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RECORD PROFIT AND POSITIONS FOR GROWTH

- Profit after tax and minorities of \$10.5 million (2003: \$9.9 million)
- Profit after tax and minorities from recurring activities of \$5.6 million (2003: \$2.4 million)
- After tax revaluations and capital gains of \$4.9 million (2003: \$7.5 million)
- Earnings per share of 21.4 cents (2003: 21.1 cents)
- Return on shareholders' funds of 19.1 per cent (2003: 21.3 per cent)

For the year to September 30 2004, listed investor, HGL (ASX code: HNG), reported a record profit and is positioned for further growth, according to directors.

A key objective of the board and management is to increase recurring profits that underpin growth, value and dividend payments. These earnings increased 130 per cent from \$2.4 million to \$5.6 million in 2004.

HGL's listed investments are actively managed to maximise their value. In 2004 HGL made \$4.9 million after tax from these activities (2003: \$7.5 million), adding further to shareholder wealth.

Acquisitions

During the year, management reviewed a number of acquisitions but none satisfied HGL's due diligence procedures. HGL remains committed to increasing its investment in businesses, particularly import and distribution businesses.

SPOS and Thalgo which were both acquired during 2003 generated a combined EBIT to capital employed return of 24 per cent, well in excess of the 20 per cent hurdle rate, and both are budgeting to further increase profits in 2005.

Funds management

During 2004 a further \$3 million was invested in boutique funds manager, MMC Asset Management (MMC), increasing HGL's holding to 38 per cent. Directors are very satisfied with MMC's performance and look forward to increased profits in the future as funds under management grow.

MMC was runner-up in the Macquarie Bank 2004 'Skilled Manager of the Year' award and also finished third in Standard and Poor's Australian Fund Awards 2004 'Boutique Fund Manager of the Year' award.

In addition, listed investment company, MMC Contrarian Limited, raised \$200 million in December 2003, with an additional \$200 million of options exercisable before 30 June 2005. At 30 September 2004, gross assets under management had increased to \$222 million.

A management fee of 1.25 per cent of gross assets per annum is paid by MMC Contrarian for an initial term of 25 years. The management fee is paid 40 per cent to HGL and 60 per cent to MMC. There is also a 15 per cent out performance fee in the same proportions.

Dividends

A final dividend of 4.8 cents fully franked will be paid on 17 December 2004. This raises the total dividend for the year to 9.0 cents a share (2003: 8.6 cents).

HGL Limited

ABN 25 009 657 961

investing in businesses



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Outlook

HGL is unable to precisely forecast the future market prices of its investments and as such it is inappropriate to comment on the full profit forecast for 2005. However, the board does feel confident in commenting on the level of recurring profits.

Assuming the economy remains in its current state, HGL is forecasting recurring profits (profit after tax and minorities before revaluations and capital gains) of between \$6.1 million and \$6.6 million for the 2005 year, a 14 per cent increase over 2004.

Directors believe this is a substantial base to which the profits from new business acquisitions can be added while continuing to grow HGL's current businesses.

HGL is well placed to build on a very good year, with the Board and management focussed on improving shareholder wealth.

For further information, please contact

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About HGL

- HGL (ASX code: HNG) invests in private companies, typically where business owners seek to retire or reduce their involvement.
- HGL has a 38% investment in boutique equity fund manager MMC Asset Management Limited. HGL has made available key executives to assist MMC manage MMC Contrarian (ASX code: MMA).
- All businesses within HGL are effectively partially owned by their management.
- HGL invest for the long term.
- Over the last eleven years HGL has achieved an increase of 14.7% per annum in total shareholder returns, compared with an increase of 10.0% in the All Ordinaries Accumulation Index.