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HGL Limited
abn 25 009 657 961

19 July 2016

ASX

By Electronic Lodgement

Dear Sir / Madam

HGL Ltd (ASX: HNG) Half Year results mailing

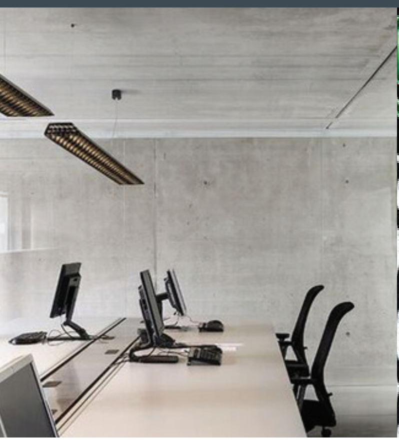
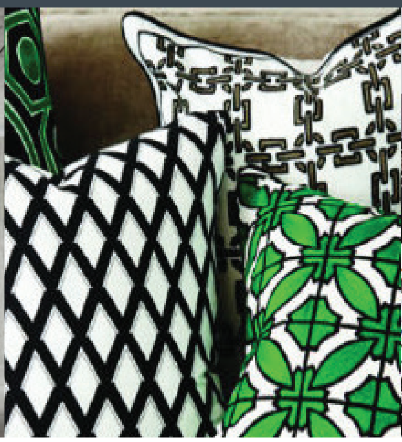
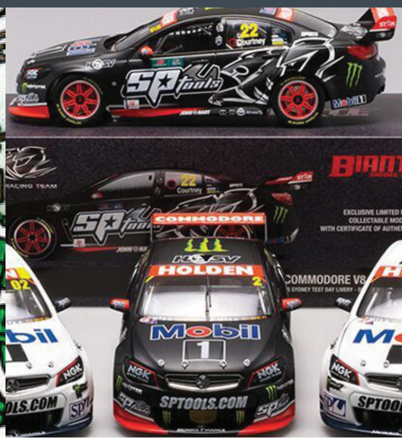
Please see attached document mailed to shareholders with the interim dividend statements.

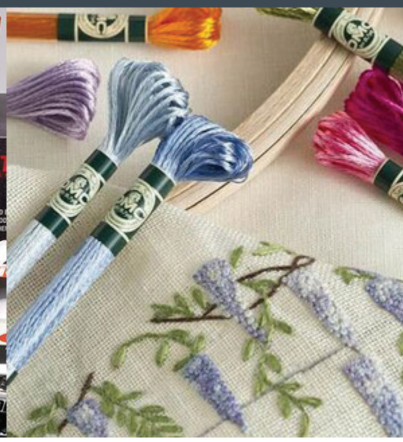
Yours sincerely

Iain Thompson
Company Secretary

SUPPLYING
MARKET
LEADING
BRANDED
PRODUCTS

SUPPLYING MARKET LEADING BRANDED PRODUCTS



HALF YEAR REVIEW 2016

OPERATING AND FINANCIAL REVIEW 2016

HGL Limited improve operational performance and progress into early stage growth phase

- Sales Revenue of $26.1 million, up 2.5% on the prior corresponding period
- Underlying Net Profit after Tax of $1.6 million, up 10.7% on the prior corresponding period
- Statutory Profit after Tax of $1.6 million, down from $2.2 million on the prior corresponding period
- Net cash of $3.5 million compared to $4.7 million at 30 September 2015
- Interim dividend of 1.0 cent per share fully franked

Trading Overview

HGL Limited (ASX: HNG) announces an Underlying Net Profit after Tax for the six months ended 31 March 2016 of $1.6 million, up 10.7% from $1.5 million in the prior corresponding period. The improvement has been aided by stabilised operational performance across the Group with earnings growth in JSB Lighting, SPOS Group and Biante.

Statutory Profit for the period was $1.6 million, down from $2.2 million in the prior corresponding period. Last year's statutory profit was aided by $0.7 million of non-underlying income from the divestment of Anitech, offset by restructuring costs of $0.1 million.

Revenue increased by 2.6% to $26.1 million in the wholly owned companies. Total Group revenue including 100% of Mountcastle was $34.9 million, an increase of 4.9% compared to the prior corresponding period. Significant sales growth was reported in JSB Lighting (17%), Mountcastle (12%), and SPOS (12%), with additional revenue contributions from Biante and Nido Interiors. Sales declined in Leutenegger largely attributable to continued rationalisation of unprofitable product lines. Revenue in BLC Cosmetics was marginally down due to the cessation of the TheBalm agency in May 2015. Comparable revenue across other brands was in line with last year.

