Level 5, 34 Hunter Street
Sydney NSW 2000
GPO Box 4406
Sydney NSW 2001

Phone: +612 9221 7155
Fax: +612 9233 2713
Email: hgl@hgl.com.au
Web: www.hgl.com.au

30 November 2005

HGL BUILDS RECURRING PROFIT AND INCREASES DIVIDEND BY 13%

The financial performance of HGL (ASX code: HNG) for the year ended 30 September 2005 is summarised as follows:

- Recurring profit after tax increased 30% to $7.3 million (2004: $5.6 million)
- Recurring earnings per share increased 28% to 14.5 cents per share (2004: 11.3 cents)
- Dividends per share increased 13% to 10.2 cents fully franked per share (2004: 9.0 cents)
- Profit after tax declined by 12% to $9.2 million (2004: $10.5 million)
- Earnings per share declined by 15% to 18.2 cents (2004: 21.4 cents)
- Return on shareholders funds declined 29% to 13.6% (2004: 19.1%)

Recurring profit was derived from three sources:

- Profits from ten import and distribution businesses;
- A 39% shareholding in MMC Asset Management, a boutique fund manager, combined with management fee income from MMC Contrarian; and
- Dividend income from our listed securities.

Recurring profit increased $1.7 million with an increase of $0.7 million from the import and distribution businesses, $0.6 million from fund management and $0.4 million from dividend income.

Recurring profit underpins HGL's value and dividend policy. The recurring profit of $7.3 million was 11% above the profit guidance range of $6.1 million to $6.6 million given this time last year. Acquisitions made during the year contributed $0.1 million to recurring profit.

Profit after tax from all sources was $9.2 million (2004: $10.5 million) and included revaluations and capital profits mainly from listed securities of $1.9 million (2004: $4.9 million). These revaluations and profits are viewed by Directors as adjustments to net assets.

HGL's strategies are to hold interests in import and distribution businesses and fund management activities. Whilst these two different strategies do not seem compatible they are the business segments we best understand. HGL has for 20 years invested on the Australian Stock Exchange during which time it also acquired control of several quoted import and distribution businesses by takeover offers. HGL believes it is sensible to continue to utilise both of these areas of expertise for the benefit of shareholders.

Acquisitions

Level 5, 34 Hunter Street
Sydney NSW 2000
GPO Box 4406
Sydney NSW 2001

Phone: +612 9221 7155
Fax: +612 9233 2713
Email: hgl@hgl.com.au
Web: www.hgl.com.au

HGL is aiming to increase its investment in import and distribution businesses where the return is likely to exceed 20%.

During the year management reviewed many possible acquisitions but was only able to invest an additional $9 million in import and distribution businesses, mainly by acquiring 80% of AMCLA, an importer and distributor of promotional solutions and products sold into pharmacies, and by acquiring a further 35% of J Leutenegger, a fabrics business. The pace of investing depends very much on when quality businesses, meeting our investment parameters, are identified.

Over the last three years HGL has invested approximately $30 million in new business opportunities that have collectively met the benchmark 20% hurdle rate. In addition, shortly after the 30 September year end HGL acquired 100% of JSB, a lighting importer, for an estimated $8.5 million, an initial payment of $3.6 million was made in October 2005 with an expectation to pay an additional $4.9 million over the next three years depending on the performance of the business over this period.

We currently have no debt and management continue to search for acquisitions that will satisfy our acquisition criteria.

Dividends

The final dividend will be increased by 21% to 5.8 cents fully franked (2004: 4.8 cents) and will be paid on 20 December 2005. The total dividend for the year will be 10.2 cents (2004: 9.0 cents).

Outlook

The company is expecting another strong year in 2006 with a further increase in profitability and dividend. We are forecasting an increase in profitability from our current businesses together with the contribution from JSB. The Board and management remain focussed on growing current businesses and making additional acquisitions that satisfy our risk and return criteria to deliver long term value.

For further information, please contact

Kevin Eley
Chief Executive Officer
(02) 9221 7155
0414 457 254

Level 5, 34 Hunter Street
Sydney NSW 2000
GPO Box 4406
Sydney NSW 2001

Phone: +612 9221 7155
Fax: +612 9233 2713
Email: hgl@hgl.com.au
Web: www.hgl.com.au

About HGL

- HGL (ASX code: HNG) owns 11 import and distribution businesses, acquisitions typically occur when business owners seek to retire
- HGL has a 39% investment in boutique equity fund manager MMC Asset Management Limited.
- All businesses within HGL are held for the long term and are partially owned by their management