



ANNUAL REPORT › SEPTEMBER

2013

Supplying market
leading branded
products

HGL LIMITED

ABN 25 009 657 961
INCORPORATED IN QUEENSLAND
ASX CODE › HNG

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FINANCIAL CALENDAR

dates are subject to change

Final Dividend

- › 13 December 2013

Annual General Meeting

- › 28 January 2014

Half Year End

- › 31 March 2014

Half Year Report

- › May 2014

Interim Dividend

- › July 2014

Year End

- › 30 September 2014

Annual Report

- › November 2014

ANNUAL GENERAL MEETING

The 110th Annual General Meeting of shareholders of HGL Limited will be held at the offices of Computershare, Level 4, 60 Carrington Street, Sydney NSW 2000 at 11:00 am on 28 January 2014.

OVERVIEW

SUMMARY OF RESULTS ATTRIBUTABLE TO EQUITY HOLDERS			DIVIDENDS		
	2013 \$millions	2012 \$millions		2013 cents per share	2012 cents per share
Underlying loss	(0.4)	(0.5)	Underlying loss	(0.8)	(0.9)
Reorganisation, restructuring and goodwill charges	(8.5)	(4.6)	Reorganisation, restructuring and goodwill charges	(16.0)	(9.0)
Reported loss	(8.9)	(5.1)	Reported loss	(16.8)	(9.9)
Net cash	2.1	5.0			
			Interim	2.0	4.0
			Final	2.0	2.0
			Total	4.0	6.0

For the year ended 30 September 2013 HGL reports a loss of \$8.9 million (2012: \$5.1 million) after reorganisation and restructuring charges of \$5.0 million (2012: \$4.6 million) incurred from improvement projects in several underperforming business units and \$3.5 million (2012: nil) of goodwill impairment in BLC Cosmetics. Underlying EBIT from operations marginally increased to \$0.4 million (2012: \$0.3 million).

In April 2013 HGL commenced implementation of the GPS strategy plan (Growth, Profit and Sustainability) under the leadership of new Chief Executive, Henrik Thorup. The execution of the GPS strategy incorporates short term turnaround activities and long term development actions that will transition the Group and position it for the future.

The initial element of the GPS strategy plan was to commence reorganisation and restructure projects in Anitech, SPOS and Leutenegger. These improvement initiatives address internal performance issues and have reduced annualised expenses by approximately \$5 million before tax. This is higher than our initial expectation of \$3 million to \$4 million before tax. We anticipate the GPS strategy will gather further momentum and there will be additional efficiencies and further reductions in annualised expenses.

The second half of the financial year produced an improvement over the prior corresponding period. The underlying loss in the second half of 2013 was \$0.6 million (2012: \$1.7 million). The improvement was largely due to the cost savings and efficiencies produced by the initiatives. The full year cash flow from operations was \$0.7 million (2012: outflow \$3.4 million) as the working capital and efficiency initiatives started to gain traction.

Following the appointment of the new Chief Executive, there have been extensive senior leadership developments throughout the Group. The most notable has been the appointment of a Chief Operating Officer for HGL. The strengthening of the HGL leadership team improves the execution of our active management approach, jointly managing the improvement initiatives in conjunction with the business unit management teams. SPOS, Anitech, Leutenegger and BLC Cosmetics are under new leadership with significant changes to their senior management teams.

TRADING SUMMARY

During the year our businesses continued to experience subdued economic conditions with depressed household spending and weak business confidence generating lower corporate investment activity. Sales were \$105.3 million (2012: \$118.2 million) 10.9% below the prior period. Sales were significantly impacted by Anitech where sales fell by \$5.0 million.

Gross margins strengthened to 45.2% up 1.5% from last year. This was achieved in spite of more volatile foreign exchange conditions in the second half of the year.

SPOS has shown considerable improvement this year and generated an underlying profit in the second half. During the year cost reduction initiatives were implemented aligning operating expenses to current revenue levels. A new organisational model has been implemented focusing on the core product offering to drive sales growth, gross margin improvement and efficiency. The underlying EBIT loss of SPOS was reduced and it is budgeted to return to profit in 2014.

