SUPPLYING MARKET LEADING BRANDED PRODUCTS

HGL Limited

Half Year Financial Report

31 March 2013

Results for the six months ended 31 March 2013

The Directors of HGL Limited ("HGL" or the "Company", ASX: HNG) provide the Company's financial result for the half year ended 31 March 2013.

Results Overview

For the six months ended 31 March 2013 reported and underlying profit was $0.2 million (H1 2012: reported profit $1.2 million and underlying profit $1.3 million). Earnings before Interest & Tax (EBIT) amounted to $1.1 million, a reduction of 63% on H1 2012. The decline in earnings was primarily driven by Anitech and SPOS. While depressed economic conditions impacted these two businesses, internal performance factors also contributed to the earnings decline.

Earnings per share for the six month period were 0.3 cents, compared to 2.2 cents in H1 2012.

The Directors have declared an interim dividend of 2.0 cents fully franked (2012: 4.0 cents fully franked) to be paid on 12 July 2013. The dividend reinvestment plan will continue to be available to shareholders with no discount.

Trading Overview

The retail market in Australia continued to experience difficult trading conditions. Consumer demand, household spending and business confidence has remained weak impacting overall sales activity and trading performance.

Total sales fell 10% to $54 million, primarily due to the decreased trading performance of Anitech and SPOS. Excluding discontinued product sales these two business units accounted for almost the entire decline in Group sales. At a Group level gross margin remained resilient at 46%, validating the commercial appeal of HGL's premium products and customer value perception.

BOC Instruments, JSB Lighting and Biante increased sales compared to last year and Mountcastle achieved sales only marginally lower than last year without benefiting from the significant defence sales in the first half of last year.

At an EBIT level, the Company experienced positive growth compared to the same period last year in JSB Lighting, BOC Instruments, Biante, BLC with only marginal declines in Mountcastle and XLN. The positive EBIT growth from these business units was offset by the decline in Anitech and SPOS.

Extensive reorganisation and restructure projects have commenced in Anitech and SPOS to address internal performance issues. The Board believes these transformation initiatives will positively impact the current performance trend and anticipates an annual expense reduction in the range of $3 million to $4 million before tax.

Reorganisation and redundancy costs, together with associated asset write downs are estimated to be in the range of $4.0 million to $5.0 million after tax. The cash impact of these charges is approximately $1.0 million. These costs are anticipated to occur in the second half of the year, all such charges will be excluded from underlying profit.

From a balance sheet perspective, HGL remains financially strong with net cash of $4.1 million (September 2012: $5.0 million) plus $8.0 million of unutilised borrowing facilities. Net cash from operations was $1.2 million (compared to an outflow of $1.4 million in H1 2012). $0.7 million was invested to fit out a new building and showroom for JSB as part of the growth strategy for this business.

Corporate Strategy

HGL Limited supplies market leading premium products into specialist markets. HGL is a partner of choice for our global supplier base, corporate clients and retail networks, operating dedicated business units in large industry segments. HGL is an active management company with an 'improve, accelerate and leverage' portfolio development strategy.

Under the leadership of our new HGL Chief Executive and in conjunction with each business Chief Executive the Company has undertaken a comprehensive market sector analysis and is reviewing each business unit to identify competitive advantages, internal inefficiencies and performance issues.

The HGL business units operate within niche industry sectors. The majority of our business units operate in an Australian market of greater than $2.5 billion and only have a current market share of less than 5%. Each business is strategically positioned within its market and is being driven to achieve long-term organic growth and enhanced market share.

HGL's core purpose is to continue to position itself as:

- An industry leading supplier of superior branded products to specialist markets
- A partner of choice for our global suppliers, corporate clients and retail networks
- A diversified Group operating profitable business units in large local market sectors with growth potential

Based on identified competitive advantages and internal business improvement opportunities the Company has clarified its corporate strategy emphasising focus on three core objectives – Growth, Profitability and Sustainability (GPS).

