-back ¹	(232,657)	(271)	(653,886)	(1,131)
Shares issued to Employee Share Scheme participants	53,816	99	40,281	77
Balance at end of financial year	50,447,025	33,678	49,091,425	32,409

¹ The company currently operates an on-market share buy-back. During the year 232,657 (2008: 653,886) ordinary shares were purchased at an average price of \$1.16 (2008: \$1.73) pursuant to the on-market share buy-back.

Reconciliation of Total Share Capital

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.

	CONSOLIDATED AND COMPANY		CONSOLIDATED AND COMPANY	
	2009 NUMBER	2009 \$'000	2008 NUMBER	2008 \$'000
Issued capital at end of financial year	50,447,025	33,678	49,091,425	32,409
Shares issued to Employee Share Scheme participants after November 2002	3,479,879	6,199	3,249,666	6,032
Total share capital at end of financial year	53,926,904	39,877	52,341,091	38,441

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Details of the HGL Dividend Reinvestment Plan are disclosed in the Shareholder Information on page 61.

17 – Minority Interest

	CONSOLIDATED		COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at the beginning of financial year	14,088	13,363	–	–
Profit attributable to minority interests	2,497	2,563	–	–
Dividends attributable to minority interests	(1,671)	(1,676)	–	–
Land and buildings revaluation	51	175	–	–
Equity settled share based payments	21	22	–	–
Deconsolidation of controlled entity	(56)	–	–	–
Foreign exchange	(62)	(190)	–	–
Purchase of equity interest	(703)	(169)	–	–
Balance at the end of the financial year	14,165	14,088	–	–

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
18 – Retained Earnings					
Balance at beginning of financial year		21,602	36,563	28,563	29,772
Net profit attributable to members of the entity		7,972	(7,461)	15,687	6,192
Dividends paid	20	(3,993)	(7,401)	(3,993)	(7,401)
Other		(107)	(99)	-	-
Balance at end of financial year		25,474	21,602	40,257	28,563

19 – Reserves

Available for sale revaluation reserve		7,040	9,454	-	-
Employee share scheme reserve		2,442	2,442	2,442	2,442
Land and buildings revaluation reserve		924	756	-	-
Foreign currency translation reserve		(187)	(179)	-	-
Other reserve		(984)	(1,032)	-	-
		9,235	11,441	2,442	2,442

Available for sale revaluation reserve

Balance at beginning of financial year		9,454	22,998	-	(15)
Revaluation of listed securities, net of tax		1,869	(25,990)	-	(10,294)
Transferred to the income statement on impairment of financial assets, net of tax		-	12,234	-	10,309
Transferred to the income statement on sale of financial assets, net of tax		(4,283)	212	-	-
Balance at end of financial year		7,040	9,454	-	-

Employee share scheme reserve

Balance at beginning of financial year		2,442	2,452	2,442	2,452
Equity settled share based payments		-	(10)	-	(10)
Balance at end of financial year		2,442	2,442	2,442	2,442

Land and buildings revaluation reserve

Balance at beginning of financial year		756	494	-	-
Revaluation of land and buildings, net of tax		168	262	-	-
Balance at end of financial year		924	756	-	-

Foreign currency translation reserve

Balance at beginning of financial year		(179)	(151)	-	-
Translation of overseas controlled entities, net of tax		(8)	(28)	-	-
Balance at end of financial year		(187)	(179)	-	-

The foreign currency translation reserve arises on the retranslation of the opening net assets of overseas subsidiaries, at year end rates of exchange, net of tax.

Other reserve

Balance at beginning of financial year		(1,032)	(1,032)	-	-
Deconsolidation of controlled entity		48	-	-	-
Balance at end of financial year		(984)	(1,032)	-	-

The other reserve arose on HGL increasing its equity interests in J Leutenegger Pty Limited as this does 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.

20 – Dividends - Company

	NOTE	2009 \$'000	COMPANY 2008 \$'000
Ordinary Shares			
Interim 2009 dividend paid 2 July 2009 (2008: 3 July 2008)			
3.0 cents per share 100% franked at 30% (2008: 7.0 cents 100% franked at 30%)		1,496	3,417
Final 2008 dividend paid 18 December 2008 (2008: 18 December 2007)			
5.1 cents per share 100% franked at 30% (2008: 8.2 cents 100% franked at 30%)		2,497	3,984
Total dividends paid		3,993	7,401

Dividends actually paid or satisfied by the issue of shares under the Dividend Reinvestment Plan during the year ended 30 September 2009 were as follows:

Paid in cash		2,552	5,327
Satisfied by issue of shares	31	1,441	2,074
Dividends actually paid		3,993	7,401

In accordance with Australian Tax Law the company maintains the franking account on a tax paid basis. At September 2009 the consolidated entity has \$8,789,000 of franking credits (2008: \$8,779,000) sufficient to pay fully franked dividends of 38.0 cents per share (2008: 39.1 cents).

Final dividend

In accordance with AASB 110 Events after Balance Sheet Date, HGL Limited has not provided for the final dividend. The final dividend of 5.0 cents per share 100% franked at 30% will be payable on 17 December 2009.

The dividend policy is to distribute between 70% and 80% of core earnings per share as dividends.

21 – Earnings per share

	2009 CENTS PER SHARE	2008 CENTS PER SHARE
Basic earnings per share	16.0	(15.3)
Diluted earnings per share	16.0	(15.3)

	2009 \$'000	2009 NUMBER '000	2008 \$'000	2008 NUMBER '000
Basic earnings per share				
Earnings and weighted average number of ordinary shares for the purpose of basic earnings per share	7,972	49,816	(7,461)	48,878
Diluted earnings per share				
Earnings and weighted average number of ordinary shares for the purpose of diluted earnings per share	7,972	49,816	(7,461)	48,878

Basic earnings per share

Earnings and weighted average number of ordinary shares for the purpose of basic earnings per share

Diluted earnings per share

Earnings and weighted average number of ordinary shares for the purpose of diluted earnings per share

In the current year 3,479,879 (2008: 3,249,666) shares recognised as equity settled options are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of the diluted earnings per share calculation.