SPOS provides solutions for marketing at the point of purchase and has significant revenue from project business. Sales declined in 2013 due to the discontinuation of low margin international distributor and technology project sales.

Anitech is 50% owned by HGL. With a low level of business confidence and declining corporate investment in new equipment, hardware sales are weak.

Anitech is consolidating its management and operations in Sydney and is streamlining its distribution model. This will increase efficiency and profitability including a simplified management structure, improved operational procedures and enhanced product portfolio development.

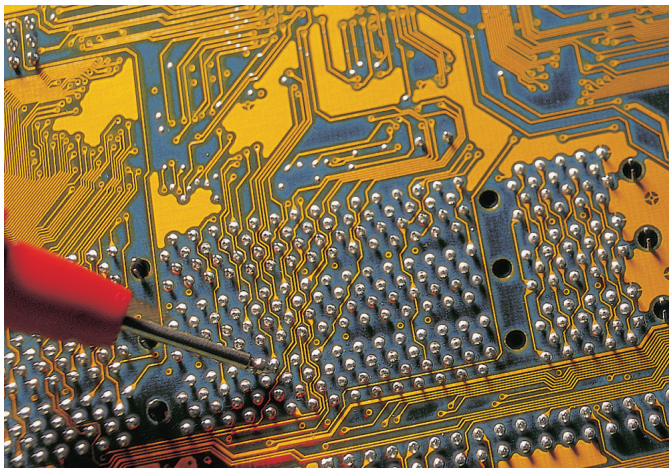
We expect the challenges facing the business will continue throughout 2014 while Anitech improves its processes and refines its model.

BLC Cosmetics is concentrating on strengthening its platform in the salon and spa market. Management is improving leadership capabilities, business processes and the product portfolio. The change of management team has reinvigorated the business which is now operating out of a new location with state of the art training facilities.



SPOS Group - a leading provider of marketing at retail solutions in Australia and New Zealand, creating and supplying effective point-of-purchase materials designed to enhance the overall appearance of the products in-store and ultimately stimulate sales. Head office is located in Sydney with offices in Melbourne, New Zealand and China.

www.spos.com.au



Anitech - distributes large format printing solutions to the sign, advertising, point of sale, architecture, engineering and construction markets as well as associated consumables and services. Provides third party maintenance and service support for a wide variety of computer based equipment. The business is based in Sydney. HGL own 50% of the business.

www.anitech.com.au



BLC Cosmetics - is the exclusive distributor of leading beauty and skin care brands in Australia and the South Pacific. Thalgo, the company's heritage skincare brand, remains the key product line in salons, day spas, hotels and resorts with the Terrake brand found at only the most luxurious properties. The business is based in Artarmon, Sydney.

www.blccosmetics.com

TRADING SUMMARY



Leutenegger - a market leading supplier in the craft and textile industry distributing its own design driven collections and internationally recognised global ranges. Beutron, DMC, Zwiegart and Prym form part of this exciting range which continues to set a benchmark in the industry. The business is based in Sydney.

www.leutenegger.com.au

The strategy of **Leutenegger** remains largely unchanged from last year as it expands into the homewares market adjacent to its traditional sewing and craft heartland. The sales of soft furnishing products increased this year and are on track to deliver further growth in 2014.

The traditional craft and fabric retail environment in Australia continues to be adversely affected by the ability of the end consumer to source products directly from manufacturers or from overseas distributors via the internet as well as pressure for discounts from the larger retailers. This is impacting the current sales model and Leutenegger sales declined by 12%. Leutenegger is remodelling its business, including the introduction of online ordering to lower its cost of doing business and refining its product range to ensure it remains relevant.

Leutenegger will relocate to the same premises occupied by SPOS at the end of its lease in November 2013. This will create additional cost savings.

In January 2013, **JSB Lighting** which sells architectural lighting relocated to new premises, designed to improve customer interaction, product portfolio displays and project management capability of the business. In 2013 sales declined by 9% following a lack of new investment activity in the building and construction industry. With the opening of the Perth office in 2012, JSB now sells directly in all states, other than Queensland. The strategy is to expand the product range of JSB to leverage its excellent brand and market position.