The key drivers of the GPS Strategy Plan are:

- Growth from existing and new product sales in core markets and expansion into new markets
- Profitability through continuous improvement of work flow processes, systems, working capital management and staff performance management procedures
- Sustainability through investment in leadership and talent management programs, staff engagement and group management oversight function to drive best practice processes.

The GPS Strategy will produce restructuring, transformation and expansion activities improving profitability across the Group. Restructuring activities have commenced in SPOS and Anitech with transformation and market share expansion activities underway in the other business units of the Group.

Anitech is centralising its management and operations in Sydney and is transitioning to third party warehouses to streamline its distribution model to enhance delivery capability. The key focus of this initiative is to drive efficiency and profitability including a simplified management structure, optimised operational procedures and product portfolio development. The outcome will be an enhanced sales and service presence in each state at a lower cost.

SPOS is implementing a cost reduction initiative aligning operating expenses to current revenue levels. A new organisational model with direct profit responsibility has been implemented focusing on the core product offering in key markets driving sales growth, gross margin improvement and efficiency.

Corporate improvement programs in areas such as Business Development (Territory Management), Operations (Business Excellence) together with Human Resources Engagement and Development (HR) will develop coherent capabilities across the Group focused on One Team, One Purpose and One Direction principles and strengthen the promotion of HGL corporate culture.

Outlook

Despite the subdued economy and the reduction in underlying profits for H1 2013, the Board remains confident in the outlook for the Group. Operating in large markets with only small market shares provides the potential for organic growth in each of our businesses.

Our financial position remains strong and the Board is confident that with a new Chief Executive, refined strategy and business initiatives in place, the current performance trend will improve and deliver efficiencies which will enhance profit contribution in future periods.

Peter Miller
Chairman
22 May 2013

For further information:
Henrik Thorup
Chief Executive
Office: 02 9221 7155
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22 May 2013

HGL Limited – Half Year Report (Appendix 4D)
for the half year ended 31 March 2013

The Directors of HGL Limited announce the results for the half year ended 31 March 2013 as follows:

Final results for announcement to the market:

Extracted from the 2013 Half Year Report:

	% change	$A'000
Revenue from ordinary activities	down 10%	54,403
Net profit from ordinary activities after tax attributable to members	down 85%	178
Net profit after tax attributable to members	down 85%	178

Dividends per share:

	Amount per security	Franked amount per security
Interim dividend – ex date 24 June 2013, record date 28 June 2013, payable 12 July 2013 and DRP discount rate of nil, last day for election for the DRP is 28 June 2013. The DRP share price will be the weighted average share price of trades on the ASX over the 5 trading day period 24 June 2013 to 28 June 2013. There is no conduit foreign income attributable to the dividend. DRP shares will rank, from the date of allotment, equally in all respects with existing shares.	2.0 cents	2.0 cents
Final dividend in respect of prior financial year	2.0 cents	2.0 cents
Interim dividend – previous corresponding period	4.0 cents	4.0 cents

Net Tangible Assets per share:

	31 March 2013	31 March 2012
Net Tangible Assets per share	62.4 cents	80.7 cents

The remainder of the information requiring disclosure to comply with the Listing Rules is contained in this 2013 Half Year Financial Report.

DIRECTORS' REPORT

The Directors submit the financial report of HGL Limited for the half year ended 31 March 2013.

Directors

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

PG Miller	- Chairman
JD Constable	- Non Executive Director
KJ Eley	- Non Executive Director
FM Wolf	- Non Executive Director
MP Mahoney	- Chief Executive Officer and Director resigned 1 November 2012

Review of Operations

The Directors report a consolidated profit before tax and non controlling interests of $981,000 (2012: $2,375,000). Further details are in the Chairman's report on pages 1-3.

Dividends

The Directors have declared an interim fully franked dividend of 2.0 cents per share (2012: 4.0 cents fully franked interim dividend) to be paid on 12 July 2013. The record date will be 28 June 2013.

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

Auditor's Independence Declaration

The auditor's independence declaration is included on page 18.