22 – Employee Share Scheme

The Directors believe it is important to link the remuneration of HGL's executives to the long term success of the Company by supporting the acquisition of shares (Scheme Shares) through the Employee Share Scheme (Scheme). To support this aim eligible employees may acquire HGL shares, with the cost being financed by non-recourse, interest bearing loans from HGL (Scheme Loans). The Scheme is available to be viewed in full on the HGL website, www.hgl.com.au.

During the year nil (2008: nil) shares were issued and nil shares were bought back (2008: 100,000) under the Scheme.

Under the terms of the Scheme, the Scheme Shares have the same rights as apply to the other shares of HGL, including the rights to dividends and voting. The interest rate on the Scheme Loans is equivalent to the dividend rate. The interest is required to be paid by the participant within 5 days of the receipt of a dividend. If the participant elects to reinvest dividends using the DRP then the Company capitalises interest up to the amount reinvested. Any interest so capitalised will be added to the principal of the participants Scheme Loans and bear interest accordingly. In addition any benefit of franking credits must be paid by the participant to the Company.

Repayments are made on the last day of each calendar year. At this time an amount equal to the sum of franking credits received under the Scheme multiplied by one minus the top tax rate (including the Medicare levy) and profit from sales of any such shares shall be used in partial discharge of the Scheme Loan.

No demand for repayment of the principal shall be made before the earliest to occur of:

- (a) the expiration of six months after the participant ceases, for any reason other than death, to be an employee of the Company or controlled entity;
- (b) the expiration of twelve months after death; and
- (c) the seventh anniversary of the making of the Scheme Loan.

If all the Scheme Shares are sold and the proceeds are insufficient to discharge the Scheme Loan, the participant has no further liability to repay the Scheme Loan, and the amount outstanding would be written off as an equity adjustment with no effect on profit or loss. If a participant has more than one Scheme Loan each Scheme Loan is treated separately from any other Scheme Loan.

The Company retains a holding lock in respect of the Scheme Shares registered in the name of the participant. Any loans repaid by the participants result in release of shares from the holding lock.

As at 30 September 2009 there were 5 Scheme Loans outstanding (2008: 5 Scheme Loans). Loans 1 & 2 were issued pursuant to the HGL Limited Employee Share Scheme (1999). Loans 3, 4 and 5 were issued pursuant to the Employee Share Scheme as amended at the 2004 Annual General Meeting.

Shares issued under Scheme Loans 1 and 2 are recognised as shares while the shares issued under loans 3, 4 and 5 are recognised as equity settled options. Loans 3, 4 and 5 were issued after November 2002 and are recognised as equity settled options in accordance with AASB 2 Share-based Payment.

Summary of total Share Loans and Scheme Shares movements during the financial year:

	NOTE	2009 NUMBER OF SCHEME SHARES	2009 SCHEME LOANS \$'000	2008 NUMBER OF SCHEME SHARES	2008 SCHEME LOANS \$'000
Balance at beginning of financial year		4,916,763	7,915	4,720,140	7,540
DRP participation and capitalised interest		429,088	403	373,033	709
Shares cancelled during the year		–	–	(100,000)	(218)
Repayment of Loans and release of Scheme Shares		(99,649)	(151)	(76,410)	(116)
Balance at end of financial year		5,246,202	8,167	4,916,763	7,915
Recognised as shares (Loans 1 and 2)	7	1,766,323	1,968	1,667,097	1,883
Recognised as equity settled options (Loans 3, 4 and 5)		3,479,879	6,199	3,249,666	6,032
		5,246,202	8,167	4,916,763	7,915

22 – Employee Share Scheme CONTINUED

a) Details of Loans recognised as shares (Loans 1 and 2)

2009	KJ ELEY			MP MAHONEY			TOTAL		
	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.09 \$	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.09 \$	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.09 \$
Loan 1	867,423	952,315	936,817	301,446	332,133	325,562	1,168,869	1,284,448	1,262,379
Loan 2	505,369	565,820	545,799	92,085	117,905	99,451	597,454	683,725	645,250
	1,372,792	1,518,135	1,482,616	393,531	450,038	425,013	1,766,323	1,968,173	1,907,629

2008	KJ ELEY			MP MAHONEY			TOTAL		
	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.08 \$	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.08 \$	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.08 \$
Loan 1	819,013	910,703	1,236,710	284,593	317,672	429,735	1,103,606	1,228,375	1,666,445
Loan 2	476,899	541,574	720,117	86,592	113,484	130,754	563,491	655,058	850,871
	1,295,912	1,452,277	1,956,827	371,185	431,156	560,489	1,667,097	1,883,433	2,517,316

The market value of HGL shares as at 30 September 2009 was \$1.08 (2008: \$1.51).

b) Details of Loans recognised as equity settled options (Loans 3, 4 and 5)

2009	KJ ELEY			MP MAHONEY			AJ WHITTLES		
	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.09 \$	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.09 \$	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.09 \$
Loan 3	450,254	786,453	486,274	366,299	583,198	395,603	274,725	437,398	296,703
Loan 4	429,176	794,540	463,510	343,340	635,631	370,807	257,509	476,725	278,110
Loan 5	405,768	753,102	438,229	324,614	602,483	350,583	243,461	451,862	262,938
	1,285,198	2,334,095	1,388,013	1,034,253	1,821,312	1,116,993	775,695	1,365,985	837,751

2009	PS CALDELIS			TOTAL		
	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.09 \$	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.09 \$
Loan 3	137,366	218,701	148,355	1,228,644	2,025,750	1,326,935
Loan 4	125,633	232,887	135,684	1,155,658	2,139,783	1,248,111
Loan 5	121,734	225,932	131,473	1,095,577	2,033,379	1,183,223
	384,733	677,520	415,512	3,479,879	6,198,912	3,758,269

22 – Employee Share Scheme CONTINUED

b) Details of Loans recognised as equity settled options (Loans 3, 4 and 6) CONTINUED