Biante continued to build upon the progress it made last year and increased its profit again. In 2011 Biante was restructured and refocussed on its core area of operations. This year we continued to invest for the future by the development of new moulds and products. Biante progressed with several business efficiency initiatives and inventory reduction projects, delivering the strongest EBIT margin of the business units in 2013.

Mountcastle continues to perform very well. Its market share in the school uniform and bag market continues to grow with an extended quality product range and expanded sales force across the country. Mountcastle is developing an online ordering system for its customer base to enhance efficiency, demand planning and customer satisfaction. Mountcastle was a significant contributor to the earnings of HGL in 2013.



Mountcastle - imports, distributes and manufactures specialist headwear and school uniforms. It is the market leader in supplying contract headwear to organisations such as the police, defence forces and schools. The business is based in Brisbane. The management team own 50% of the business.

www.mountcastle.com.au

www.trutex.com.au



JSB Lighting - supplier of architectural lighting and control equipment for the commercial market. World class brands include Modular, LTS, ACDC, Brick In The Wall, Luceplan and Sensor Switch. The business is based in Sydney.

www.jsblighting.com.au



Biante - one of Australia's leading distributors of diecast collector model cars. The cars are scale replicas designed in Australia. The design centre is located in Perth with sales offices in Sydney and Perth.

www.biante.com.au

CORPORATE STRATEGY

The Company is executing its corporate strategy with focus on three core objectives – **Growth, Profitability and Sustainability (GPS).**

The key enablers of the GPS Strategy 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; and
- sustainability through investment in leadership and talent management programs, staff engagement and group management oversight to drive best practice processes.

HGL's core purpose is to create shareholder value by exercising long term and active ownership in businesses where HGL is the best owner. Over the next 24 months the strategy will have 3 phases.

PHASE

1

of the GPS Strategy Plan is to rebuild foundations. The short term objective is to arrest the current revenue decline, maintain strong gross margins, improve operational efficiency and reduce working capital levels in the HGL Group. A core element in Phase One is the roll-out of a Group Strategic Initiative Program, aimed at consolidating and aligning corporate management practices across the various businesses.

The Group Strategic Initiative Program focuses on implementing best practice management processes in Business Development (Territory Management), Operations (Business Excellence), Human Resources Development (HR) and Working Capital Reduction.

PHASE

2

of the GPS Plan is establishing the future industry footprint of the HGL Group. HGL must participate in attractive industries with long-term growth characteristics executing our 'improve, accelerate and leverage' portfolio development strategy. The Company identifies its target industry segments based on size, growth prospects, competitive parameters, industry profitability, economies of scale and synergies with existing HGL business units.