Rounding of Amounts

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

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

On behalf of the Directors:

PG Miller
Chairman
Sydney 22 May 2013

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Profit and Loss Statement

	Note	**Half year ended 31 March 2013 $'000**	Half year ended 31 March 2012 $'000
Sales revenue		**54,295**	60,527
Cost of sales		**(29,210)**	(32,625)
Gross profit		**25,085**	27,902
Other income	2	**108**	237
Share of associates' profit		**-**	252
Sales, marketing and advertising expenses		**(8,597)**	(9,438)
Freight and distribution expenses		**(2,506)**	(3,084)
Administration expenses		**(10,541)**	(10,724)
Occupancy expenses		**(2,377)**	(1,990)
Loss on disposal of controlled entity and associate	10	**-**	(600)
Finance costs		**(191)**	(180)
Profit before tax		**981**	2,375
Income tax expense	3	**(348)**	(442)
Profit for the period		**633**	1,933
Attributable to:			
Equity holders of the parent		**178**	1,156
Non controlling interests		**455**	777
		633	1,933
Earnings per share		**Cents**	Cents
Basic earnings per share		**0.3**	2.2
Diluted earnings per share		**0.3**	2.2

The notes to the financial statements are included on pages 11 to 16.

Statement of Comprehensive Income

	Half year ended 31 March 2013 $'000	Half year ended 31 March 2012 $'000
Profit for the period	**633**	1,933
Other comprehensive (loss)/income		
Non controlling interest, net of tax, on disposal of controlled entity	**-**	(3,946)
Exchange differences on disposal of controlled entity, net of tax	**-**	397
Exchange differences arising on translation of foreign operations, net of tax	**(12)**	(10)
Other comprehensive (loss) for the period	**(12)**	(3,559)
Total comprehensive income/(loss) for the period	**621**	(1,626)
Total comprehensive income/(loss) attributable to:		
Equity holders of the parent	**166**	1,543
Non controlling interests	**455**	(3,169)
	621	(1,626)

The notes to the financial statements are included on pages 11 to 16.

Balance Sheet

	Note	**31 March 2013 $'000**	30 September 2012 $'000
Current Assets			
Cash and cash equivalents		**6,569**	7,594
Trade and other receivables		**19,501**	21,547
Inventories		**23,450**	24,034
Current tax assets		**675**	1,779
Total Current Assets		**50,195**	54,954
Non Current Assets			
Other financial assets		**928**	975
Property, plant and equipment		**4,588**	4,326
Intangible assets		**19,896**	19,896
Deferred tax assets		**7,688**	7,401
Total Non Current Assets		**33,100**	32,598
Total Assets		**83,295**	87,552
Current Liabilities			
Trade and other payables		**12,819**	15,602
Borrowings		**2,237**	2,329
Provisions		**2,933**	3,286
Total Current Liabilities		**17,989**	21,217
Non Current Liabilities			
Borrowings		**191**	255
Provisions		**1,197**	1,732
Total Non Current Liabilities		**1,388**	1,987
Total Liabilities		**19,377**	23,204
Net Assets		**63,918**	64,348
Equity			
Issued capital	5	**36,481**	36,027
Reserves	7	**1,332**	1,344
Retained earnings	6	**15,364**	16,236
Equity attributable to the parent entity		**53,177**	53,607
Non controlling interests	8	**10,741**	10,741
Total Equity		**63,918**	64,348

The notes to the financial statements are included on pages 11 to 16.