2008	KJ ELEY			MP MAHONEY			AJ WHITTLES		
	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.08 \$	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.08 \$	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.08 \$
Loan 3	420,326	764,819	634,692	342,506	565,601	517,184	256,881	424,201	387,890
Loan 4	400,641	773,919	604,968	320,512	619,134	483,973	240,387	464,352	362,984
Loan 5	378,774	733,606	571,949	303,019	586,886	457,559	227,264	440,164	343,169
	1,199,741	2,272,344	1,811,609	966,037	1,771,621	1,458,716	724,532	1,328,717	1,094,043

2008	PS CALDELIS			TOTAL		
	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.08 \$	NUMBER OF SCHEME SHARES	SCHEME LOANS \$	MARKET VALUE 30.09.08 \$
Loan 3	128,444	212,102	193,951	1,148,157	1,966,723	1,733,717
Loan 4	117,277	226,850	177,088	1,078,817	2,084,255	1,629,013
Loan 5	113,635	220,082	171,589	1,022,692	1,980,738	1,544,266
	359,356	659,034	542,628	3,249,666	6,031,716	4,906,996

The market value of HGL shares at 30 September 2009 was \$1.08 (2008: \$1.51).

The options under Loan 3 to MP Mahoney, AJ Whittles and PS Caldelis were granted at \$1.69 and vested on 1 December 2003. The Black-Scholes model creates a fair value of this right of \$0.82 per share. The options under Loan 3 issued to KJ Eley were granted at \$1.9256 and vested on 6 February 2004. The Black-Scholes model creates a fair value of this right of \$1.056 per share.

The options under Loans 4 to KJ Eley, MP Mahoney, AJ Whittles and PS Caldelis were granted at \$1.9256 on 6 February 2004 and vested on 6 February 2005. The Black-Scholes model creates a fair value of this right of \$0.90 per share.

The options under Loans 5 to KJ Eley, MP Mahoney, AJ Whittles and PS Caldelis were granted at \$1.9256 on 6 February 2004 and vested on 6 February 2006. The Black-Scholes model creates a fair value of this right of \$0.90 per share.

During 2008 the options issued under Loan 6 were bought back by the Company as the vesting conditions were not met. The options under Loan 6 were granted at \$2.18 on 28 May 2007 and were to vest on 28 May 2010.

23 – Segment Reporting

Business segments ¹	NICHE BRANDED PRODUCTS \$'000	LISTED SECURITIES \$'000	SEGMENT TOTAL \$'000	UNALLOCATED*	CONSOLIDATED TOTAL \$'000
30 September 2009					
Revenue					
Segment Revenue	164,653	7,037	171,690	557	172,247
Segment Result					
Profit before income tax	12,973	5,290	18,263	(4,279)	13,984
Income tax	–	–	–	(3,515)	(3,515)
Profit after income tax	12,973	5,290	18,263	(7,794)	10,469
Segment Assets	97,366	13,815	111,181	19,634	130,815
Segment Liabilities	(25,215)	–	(25,215)	(23,048)	(48,263)
Net Assets	72,151	13,815	85,966	(3,414)	82,552
Other segment information:					
Depreciation expense	1,967	–	1,967	32	1,999
Acquisition of segment assets	2,462	–	2,462	16	2,478
Carrying value of equity accounted investments	2,235	–	2,235	–	2,235
Share of associates' profit	397	–	397	–	397
Profit on sale of securities	–	6,120	6,120	–	6,120
Other significant revenue:					
Dividends	–	917	917	–	917
Movement in equity liability	–	–	–	584	584
Foreign exchange	425	–	425	–	425
Other significant expenses:					
Impairment of available for sale assets	–	1,665	1,665	–	1,665
Loss on sale of securities	–	81	81	–	81
Inventory obsolescence	1,585	–	1,585	–	1,585

* Unallocated refers to tax assets, tax liabilities and tax expenses, net borrowings, properties, central office items and the employee share scheme.

¹ The niche branded products segment obtain branded products mainly from overseas and distribute these products mainly within Australia. The consolidated entity's main business is carried on in Australia. There are no material geographical segments to report.

23 – Segment Reporting CONTINUED

Business segments ¹	NICHE BRANDED PRODUCTS \$'000	LISTED SECURITIES \$'000	SEGMENT TOTAL \$'000	UNALLOCATED* \$'000	CONSOLIDATED TOTAL \$'000
30 September 2008					
Revenue					
Segment revenue	169,914	3,036	172,950	803	173,753
Segment Result					
Profit before income tax	17,697	(15,079)	2,618	(9,586)	(6,968)
Income tax	–	–	–	2,070	2,070
Profit after income tax	17,697	(15,079)	2,618	(7,516)	(4,898)
Segment Assets	100,894	38,677	139,571	20,956	160,527
Segment Liabilities	(29,946)	–	(29,946)	(51,041)	(80,987)
Net Assets	70,948	38,677	109,625	(30,085)	79,540
Other segment information:					
Depreciation expense	1,977	–	1,977	31	2,008
Acquisition of segment assets	2,502	–	2,502	36	2,538
Carrying value of equity accounted investments	1,840	–	1,840	–	1,840
Share of associates' profit	388	–	388	–	388
Profit on sale of securities	–	335	335	–	335
Other significant revenue:					
Dividends	–	2,701	2,701	–	2,701
Foreign exchange	820	–	820	–	820
Other significant expenses:					
Goodwill impairment	2,780	–	2,780	–	2,780
Impairment of available for sale assets	–	17,477	17,477	–	17,477
Movement in equity liability	–	–	–	250	250
Loss on sale securities	–	638	638	–	638
Inventory obsolescence	897	–	897	–	897

* Unallocated refers to tax assets, tax liabilities and tax expenses, net borrowings, properties, central office items and the employee share scheme.

¹ The niche branded products segment obtain branded products mainly from overseas and distribute these products mainly within Australia. The consolidated entity's main business is carried on in Australia. There are no material geographical segments to report.