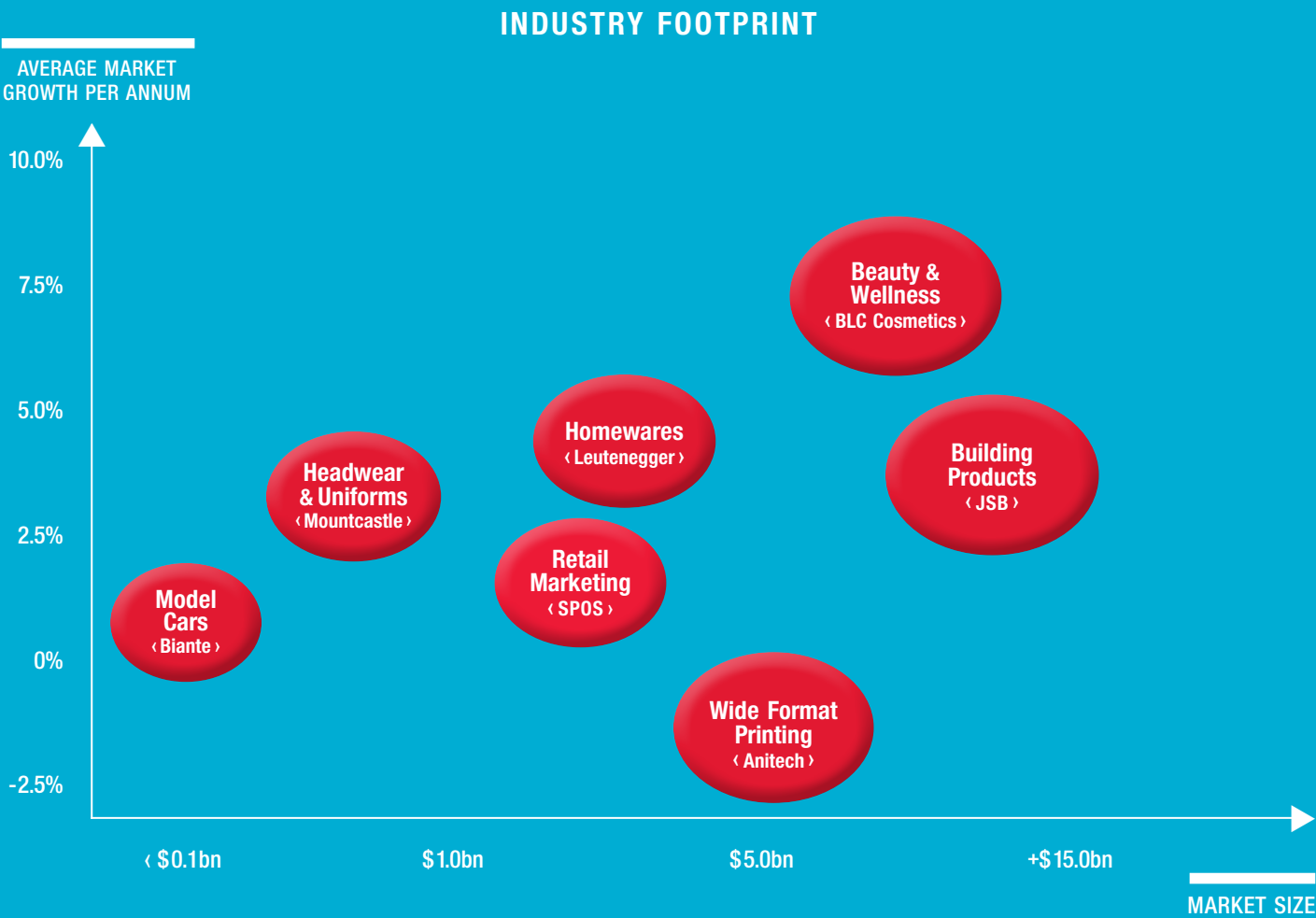
The related acquisition and divestment approach of HGL will narrow the industry diversification. This will drive an investment strategy securing controlling interests in target companies in selected industries.

PHASE

3

of the GPS Strategy Plan is leveraging the foundations and dynamics of a new industry footprint in delivering enhanced revenue and profitability growth, improved operating cash flow, increased customer satisfaction and employee engagement, securing long-term sustainability and enhanced value for our shareholders.

CORPORATE STRATEGY



HGL'S CORE PURPOSE IS BASED ON FIVE FUNDAMENTAL PRINCIPLES

PRODUCTS	PEOPLE	PROCESS	CHANNELS	CUSTOMER CARE
HGL markets exclusive premium quality products and services with strong competitive advantage and value proposition.	HGL is recognised as an employer of choice attracting talented and competent team members.	HGL achieves on-going efficiency gains through our continuous business process improvement programs.	HGL works with our pro-active sales channels in a relentless pursuit of sales growth and market share expansion.	HGL engages with our clients with the highest level of customer care possible securing long-term customer retention and loyalty.

FINANCIAL SUMMARY

In 2013 the reported EBIT was after \$9.9 million of reorganisation and restructuring charges arising from the implementation of the GPS strategy plan and \$3.5 million of goodwill impairment charge in BLC Cosmetics.

These charges have been excluded from underlying profit. The reorganisation and restructuring charges comprise:

- \$3.7 million for inventory provisions;
- \$2.5 million to provide for surplus property leases and fixed assets;
- \$1.3 million for redundancies and associated costs; and
- \$2.4 million for other restructuring charges.

The reorganisation and restructuring charges have an effective tax rate of 30%. The impact on the group of the reorganisation and restructuring charges was \$5.0 million after tax. The impact on the non controlling interests was \$1.9 million after tax.