Statement of Changes in Equity

	Issued Capital	Reserves: Land and Buildings	Reserves: Foreign Currency	Reserves: Employee Share Scheme	Reserves: Other	Retained Earnings	Total	Non Controlling Interests	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Consolidated half year ended 31 March 2013									
Balance at the beginning of the period	**36,027**	**-**	**(197)**	**2,442**	**(901)**	**16,236**	**53,607**	**10,741**	**64,348**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**178**	**178**	**455**	**633**
Other comprehensive (loss)/income for the period									
Translation of overseas controlled entity	**-**	**-**	**(12)**	**-**	**-**	**-**	**(12)**	**-**	**(12)**
Total comprehensive (loss)/income for the period	**-**	**-**	**(12)**	**-**	**-**	**178**	**166**	**455**	**621**
Dividend paid	**-**	**-**	**-**	**-**	**-**	**(1,050)**	**(1,050)**	**(455)**	**(1,505)**
Shares issued under employee share scheme	**94**	**-**	**-**	**-**	**-**	**-**	**94**	**-**	**94**
Shares issued under dividend reinvestment plan	**360**	**-**	**-**	**-**	**-**	**-**	**360**	**-**	**360**
Balance at the end of the period	**36,481**	**-**	**(209)**	**2,442**	**(901)**	**15,364**	**53,177**	**10,741**	**63,918**
Consolidated half year ended 31 March 2012									
Balance at the beginning of the period	35,249	930	(607)	2,442	(613)	25,383	62,784	15,913	78,697
Profit for the period	-	-	-	-	-	1,156	1,156	777	1,933
Other comprehensive (loss)/income for the period									
Transfer of reserves on disposal of land and buildings	-	(930)	-	-	-	930	-	-	-
Disposal of controlled entity	-	-	397	-	-	-	397	(3,946)	(3,549)
Translation of overseas controlled entity	-	-	(10)	-	-	-	(10)	-	(10)
Total comprehensive (loss)/income for the period	-	(930)	387	-	-	2,086	1,543	(3,169)	(1,626)
Dividend paid	-	-	-	-	-	(2,842)	(2,842)	(280)	(3,122)
Shares issued under employee share scheme	90	-	-	-	-	-	90	-	90
Shares issued under dividend reinvestment plan	400	-	-	-	-	-	400	-	400
Balance at the end of the period	35,739	-	(220)	2,442	(613)	24,627	61,975	12,464	74,439

The notes to the financial statements are included on pages 11 to 16.

Cash Flow Statement

	Note	**Half year ended 31 March 2013 $'000**	Half year ended 31 March 2012 $'000
Cash flows from operating activities			
Receipts from customers		**61,771**	65,568
Payments to suppliers and employees		**(60,944)**	(64,179)
Income tax refund/(paid)		**474**	(2,757)
Interest received		**108**	138
Interest paid		**(191)**	(180)
Net cash (outflow)/inflow from operating activities		**1,218**	(1,410)
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		**(1,138)**	(639)
Proceeds from sale of property, plant and equipment		**162**	134
Proceeds from disposal of controlled entity and associate	10	**-**	4,398
Cash in disposed entity	10	**-**	(49)
Net cash inflow/(outflow) from investing activities		**(976)**	3,844
Cash flows from financing activities			
Proceeds from borrowings		**64**	132
Repayment of borrowings		**(188)**	(615)
Dividends paid:			
Members of the parent entity	4	**(690)**	(2,442)
Non controlling interests	8	**(455)**	(280)
Net cash (outflow)/inflow from financing activities		**(1,269)**	(3,205)
Net (decrease)/increase in cash held		**(1,027)**	(771)
Cash and cash equivalents at the beginning of the period		**7,594**	11,762
Effects of exchange rate changes on the balance of cash held in foreign currencies		**2**	(2)
Cash and cash equivalents at the end of the period		**6,569**	10,989

The notes to the financial statements are included on pages 11 to 16.

1. Basis of preparation of the half year financial statements

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

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

The half year financial report should be read in conjunction with the annual financial report of HGL Limited as at 30 September 2012 and any public announcements made by HGL Limited during the half year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the HGL Limited 30 September 2012 annual report.

Borrowings

The Company's banking facilities with the Australia and New Zealand Banking Group Limited (ANZ) are subject to an annual review process on 31 December each year. The Company has unrestricted access available at balance date to facilities totalling $10,000,000. At 31 March 2013 $2,000,000 (September 2012: $2,000,000) was drawn down and continues to be disclosed as current borrowings. The testing of the covenants by the ANZ is performed by reference to the financial statements released annually and semi annually by the Company. The Directors believe if the covenants are breached this will not lead to any significant adjustments to our long standing banking arrangements with the ANZ.

AASB Accounting Standards issued but not yet effective

A number of Australian Accounting Standards and Interpretations are in issue but are not effective for the current period end. These Accounting Standards are not expected to have a material impact on the Consolidated entity in future periods.