Gross margin remained firm at 44.3% (2015: 45.1%) with all business units actively managing cost of goods and selling prices to maintain margins and generate sales growth.

Despite increased investment in new brand introductions and additional in-field sales executives, net operating expenses did not increase through cost savings achieved in HGL head office and Leutenegger.

Over the six months to 31 March 2016 working capital increased, driven mainly by reductions in both trade creditors and employee provisions. Trade debtors remained static on increased sales, while net stock levels reduced. Net cash at balance date was $3.5 million, with cash on hand of $5.3 million and bank borrowing of $1.8 million, down from $4.7 million net cash as at 30 September 2015 after working capital increases and payment of the 2015 final dividend.

Corporate Strategy and Operational Priorities

The transformation of HGL progresses according to the defined objectives and milestones of the GPS Strategy Plan (Growth, Profit and Sustainability).

Operational plans in each business units are concentrating on six key priorities: Expand Product Portfolio, Superior Sales Execution, Develop Intellectual Property, Reduce Operational Complexity, Integrate Business Technology and Increase Employee Engagement.

The execution of the operational plans has yielded positive growth results in the building products, retail marketing and school uniform markets with signs of early stage growth in model cars and homewares. Organic growth together with strategic acquisitions in selected markets will improve growth rates and result in larger scale business units with expanded market share positions.

Dividend

An interim dividend of 1.0 cents per share fully franked (2015: nil) has been declared after consideration of the underlying profit for the period and future working capital requirements to fund growth activities and potential strategic acquisitions.

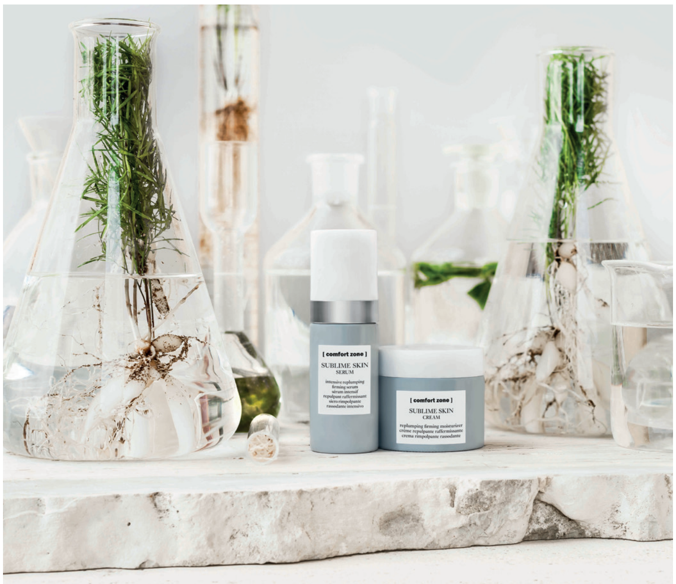
The record date for the dividend will be 5 July 2016, with a payment date of 19 July 2016. The dividend reinvestment plan (DRP) will continue to be available to all shareholders with no discount.