24 – Related Party Disclosures
a) Loans to key management personnel

There were no loans made to key management personnel of the consolidated entity and their related entities other than loans that are in-substance options and are non-recourse. For details of the loans in relation to the Employee Share Scheme refer to Note 22.

24 – Related Party Disclosures CONTINUED

b) Key management personnel compensation (Company and Consolidated)

The table below provides a total of the remuneration received by the key management personnel. For further details regarding remuneration of key management personnel see the Remuneration Report which forms part of the Directors' Report.

	SHORT TERM EMPLOYEE BENEFITS \$	POST EMPLOYMENT BENEFITS \$	SHARE BASED PAYMENTS \$	LONG TERM EMPLOYEE BENEFITS \$	TOTAL \$
2009	1,148,551	67,554	–	11,713	1,227,818
2008	1,148,036	64,964	–	42,996	1,255,996

c) Key management personnel equity holdings

The key management personnel and their relevant interest in the fully paid ordinary shares of the Company as at year end are as follows:

	SHARES AT BEGINNING OF PERIOD NUMBER	REPAYMENT OF SCHEME LOANS 1 AND 2 NUMBER	EXERCISE OF OPTIONS NUMBER	DRP SHARES ISSUED NUMBER	ON MARKET PURCHASE NUMBER	SHARES AT END OF PERIOD NUMBER	BALANCE HELD NOMINALLY NUMBER
2009							
PG Miller	8,326,343	–	–	731,406	63,867	9,121,616	9,081,893
FM Wolf	291,377	–	–	–	–	291,377	–
JD Constable	44,625	–	–	–	–	44,625	625
KJ Eley	700,448	35,871	19,418	–	–	755,737	–
MP Mahoney	66,880	9,962	16,211	6,817	–	99,870	–
AJ Whittles	27,156	–	12,158	2,825	–	42,139	–
PS Caldelis	13,391	–	6,029	1,394	–	20,814	–
2008							
PG Miller	7,796,027	–	–	330,316	200,000	8,326,343	8,286,620
FM Wolf	291,377	–	–	–	–	291,377	–
JD Constable	44,625	–	–	–	–	44,625	625
KJ Eley	623,628	28,298	14,507	–	34,015	700,448	–
MP Mahoney	42,603	7,831	12,147	4,299	–	66,880	–
AJ Whittles	16,335	–	9,110	1,711	–	27,156	–
PS Caldelis	8,032	–	4,517	842	–	13,391	–

The key management personnel equity holdings exclude the employee scheme shares detailed in note 22.

There were no other movements in equity holdings of key management personnel other than those listed above. Key management personnel received or were entitled to receive dividends from the Company on shares held in the Company in their own names and their associated entities. These transactions were on the same basis as with other shareholders.

d) Other transactions with key management personnel

During the year, HGL Limited bought back shares pursuant to the on-market buy-back and listed security trades through Bell Potter, the firm where JD Constable works as a broker. There was \$1,355 (2008: \$5,226) of brokerage fees paid in the ordinary course of business for the on-market buy-back. Brokerage fees were paid in the ordinary course of business, totalling \$21,535 (2008: \$10,605) for listed securities.

e) Transactions with other related parties

- (1) Transactions between the Company, its controlled entities and its associated entities relate to inter-entity loan account balances. The amount of interest has been disclosed in Note 2 and balances at year end are disclosed in Notes 7 and 11.
- (2) Transactions between the Company and its controlled entities includes the payment and receipt of dividends, the drawing down and repayment of working capital funds and the payment and receipt of interest on inter-entity balances.

25 – Acquisition of Businesses

2009 Acquisitions

There were no material acquisitions in 2009. The final deferred consideration acquisition payment for JSB of \$3.7 million was paid in 2009.

2008 Acquisitions

During the year JSB acquired its distributor in Adelaide and Aarque Graphics New Zealand acquired certain assets and the business of Frontline Technologies. A total of \$677,000 was paid upfront with an obligation to pay additional consideration based on future earnings. Total goodwill of \$957,000 was booked on the acquisitions.

26 – Investment in Controlled Entities

Company	NOTE	COUNTRY OF INCORPORATION/FORMATION	OWNERSHIP INTEREST	
			2009 %	2008 %
Company				
HGL Limited		Australia	–	–
Niche Branded Products				
Baker & McAuliffe Holdings Pty Ltd (trading as JSB Lighting)		Australia	100	100
Amcla Pty Ltd	6	Australia	37	92
BLC Cosmetics Pty Limited		Australia	60	60
BOC Ophthalmic Instruments Unit Trust		Australia	50**	50
Createc Pty Limited (trading as Anitech)		Australia	50**	50
Hamlon Pty Limited (trading as SPOS)		Australia	100	100
The Point-of-Sale Centre (New Zealand) Ltd *		NZ	100	100
Kinsole Pty Limited (trading as XLN Fabrics)		Australia	50**	50
J Leutenegger Pty Limited		Australia	100	100
Biante Pty Limited		Australia	100	100
Mountcastle Pty Limited		Australia	50**	50
Aarque Graphics New Zealand Limited *		NZ	50**	50
Central Entities				
HGL Company Six Pty Limited		Australia	100	100
HGL Group Pty Limited		Australia	100	100

* Controlled entities of which Deloitte Touche Tohmatsu has not acted as auditors.

** These entities are controlled by the Company as the Directors believe that the Company has the capacity to dominate decision making in relation to the financial and operating policies of the entity, in order to pursue the objectives of the Company.

The Chief Executive of J Leutenegger has an option to acquire 20% of J Leutenegger and Biante. On 1 October 2009 the option was cancelled and replaced with a long term incentive scheme.

Certain immaterial entities have not been disclosed in the above listing of controlled entities.

The acquisition of SPOS was structured so that its CEO had an effective 20% equity interest in the increase in value of SPOS. On 1 October 2008 this effective equity interest was acquired for a payment of \$1.266 million with an additional amount in twelve months depending on the profit of the business in 2009. This amount was prepaid in July 2008, refer to note 4. The profit of SPOS in 2009 was below the hurdle and no additional payments were made, refer to note 2 and note 4.