2. Other Income

	Half year ended 31 March 2013 $'000	Half year ended 31 March 2012 $'000
Interest income	**108**	237

3. Income Tax Expense

	Half year ended 31 March 2013 $'000	Half year ended 31 March 2012 $'000
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the accounts as follows:		
Prima facie income tax expense on the operating profit at 30% (2012: 30%)	**294**	713
Tax effect of:		
Amortisation and depreciation on buildings	**-**	2
Income on scheme loans recognised directly in equity	**23**	60
Non assessable income on sale of property	**-**	(193)
Non deductible loss on disposal of controlled entity	**-**	172
Tax effect on disposal of controlled entity	**-**	(505)
Non-allowable expenses	**14**	15
Prior period under provision	**17**	178
Income tax expense	**348**	442

4. Dividends

	Half year ended 31 March 2013 $'000	Year ended 30 September 2012 $'000
Final 2012 dividend paid 14 December 2012 2.0 cents 100% franked at 30%	**1,050**	-
Interim 2012 dividend paid 13 July 2012 4.0 cents 100% franked at 30%	**-**	2,086
Final 2011 dividend paid 16 December 2011 5.5 cents 100% franked at 30%	**-**	2,842
	1,050	4,928
Paid in cash	**690**	4,240
Satisfied by the issue of shares	**360**	688
Dividends actually paid	**1,050**	4,928

Interim dividend

In accordance with AASB 110 Events after the Balance Sheet Date, HGL Limited has not provided for the interim dividend. The interim dividend of 2.0 cents 100% franked at 30% will be payable on 12 July 2013.

The board policy is to distribute not less than 75% of underlying profit as dividends.

5. Issued Capital

	Half year ended 31 March 2013		Half year ended 31 March 2012	
	Number	**$'000**	Number	$'000
Balance at the beginning of the period	**52,484,316**	**36,027**	51,663,671	35,249
Allotment pursuant to HGL Dividend Reinvestment Plan	**689,384**	**360**	375,937	400
Shares issued to Employee Share Scheme participants	**190,097**	**94**	89,268	90
Balance at the end of the period	**53,363,797**	**36,481**	52,128,876	35,739

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.

	Half year ended 31 March 2013 Number	Half year ended 31 March 2012 Number
Issued capital at the end of the period	**53,363,797**	52,128,876
Shares issued to Employee Share Scheme participants after November 2002	**3,574,983**	3,647,391
Total share capital at the end of the period	**56,938,780**	55,776,267

6. Retained Earnings

	Half year ended 31 March 2013	Half year ended 31 March 2012
	$'000	$'000
Balance at the beginning of the period	**16,236**	25,383
Net profit attributable to members of the entity	**178**	1,156
Transfers between reserves	**-**	930
Dividends paid	**(1,050)**	(2,842)
Balance at the end of the period	**15,364**	24,627

7. Reserves

	Half year ended 31 March 2013 $'000	Half year ended 31 March 2012 $'000
Employee Share Scheme Reserve	**2,442**	2,442
Foreign Currency Translation Reserve	**(209)**	(220)
Other Reserve	**(901)**	(613)
	1,332	1,609

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

The other reserve arose when HGL increased its equity interests in BLC Cosmetics Pty Limited and J Leutenegger Pty Limited, as these transactions were classified as common controlled transactions under AASB 3 Business Combinations. 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.

8. Non Controlling Interests

	Half year ended 31 March 2013 $'000	Half year ended 31 March 2012 $'000
Balance at the beginning of the period	**10,741**	15,913
Profit attributable to non controlling interests	**455**	777
Dividends paid to non controlling interests	**(455)**	(280)
Disposal of controlled entity	**-**	(3,946)
Balance at the end of the period	**10,741**	12,464

9. Segment Information

Operating segments are reported in a manner which is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

The internal reports reviewed by the Board, which are used to make strategic decisions, are categorised as Branded Products. Revenue is derived from supplying branded products into specialist markets.