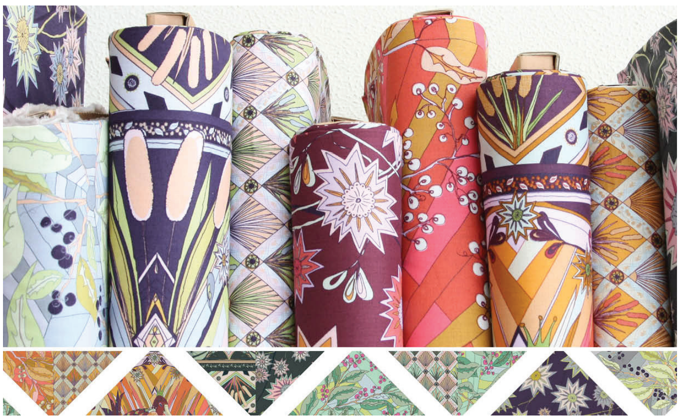
Outlook

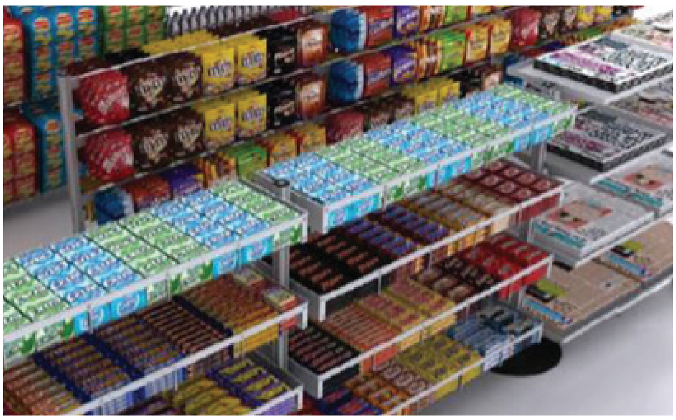
During this period HGL continued with progress on key performance metrics, including delivering moderate revenue growth, maintaining strong gross margins, improving operational efficiency and increasing underlying earnings.

It is encouraging to note that the larger business units have delivered double digit revenue growth in their respective markets despite continued subdued economic conditions.

The financial results demonstrate that HGL has the right foundations in place to pursue new growth opportunities contributing to enhanced profitability. The company is clearly now moving into the next growt and development phase, which provides further confidence in the positive outlook for the Group.







SUPPLYING MARKET LEADING BRANDED PRODUCTS

Summary of half year profit and loss

	March 2016			March 2015		
	Underlying profit	**Other**	**Statutory profit**	**Underlying profit**	**Other**	**Statutory profit**
	$000's	**$000's**	**$000's**	**$000's**	**$000's**	**$000's**
Sales revenue	26,050	-	26,050	25,404	-	25,404
Cost of sales	(14,515)	-	(14,515)	(13,944)	-	(13,944)
Gross profit	**11,535**	**-**	**11,535**	**11,460**	**-**	**11,460**
Share of profit of associates	554	-	554	560	-	560
Expenses	(10,467)	(29)	(10,496)	(10,464)	710	(9,754)
Earnings before interest and tax	**1,622**	**(29)**	**1,593**	**1,556**	**710**	**2,266**
Net interest	(44)	-	(44)	(73)	-	(73)
Profit before tax	**1,578**	**(29)**	**1,549**	**1,483**	**710**	**2,193**
Income tax benefit	63	-	63	-	-	-
Profit for the period	**1,641**	**(29)**	**1,612**	**1,483**	**710**	**2,193**

Summary of balance sheet

	March 2016	Sept 2015
	$000's	**$000's**
Cash and cash equivalents	5,347	4,683
Trade and other receivables	7,970	7,954
Inventories	4,988	5,223
Prepayments	1,681	1,451
Current assets	**19,986**	**19,311**
Investment in associates	4,648	4,444
Property, plant and equipment	808	918
Intangible assets	10,166	10,166
Deferred tax assets	611	611
Non current assets	**16,233**	**16,139**
Trade and other payables	7,272	8,763
Interest bearing loans and borrowings	1,800	-
Provisions	1,853	2,606
Income tax payable	-	63
Current liabilities	**10,925**	**11,432**
Provisions	1,488	1,469
Non current liabilities	**1,488**	**1,469**
Total liabilities	**12,413**	**12,901**
Net Assets	**23,806**	**22,549**

Summary of cash flows

	March 2016	March 2015
	$000's	**$000's**
Operating activities		
Cash receipts from customers	29,544	28,962
Cash payments to suppliers and employees	(30,598)	(28,818)
Interest received	32	54
Interest paid	(76)	(128)
Dividends received from associates	350	150
Inflows / (outflows) from operating activities	**(748)**	**220**
Investing activities		
Purchase of property, plant and equipment	(41)	(98)
Net proceeds from disposal of subsidiary	-	783
Inflows / (outflows) from investing activities	**(41)**	**685**
Financing activities		
(Repayments)/Proceeds from borrowings	1,800	-
Loans repaid to associates	-	(94)
Dividends paid	(347)	-
Inflows / (outflows) from financing activities	**1,453**	**(94)**
Net increase in cash and cash equivalents	664	811
Net foreign exchange difference	-	36
Cash and cash equivalents at 1 October	4,683	4,985
Cash and cash equivalents at 31 March	**5,347**	**5,832**

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