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	CONSOLIDATED		COMPANY	
	2009 \$	2008 \$	2009 \$	2008 \$
27 – Auditors' Remuneration				
Auditor of the parent entity				
Audit and review of the financial reports	336,550	370,474	140,500	140,350
Taxation services	–	56,285	–	25,285
	336,550	426,759	140,500	165,635
Other auditors				
Audit and review of the financial reports	42,076	38,033	–	–
Taxation services	41,993	31,583	–	–
New Zealand IFRS transition	–	25,452	–	–
	84,069	95,068	–	–

The auditor of HGL Limited is Deloitte Touche Tohmatsu.

28 – Lease Commitments

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Finance leases					
Plant and equipment		1,187	1,313	–	–
Payable not later than one year		496	584	–	–
Payable later than one, not later than five years		691	729	–	–
		1,187	1,313	–	–
Less: Future finance charges		(110)	(143)	–	–
Provided for in the financial statements		1,077	1,170	–	–
Representing lease liabilities:					
Current	11	424	510	–	–
Non-current	11	653	660	–	–
		1,077	1,170	–	–

The finance leases are for employee motor vehicles. The leases expire at various future dates up to five years.

There are no finance lease commitments in the Company.

Aggregate lease expenditure contracted for at balance date but not provided for in the financial statements:

Operating leases

Land and buildings	10,564	7,735	186	311
Motor vehicles	442	402	–	–
	11,006	8,137	186	311
Payable not later than one year	3,607	3,416	130	125
Payable later than one, not later than five years	7,399	4,721	56	186
	11,006	8,137	186	311

The land and building operating leases are in respect of warehouses and offices occupied by group companies. The leases expire at various future dates and a number contain option provisions.

29 – Financial Instruments

Significant accounting policies

A summary of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Financial risk management

The activities of the consolidated entity expose it to a variety of financial risks: credit risk, liquidity risk and market risk. Foreign exchange contracts and interest rate instruments are used to manage the currency and interest rate risk. The consolidated entity does not engage in speculative activities. Foreign currency management is governed by the risk management and internal control policy approved by the board of directors.

Categories of financial instruments

	NOTE	CONSOLIDATED		COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assets					
Cash and cash equivalents		8,126	7,931	912	1,737
Trade receivables	4	25,599	29,583	–	–
Other financial assets	7	15,924	40,691	92,873	102,686
Financial liabilities					
Trade payable and accruals	10	17,228	21,279	453	403
Borrowings – Non interest bearing loans from controlled entities	11	–	–	277	277
Borrowings – Fixed rate loans	11	4,116	3,581	–	–
Borrowings – Floating rate loans	11	16,300	37,300	20,113	40,103
Borrowings – Finance lease liabilities	11	1,077	1,170	–	–
Other financial liabilities	15	–	765	–	765

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns and have funding to expand. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 11, cash and cash equivalents, issued capital and reserves disclosed in notes 16 and 19 and retained profits, note 18. The Group reviews the capital structure regularly and balances its overall capital structure through the payment of dividends and share buybacks as well as the level of debt. Borrowing facilities are explained elsewhere within this note.

Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Foreign exchange forward contracts and interest rate instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments or option pricing models as appropriate.
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate fair values.

Market risk

The consolidated entity's activities expose it primarily to the financial risks of changes in interest rates, foreign currency exchange risks and equity price movement. The consolidated entity enters into foreign exchange forward contracts to hedge the exchange risk arising on the import of goods and interest rate instruments to mitigate the risk of rising interest rates.

29 – Financial Instruments CONTINUED

Foreign currency risk management

The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amount of the consolidated entity's foreign currency denominated monetary liabilities at the reporting date is as follows:

	LIABILITIES	
	2009 \$'000	2008 \$'000
Euro	1,408	2,125
US dollars	3,345	5,044
Japanese Yen	1,168	1,934

Foreign currency sensitivity

The consolidated entity is mainly exposed to US dollars, Euro and Japanese Yen. The following table details the Group's sensitivity to a 10% (2008: 10%) increase and decrease in the Australian Dollar against these foreign currencies. A 10% sensitivity has been chosen to illustrate the impact of movements in foreign currency rates. The sensitivity analysis is attributable to the exposure outstanding on receivables and payables in the consolidated entity. The sensitivity analysis is not fully representative of the inherent foreign exchange risk as the year end exposure does not necessarily reflect the exposure during the course of the year.

	JAPANESE YEN IMPACT		EURO IMPACT		USD IMPACT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
10% increase: profit/(loss)	58	79	(118)	79	(10)	435
10% decrease: profit/(loss)	(71)	(97)	145	(96)	14	(532)

Forward foreign exchange contracts

The consolidated entity enters into forward foreign exchange contracts to manage the exchange risk associated with foreign currency payments. There are no forward foreign exchange contracts in the Company.

The following table details the forward foreign exchange contracts outstanding as at the reporting date:

	AVERAGE EXCHANGE RATE		FOREIGN CURRENCY		CONTRACT VALUE		FAIR VALUE	
	2009	2008	2009 FC'000	2008 FC'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Buy US Dollar								
Less than 3 months	0.84	0.82	1,234	199	1,479	242	(61)	7
Buy Euros								
Less than 3 months	0.58	0.60	1,122	472	1,947	791	(56)	63
Buy Japanese Yen								
Less than 3 months	78.83	85.34	27,131	88,886	344	1,060	2	58
Buy New Zealand Dollar								
Less than 3 months	–	1.19	–	58	–	49	–	–
Buy Singapore Dollar								
Less than 3 months	1.21	–	200	–	166	–	(4)	–
Buy Hong Kong Dollar								
Less than 3 months	6.55	–	329	–	50	–	(2)	–

29 – Financial Instruments CONTINUED**Interest rate risk management**

The Company and consolidated entity are exposed to interest rate risk as entities within the Group borrow funds at both fixed and floating interest rates. The consolidated entity manages the interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of an interest rate cap and interest rate swap. These instruments allow the Company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held.