The inventory provisions were incurred by Anitech and Leutenegger and arose from lower sales and the decision to exit inventory lines to reduce business complexity.

Following the rationalisation of locations within Anitech and SPOS, to increase the efficiency of those business units, surplus leases were identified. Accounting Standards require these future lease costs to be provided for. We are negotiating with landlords to surrender or sub let the affected leases however none of these potential benefits have been reflected in the provisioning.

In the assessment of the carrying value of goodwill the board has adopted a more conservative view of the discount rate applied to future cash flows. In assessing BLC Cosmetics this has resulted in a goodwill impairment charge of \$3.5 million. This goodwill impairment charge has no adverse cash effect. We remain of the view that BLC Cosmetics is operating in an industry with sound growth opportunities.

To reduce costs and increase efficiency the number of employees has reduced by 17% to 260 from 315 last year.

UNDERLYING LOSS	2013 \$millions	2012 \$millions
Sales	105.3	118.2
Cost of goods sold	(57.7)	(66.5)
Gross margin	47.6	51.7
Expenses	(47.2)	(51.4)
EBIT	0.4	0.3
Net interest	(0.2)	–
Underlying profit before tax	0.2	0.3
Taxation	(0.2)	(0.2)
Non controlling interests	(0.4)	(0.6)
Underlying loss after tax attributable to equity holders	(0.4)	(0.5)
Gross margin %	45.2	43.7

FINANCIAL SUMMARY

HGL is part of a wider community and although the operations have limited environmental impact, the consequences of business decisions on the environment are considered.

Foreign exchange

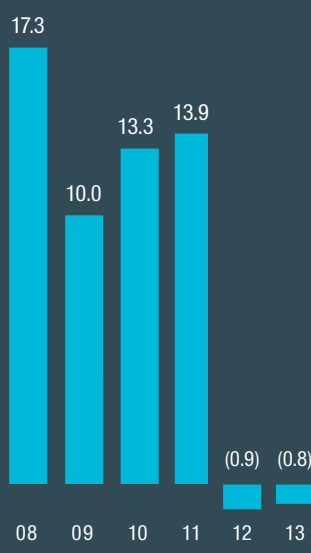
We continue to sell products with flexible pricing where most of the medium and long term effects of foreign exchange movements will not be borne by HGL. Foreign currency bank accounts and foreign exchange contracts afford sufficient time for the necessary operational adjustments to occur.

Until April 2013 the AUD traded within a narrow band and averaged \$1.04 against the USD which was around the average exchange rate for 2012. From May 2013 the AUD rapidly depreciated against the USD and fell to as low as 89 cents in early August. The average exchange rate for the last five months of the financial year was 15% lower than the average of the first seven months. This rapid depreciation of the AUD necessitated numerous customer pricing initiatives as we attempted to cover our associated increase in product cost.

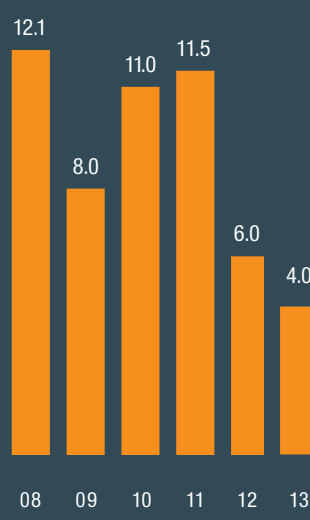
Sale of non core business units

Based on the new active management approach and the planned establishment of a new future industry footprint for HGL, the Company decided to divest two small non core 50% owned business units in October 2013. Kinsole Pty Ltd (trading as XLN Fabrics) and BOC Ophthalmic Instruments Unit Trust were sold for total cash proceeds of \$1.6 million. Our share of the earnings before interest and tax from these two businesses was \$0.2 million in both 2013 and 2012. The profit after tax from these disposals is \$0.1 million.

**UNDERLYING EARNINGS
PER SHARE - CENTS**



**DIVIDENDS
PER SHARE - CENTS**



FINANCIAL SUMMARY

Chief Executive Officer

In November 2012 Michael Mahoney resigned as the Chief Executive Officer and a Director. In January 2013 Henrik Thorup was appointed Chief Executive Officer. Andrew Whittles the Chief Financial Officer acted as Chief Executive Officer in the interim period.

