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HGL (ASX CODE: HNG) ANNOUNCES A \$15 MILLION PROFIT TURNAROUND IN 2009 AND A FOCUS ON NICHE BRANDED PRODUCTS

HGL Limited has reported a \$15 million turnaround from a loss of \$7.4 million to a net profit after tax of \$8 million in the year to 30th September 2009 on sales revenue of \$164.7 million.

A final dividend has been declared of 5 cents a share, making the total dividend for the year 8 cents a share.

HGL Chief Executive Officer, Mr Kevin Eley said "HGL has simplified our business strategy to solely source and sell branded products, moving from the previous focus of selling niche branded products, funds management and investing in listed shares."

"We have sold our stake in funds manager MMC Contrarian and continue to realise our investments in other listed securities so we can focus our management on our core businesses, all of which are proving to be resilient in tough economic and trading conditions", he added.

The sale of shares in listed companies, including MMC Contrarian realised \$25.7 million and net debt has been reduced from \$34.1 million to \$13.4 million.

Mr Eley said "Most products sold by HGL are purchased in US dollars. As the Australian dollar fell in late 2008, our cost of goods sold increased rapidly, coinciding with the decline in consumer confidence."

"Although earnings have rebounded over recent months with improved consumer confidence and economic conditions, the weak Australian dollar and trading conditions earlier in the year resulted in business earnings before interest and tax of \$11.1 million, compared with \$15.2 million in 2008," said Mr Eley.

HGL is a supplier of branded products into niche markets



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HGL Chairman, Mr Peter Miller commented that “while the HGL Board is buoyed by the current underlying strength of the Australian economy and the Australian dollar, we remain cautious in our outlook.”

“HGL’s borrowings have fallen with gearing at 13.9 per cent, and we have strong underlying cash flow from operations and adequate banking facilities to support organic growth and growth through acquisitions”, he concluded.

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