Interest Rate Sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for the variable rate borrowing facilities at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date if the interest rate increases or decreases 1% and all other variables were held constant, the Group's net profit would change by \$114,000 (2008: \$261,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Interest Rate Instruments

At the year end the company and consolidated entity had an outstanding interest rate cap. The \$10 million cap is in place until July 2011 and has a cap interest rate of 7.0%. The benchmark reference rate for the interest rate cap is the 90 day BBSY BID rate and any amounts due to the company under the cap are settled on a quarterly basis.

Equity Risk

The Group is exposed to equity price risks arising from equity investments.

Equity price sensitivity

The company and consolidated entity's sensitivity analysis in the following table has been determined based on the exposure to equity price risks.

	NET PROFIT \$'000	2009 AVAILABLE FOR SALE RESERVE \$'000	NET PROFIT \$'000	2008 AVAILABLE FOR SALE RESERVE \$'000
Increase in equity prices by 10% (2008: 10%)	–	1,382	–	2,114
Decrease in equity prices by 10% (2008: 10%)	(40)	(1,342)	(356)	(1,758)

At September 2009 and September 2008 the Company and consolidated entity recognised an impairment charge in the profit and loss for a number of its available for sale financial assets. Any subsequent increase in the share price of these investments will be recognised in the available for sale reserve while decreases in the share prices will be booked to the profit and loss account.

Credit Risk

The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The consolidated entity measures credit risk on a fair value basis. The consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Under the Group Guarantee and Covenants Deed the Company has provided \$14.7 million (2008: \$14.9 million) of bank guarantees. These guarantees are provided by the Company on behalf of the import and distribution business and are primarily letters of credit and lease facilities. As security the Company holds a charge over the shares in the import and distribution businesses. Other than these guarantees the maximum exposure to the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the consolidated entity's maximum exposure to credit risk.

During the year the company paid \$1.4 million to terminate the outstanding interest rate swap. The \$20 million swap was contracted at an interest rate of 7.98% and was in place until July 2011. The fair value of the swap at September 2008 was \$765,000.

29 – Financial Instruments CONTINUED

Liquidity Risk

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the company's and the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	INTEREST RATE	CONSOLIDATED MATURING GROUPING			INTEREST RATE	COMPANY MATURING GROUPING		
		1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	OVER 2 YEARS \$'000		1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	OVER 2 YEARS \$'000
2009	%				%			
Current payables	–	17,228	–	–	–	453	–	–
Borrowings - fixed	8.43	1,060	1,733	469	–	–	–	–
Borrowings - non interest bearing loans from controlled entities	–	–	–	–	–	277	–	–
Borrowings - floating	6.59	545	16,936	–	6.77	4,520	16,936	–
Finance Lease Liabilities	9.10	422	404	250	–	–	–	–
Total		19,255	19,073	719		5,250	16,936	–

	INTEREST RATE	CONSOLIDATED MATURING GROUPING			INTEREST RATE	COMPANY MATURING GROUPING		
		1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	OVER 2 YEARS \$'000		1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	OVER 2 YEARS \$'000
2008	%				%			
Current payables	–	21,279	–	–	–	403	–	–
Borrowings - fixed	8.69	492	1,569	2,189	–	–	–	–
Borrowings - non interest bearing loans from controlled entities	–	–	–	–	–	277	–	–
Borrowings - floating	7.32	2,729	2,729	37,755	7.31	5,736	2,729	37,755
Finance Lease Liabilities	8.70	510	401	259	–	–	–	–
Total		25,010	4,699	40,203		6,416	2,729	37,755

29 – Financial Instruments CONTINUED

The following table details the Company's and the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows/(outflows) on the interest rate swap that is settled on a net basis and the undiscounted gross inflows/(outflows) on the forward exchange contracts that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

	CONSOLIDATED MATURING GROUPING				CLOSING TOTAL \$'000	COMPANY MATURING GROUPING			TOTAL \$'000
	1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	OVER 2 YEARS \$'000			1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	OVER 2 YEARS \$'000	
2009									
Forward Exchange Contracts	3,986	–	–	3,986	–	–	–	–	–

	CONSOLIDATED MATURING GROUPING				CLOSING TOTAL \$'000	COMPANY MATURING GROUPING			TOTAL \$'000
	1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	OVER 2 YEARS \$'000			1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	OVER 2 YEARS \$'000	
2008									
Net settled interest rate swap	352	332	157	841	352	332	157	841	
Forward Exchange Contracts	2,142	–	–	2,142	–	–	–	–	
Total	2,494	332	157	2,983	352	332	157	841	

Borrowings

The Company's banking facilities with the Australia and New Zealand Banking Group Limited (ANZ) expire in December 2010. The Company has unrestricted access available at balance date to facilities totalling \$24 million (2008: \$50 million). At 30 September 2009 \$16.3 million (2008: \$37.3 million) was drawn down. The undrawn banking facilities are mainly maintained to provide the flexibility to acquire additional businesses. During the year the three year \$20 million interest rate swap was terminated and a 2 year \$10 million 7% interest rate cap was acquired.

The remaining bank loans in the consolidated entity are at fixed rates and mature periodically up until October 2012.

