



23 November 2011

HGL POSTS RISE IN UNDERLYING PROFIT

Listed supplier of branded goods into specialist markets, HGL Limited (ASX Code HNG), posted a 6 per cent rise in underlying profit from \$6.8 million to \$7.2 million for the 12 months to 30 September, 2011, as the group expands into adjacent markets.

Directors have declared a 10 per cent rise in the final fully franked dividend to 5.5 cents a share, bringing the total fully franked dividend for the year to 11.5 cents a share. The dividend represents a payout ratio of 83 per cent of the underlying profit.

The profit was maintained without the positive impact in the previous corresponding year created by the Federal Government stimulus package, which had boosted profit in 2010 especially on the back of higher sales of large format printers and eye testing equipment.

Chief Executive Officer of HGL, Mr Michael Mahoney said "We are pleased with the result in light of the continuing tough trading conditions".

Core business units comprise; top end architectural lighting (JSB Lighting), point of purchase marketing solutions (SPOS), home sewing and craft (Leutenegger & XLN), specialist headwear and uniforms (Mountcastle), large format printing (Anitech), beauty care (BLC Cosmetics) and eye testing instruments (BOC).

Mr Mahoney said as part of a strategy to grow its core business units, the group has disposed of the low growth Aarque and Amcla since year end and is negotiating the sale of its small shareholding in Safilo. In addition, as a result of continued contraction in demand since the GFC and a major supplier falling into bankruptcy, HGL has made a non-cash write down of \$9.6 million in the Biante business.

As a result of this writedown, HGL has reported an annual net loss of \$2.4 million, compared with 2010's \$13.4 million net profit – which included a \$6.6 million net profit arising from the sale of listed shares.

Mr Mahoney said "Despite the Biante writedown, the group is in a very strong financial position, with \$14 million net cash (27 cents per share) and a strategic plan to invest in and build the core businesses of the group.

“We will be investing in the businesses to expand their market penetration and expansion of product offerings over the next year, under the direction of strengthened senior management teams”, he added.

Mr Mahoney pointed to the example of the Mountcastle headwear business, which has expanded its operations by adding school uniforms and school bags to its traditional headwear range.

Meanwhile a new CEO was appointed at Leutenegger in August and he plans to broaden the product offering into adjacent markets while strengthening its market leading position in existing markets.

“These are natural extensions to our client relationships and business operations built up over many years and we are already seeing strong gains being made under the new leadership teams”, concluded Mr Mahoney.

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

Market	Major brands/ divisions	HGL business unit
Top End Architectural Lighting	Modular, LTS, ACDC, Hess, Brick In The Wall	JSB Lighting www.jsblighting.com.au
Point of Purchase marketing solutions	icandy, Propel, Episys	SPOS Group www.spos.com.au
Home Sewing and Craft	Beutron, one.duck.two DMC, Robert Kaufman Pym, Westminster	Leutenegger and XLN www.leutenegger.com.au www.xln.com.au
Specialist Headwear and Uniforms	Trutex, Statesman Hats, Mountcastle, Leuts	Mountcastle www.mountcastle.com.au
Large Format Printing	Kip, Seiko, Starflex, LG Drytac	Anitech www.anitech.com.au
Beauty Care	Thalgo, Terrake, Grown, Essie, Kerstin Florian	BLC Cosmetics www.blccosmetics.com/
Eye Testing Instruments	Nidek, Magnon, Righton, Reichert, Optovue	BOC Instruments www.bocinstruments.com.au
Collector Model Cars	Biante, AutoArt, Kyosho, Sunstar	Biante Model Cars www.biante.com.au/

For further information Call:

Michael Mahoney
HGL Ltd
(02) 9221 7155 or 0410 285 318

Tim Allerton
City PR
(02) 9267 4511 or 0412 715 707.