The consolidated entity operates under one segment, branded products. The products include large format printing, home sewing and craft, point of sale, top end lighting, eye testing instruments, beauty, collector model cars and specialist headwear and uniforms.

Underlying profit is the measure by which the Board manages the business. Underlying profit is the non-statutory measure which is designed to assist users of the financial report in understanding the performance of the consolidated entity. The reconciliation of underlying profit before interest, tax and non-controlling interests to reported profit after tax is as follows:

	Half year ended 31 March 2013			Half year ended 31 March 2012		
	Underlying Profit $'000	**Other $'000**	**Total $'000**	Underlying Profit $'000	Other $'000	Total $'000
Underlying profit before interest, tax and non controlling interests	**1,064**	**-**	**1,064**	2,918	(600)	2,318
Interest income	**108**	**-**	**108**	237	-	237
Interest expense	**(191)**	**-**	**(191)**	(180)	-	(180)
Profit before tax	**981**	**-**	**981**	2,975	(600)	2,375
Income tax expense	**(348)**	**-**	**(348)**	(947)	505	(442)
Profit after tax	**633**	**-**	**633**	2,028	(95)	1,933
Non controlling interests	**(455)**	**-**	**(455)**	(777)	-	(777)
Profit after tax and non controlling interests	**178**	**-**	**178**	1,251	(95)	1,156

At March 2012, Other is the disposal of Aarque Group Limited and Amcla Pty Limited, see note 10 for further details.

10. Changes in the composition of the consolidated entity

Disposal of interest in Aarque Group Limited

On 11 November 2011, HGL disposed of its 50% interest in Aarque Group Limited, a New Zealand supplier of printing equipment. Proceeds of $3,900,000 were received on the sale. The sale resulted in a pre tax loss of $575,000 and an after tax loss of $70,000, which was excluded from underlying profit.
Other than the loss on sale there was no contribution by Aarque Group in the prior financial period.

The historical results for Aarque Group were as follows:

	Half year ended 31 March 2011 $'000	Year ended 30 September 2011 $'000
Revenue	10,570	23,113
Cost of Sales	(6,564)	(14,415)
Gross Profit	4,006	8,698
Expenses	(3,346)	(6,951)
Earnings before interest and tax	660	1,747
Underlying profit contribution	190	409

The Balance Sheet at disposal was:

	30 September 2011 $'000
Current assets	
Cash	49
Trade and other receivables	3,631
Inventory	4,573
Deferred tax assets	295
Non current assets	
Property, plant and equipment	4,638
Intangibles	1,189
Current liabilities	
Trade and other payables	(2,859)
Borrowings	(2,902)
Provisions	(292)
Current tax liabilities	(278)
Non current liabilities	
Borrowings	(152)
Net assets disposed of	7,892
Non controlling interest	(3,946)
	3,946
Less cash consideration	(3,938)
	8
Foreign exchange loss transferred from reserves	567
Loss on disposal	575
Net cash inflow from sale of investment	
Cash consideration	3,938
Less cash balance disposed of	(49)
	3,889

Disposal of interest in associate

On 13 October 2011, HGL Limited disposed of its 36.6% interest in Amcla Pty Limited. The proceeds on disposal of $460,000 were received in cash. A pre and post tax loss on disposal of $25,000 was recognised, which was excluded from underlying profit. An unrecognised deferred tax asset of $1,290,000 arose on the disposal.

Other than the loss on sale, there was no contribution by Amcla Pty Limited in the prior financial period.

11. Subsequent events

In the 'H1 2013 Result Update' announced by HGL on 9 May 2013 it was reported that following the new Chief Executive's comprehensive review of all business units a number of key operational and performance issues have been identified in Anitech and SPOS. Transformation initiatives have commenced to address these issues including changes in key personnel and process improvements. Reorganisation and redundancy costs together with associated asset write downs in the range of $4,000,000 to $5,000,000 after tax are anticipated in the second half, all such charges will be excluded from underlying profit.

As at the date of this report redundancy costs have been incurred of approximately $1,000,000.

DIRECTORS' DECLARATION

The Directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors:

PG Miller
Chairman

Sydney 22 May 2013