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2009

	CONSOLIDATED		COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
30 – Reconciliation of Profit/(Loss) after Income Tax to Net Cash Inflow from Operating Activities				
Profit/(loss) from operations	10,469	(4,898)	15,687	6,192
Share of associates' profit	(397)	(388)	–	–
Depreciation expense	1,999	2,008	32	31
Goodwill impairment	–	2,780	–	4,780
Impairment of available for sale assets	1,665	17,477	–	14,726
Fair value of interest rate swap	651	765	651	765
Unwinding of deferred consideration interest	–	291	–	291
Equity settled share based payments	–	(10)	–	(10)
Movement in equity liability	(584)	250	–	–
Profit on foreign currency translation	(493)	(148)	–	–
	13,310	18,127	16,370	26,775
(Profit)/loss on sale of investments and property, plant and equipment	(5,666)	327	(3,507)	–
(Increase)/decrease in receivables and other assets	1,881	(2,312)	9,452	(21,821)
(Increase)/decrease in inventories	781	(5,574)	–	–
Increase/(decrease) in accounts payable and other liabilities	(4,380)	2,039	(24,762)	1,701
Increase/(decrease) in deferred tax provisions	1,719	(5,968)	2,146	(5,083)
	1	(11,815)	(13,164)	(25,203)
Net cash inflow from operating activities	7,645	6,639	(301)	1,572

31 – Non-cash Financing and Investing Activities

Acquisition of plant and equipment by means of finance leases	308	466	–	–
Dividend satisfied by the issue of shares under the Dividend Reinvestment Plan	1,441	2,074	1,441	2,074

32 – Contingent Liabilities and Capital Commitments

There are no significant contingent liabilities or capital commitments.

33 – Subsequent Events

There are no significant 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;
- (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 company and the consolidated entity; and
- (c) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors:



PG Miller
Chairman



KJ Eley
Director

Sydney, 25 November 2009



Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

Report on the Financial Report

We have audited the accompanying financial report of HGL Limited, which comprises the balance sheet as at 30 September 2009, and the income statement, cash flow statement and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the year as set out on pages 21 to 57.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 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. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

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



Auditor's Opinion

In our opinion:

(a) the financial report of HGL Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 September 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 16 of the directors' report for the year ended 30 September 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of HGL Limited for the year ended 30 September 2009, complies with section 300A of the Corporations Act 2001.

A handwritten signature in dark blue ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in dark blue ink that reads "Rossetti".

Mark Rossetti
Partner
Chartered Accountants

Sydney, 25 November 2009

SHAREHOLDER INFORMATION

On 12 November 2009 there were 2,515 shareholders. All of the shares of the company are ordinary and fully paid carrying one vote.

Distribution of shareholders

CATEGORY		NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1	- 500	522	57,617
501	- 1,000	242	183,756
1,001	- 5,000	795	2,225,621
5,001	- 10,000	428	3,234,918
10,001	- 100,000	465	11,673,801
100,001	- and over	63	36,551,191
		2,515	53,926,904

Number of shareholders holding less than a marketable parcel (455 shares) is 496.

Percentage of the total holdings of the 20 largest shareholders is 58.92%.

Twenty largest ordinary shareholders

NAME	NUMBER OF SHARES HELD	% OF TOTAL ISSUED CAPITAL
1 Sery Pty Ltd	7,574,658	14.05
2 Constable Investments Group Ltd	5,679,653	10.53
3 Kevin Eley	3,413,727	6.33
4 Michael Mahoney	1,527,654	2.83
5 LPO Investments Pty Ltd	1,470,624	2.73
6 Jancon Pty Limited	1,466,453	2.72
7 ANZ Trustees Ltd (Queensland Common Fund Account)	1,419,088	2.63
8 Knarsdale Pty Limited	1,400,001	2.60
9 Extra Edge Pty Limited	965,163	1.79
10 Andrew Whittles	817,834	1.52
11 National Nominees Limited	810,969	1.50
12 JP Morgan Nominees Australia Ltd	722,469	1.34
13 Jennifer Anne Drummond	688,817	1.28
14 George Edward Curphey	664,068	1.23
15 Citicorp Nominees Pty Limited	661,520	1.23
16 Ida Lichter	600,000	1.11
17 ANZ Trustees Limited - The JO & JR Wicking A/C	515,000	0.95
18 Kitwood Pty Limited	510,000	0.95
19 Oscarsborg Fort Pty Limited	459,213	0.85
20 Peter Caldelis	405,547	0.75
	31,772,458	58.92

Substantial shareholders

The following information is extracted from the Company's Register of Substantial Shareholders as at 12 November 2009:

NAME	NUMBER OF SHARES AS PER NOTICE
1 Sery Pty Limited and its associates	9,410,840
2 Constable Investments Group Limited and its associates	6,160,456
3 Kevin Eley	2,871,559

Security holder information

Voting rights

Subject to the Constitution:

- a) at meetings of shareholders each shareholder is entitled to vote in person, by proxy, by attorney, or by representative;
- b) on a show of hands each shareholder present in person, by proxy, by attorney, or by representative has one vote; and
- c) on a poll each shareholder present in person, by proxy, by attorney, or by representative shall have one vote for every share held by the shareholder.

In the case of joint holdings, only one joint holder may vote.

Voting by proxy

Voting by proxy is a way shareholders can vote without attending a meeting in person.

All shareholders are encouraged to complete and return the proxy form that accompanies the Notice of Meeting.

If you appoint a proxy and attend the meeting, you automatically revoke your proxy.

Shareholders may appoint a proxy or attorney to represent them at the meeting.

A corporate shareholder may appoint a representative, the instrument of appointment must be under common seal of the company where necessary.

Payment direct to a bank, building society or credit union

Security holders may have their dividend entitlements paid directly into any bank, building society or credit union within Australia. The necessary form is available from the registry. Once your payment details have been recorded on your holding, they will remain in force until you notify the registry of their alteration or cancellation.

Dividend reinvestment plan

Brief details of the Plan are:

- a) shareholders are eligible to participate, except where local legislation prevents it;
- b) participation is optional;
- c) full or partial participation is available;
- d) payment is made through the allotment of shares, rather than cash, at a discount of up to 7.5% on the average market price of the Company's ordinary shares;

e) no brokerage, commission, stamp duty, or administration costs are payable by shareholders; and

f) participants may withdraw from the plan at any time by notice in writing to the Registry. Shareholders wanting to participate should contact the Company's registry for an explanatory booklet and an application form.

Change of address

All changes of address or other particulars for issuer-sponsored holders, must be notified in writing to the registry. Broker sponsored holders must advise all changes directly to their broker. Your security holder reference number should always be quoted in either case.

Share registry

Computershare Investor Services Pty Limited

Ph: toll free 1300 855 080

Ph: international +61 3 9415 4000

Facsimile: (03) 9473 2500

Level 3, 60 Carrington Street, Sydney NSW 2000

Stock exchange listing

HGL Limited is traded on the Australian Securities Exchange (ASX). The symbol under which the shares are traded is HNG (note: not HGL). Details of trading activity are usually published in most daily newspapers under the HNG abbreviation. HGL Limited is a participant in the ASX's Flexible Accelerated Security System (FAST).

Requests for publications and media and public relations enquiries should be directed to:

Jenny Dinneen, HGL Limited

Tel: (02) 9221 7155 Fax: (02) 9233 2713

Email: hgl@hgl.com.au

Level 5, 34 Hunter Street, Sydney NSW 2000

GPO Box 4406, Sydney NSW 2001

FINANCIAL SUMMARY

Amounts after 2005 are reported under Australian equivalents to International Financial Reporting Standards.

All prior periods are reported under previous Australian Accounting Standards.

		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Core profit (\$'000)	(a)	5,003	8,447	9,309	7,438	7,033	5,580	2,386			
Core earnings per share (cents)	(a)	10.0	17.3	19.2	15.5	14.7	11.3	5.1			
Capital profit/(loss) and revaluations (\$'000)	(a)	2,969	(15,908)	6,344	1,613	343	4,953	7,552			
Reported profit/(loss) (\$'000)		7,972	(7,461)	15,653	9,051	7,376	10,533	9,938	8,013	6,112	6,066
Reported earnings per share (cents)		16.0	(15.3)	32.4	18.9	15.4	21.4	21.2	17.2	13.2	13.2
Dividend per share (cents)	(b)	8.0	12.1	14.4	11.6	10.2	9.0	8.6	12.0	10.3	10.3
Shares on issue ('000)		50,447	49,091	48,577	48,108	47,682	50,443	47,213	46,583	46,507	46,110
Total shareholders' equity (\$'000)		82,552	79,540	106,076	87,265	77,090	80,132	65,744	54,451	57,599	55,860
HGL shareholders' equity (\$'000)		68,387	65,452	92,713	74,159	64,883	67,478	55,149	46,638	43,274	43,075
Net cash/(debt) (\$'000)	(c)	(13,367)	(34,120)	(27,486)	(1,239)	1,416	7,596	8,678	5,968	(7,187)	(10,719)
Core return on shareholders' funds (%)	(d)	8	9	13	12	11	10	5			
Return on shareholders' funds (%)	(e)	12	(8)	21	14	11	19	21	19	14	15

Notes

- (a) Separately identified from 2003 following decision to build core profit. Core profit is profit after tax and minorities before revaluations and capital gains.
- (b) All dividends are fully franked other than 6.5 cents in both 2000 and 2001 and 12 cents in 2002.
- (c) Comprises cash, bank borrowings and leases.
- (d) Core profit divided by opening HGL shareholders' equity.
- (e) Reported profit divided by opening HGL shareholders' equity.

DIRECTORY

Directors

PG Miller, FCA (Chairman)
KJ Eley, CA, F FIN
JD Constable
FM Wolf, BA (Hons), PhD

Chief Executive

KJ Eley, CA, F FIN

Joint Company Secretary and Operations Manager

MP Mahoney, ACA (England and Wales), CA

Chief Financial Officer

AJ Whittles, ACA (England and Wales)

Joint Company Secretary

PS Caldelis, CA

Head Office and Registered Office

Level 5, 34 Hunter Street,
Sydney NSW 2000
GPO Box 4406, Sydney NSW 2001
Ph: (02) 9221 7155
Fax: (02) 9233 2713
Email: hgl@hgl.com.au
Web site: www.hgl.com.au

HGL Group web sites

HGL Limited

www.hgl.com.au

Aarque Graphics

www.aarque.co.nz

Anitech

www.anitech.com.au

Amcla

www.amcla.com.au

Biante

www.biante.com.au

BOC Instruments

www.bocinstruments.com.au

Frontline Technologies

www.frontline.net.nz

J Leutenegger

www.leutenegger.com.au

JSB Lighting

www.jsblighting.com.au

Mountcastle

www.mountcastle.com.au

Safilo Australia

www.safilo.com

SPOS

www.spos.com.au
www.icandycreative.com.au

BLC Cosmetics

www.thalgo.com.au

XLN Fabrics

www.xln.com.au

Share Registry

Computershare Investor Services
Pty Limited
Level 3, 60 Carrington Street,
Sydney NSW 2000
Ph: toll free 1300 855 080
Ph: international +61 3 9415 4000

Auditors

Deloitte Touche Tohmatsu

Bankers

ANZ Banking Group Limited

Solicitors

DibbsBarker

Stock Exchange Listing

Australian Securities Exchange
Code: HNG (not HGL)

dates are subject to change

Final Dividend

› 17 December 2009

Annual General Meeting

› 2 February 2010

Half Year End

› 31 March 2010

Half Year Report

› May 2010

Interim Dividend

› July 2010

Year End

› 30 September 2010

Annual Report

› November 2010

The one hundred and sixth Annual General Meeting of shareholders of HGL Limited will be held in the Seminar Room, Level 8, 123 Pitt Street, Sydney NSW 2000 at 11:00 am on 2 February 2010.

MOHAWK



This report is printed on Expression Super Smooth, manufactured with renewable, non-polluting wind-generated electricity and made carbon neutral. 100% of the electricity used in the manufacturing of this paper is entirely offset by Green-e certified wind certificates. This paper is certified by Green Seal and by Smartwood in accordance with the rules of Forest Stewardship Council (FSC), which promote environmentally appropriate, socially beneficial and economically viable management of the world's forests. Using this paper on the annual report is the equivalent to planting 52 trees.

HGL Limited ASX CODE > **HNG** ABN 25 009 657 961 INCORPORATED IN QUEENSLAND

Level 5, 34 Hunter Street, Sydney NSW 2000 GPO Box 4406 Sydney NSW 2001
P (02) 9221 7155 F (02) 9233 2713 E hgl@hgl.com.au www.hgl.com.au