Balance sheet

The total net assets of the group have decreased by \$12.8 million during the year. The reduction in net assets was largely due to the reorganisation and restructuring charges along with the goodwill impairment. Net cash has decreased by \$2.9 million to \$2.1 million. Net tangible assets are 50.0 cents per share.

Inventory days are 146, an initiative for 2014 is to release cash by reducing inventory balances further. In the second half of this financial year we have begun to make progress in this regard, we expect more inventory reduction in 2014. Trade receivables continue to be well managed, debtor days are 52.

Cash flow

Given the high level of restructuring costs including approximately \$1 million of redundancy costs the cash flow from operations was \$0.7 million (2012: outflow \$3.4 million). The focus on working capital management and the absence of significant restructuring costs is anticipated to create further improvement in the cash flow from operations in 2014.

Dividends

The final dividend has been maintained at 2.0 cents per share fully franked (2012: 2.0 cents fully franked). The final dividend will be paid on 13 December 2013. An interim dividend of 2.0 cents per share fully franked (2012: 4.0 cents fully franked) was paid on 12 July 2013.

Outlook

Despite the continued subdued trading environment, HGL's businesses have shown resilience and achieved an overall underlying EBIT result in line with last year. The Board and management remain confident in the outlook for the Group.

Our financial position remains strong and we are confident that the continued implementation of our corporate strategy will improve sales performance and deliver efficiencies enhancing profit contribution in future periods.

The board thanks every employee for their efforts during this challenging year.

21 November 2013



Peter Miller
Chairman



Henrik Thorup
Chief Executive Officer



STATUTORY REPORTS AND FINANCIAL STATEMENTS

30 SEPTEMBER

2013

STATUTORY REPORTS AND FINANCIAL STATEMENTS

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The Directors of HGL Limited (the Company or Consolidated Entity) present their annual financial report for the year ended 30 September 2013.

Directors

The names and particulars of the directors of the Company during or since the end of the financial year are:

Name	Particulars
PG Miller FCA	Chairman, 66, Non executive director since 2000. A member of the Audit Committee and Chairman of the Nomination and Remuneration Committee. Chartered Accountant with over 30 years experience in public practice.
JD Constable	Non executive director since 2003, 54. Member of Nomination and Remuneration Committee. Authorised representative of Bell Potter Securities Limited. Over 28 years experience in the stockbroking industry. Director of Hunter Hall Global Value Limited since May 2010.
KJ Eley CA, F FIN	Non executive director, 64, Executive director and Chief Executive Officer from 1985 to October 2010. Chartered Accountant. Member of the Audit Committee. Director of Po Valley Energy since June 2012. Director of Kresta Holdings Limited since April 2011. Director of Milton Corporation Limited since December 2011. Director of Equity Trustees Limited since November 2011.
FM Wolf BA (Hons), PhD	Non executive director since 2000, 60. Chairman of the Audit Committee. Current Managing Director of Abacus Property Group (appointed December 1997), with over 30 years experience in strategic planning, financing and corporate advice.
MP Mahoney ACA (England and Wales), CA	Chief Executive, 53, Resigned as director and Chief Executive Officer 1 November 2012. Over 25 years broad experience in a range of industries. Appointed Chief Executive Officer October 2010.

On 21 January 2013 H Thorup was appointed Chief Executive Officer. Mr Thorup is not a director. From 1 November 2012 until 20 January 2013 AJ Whittles acted as Chief Executive Officer. Mr Whittles is not a director.

Meetings of directors

The following table sets out the number of directors' meetings, including meetings of committees of directors, held during the financial year and the number of meetings attended by each director while they were a director or committee member.

	Board		Audit Committee		Nomination and Remuneration Committee	
	Number	Attended	Number	Attended	Number	Attended
PG Miller	12	12	4	4	3	3
JD Constable	12	12	–	–	3	3
KJ Eley	12	12	4	4	–	–
FM Wolf	12	12	4	4	–	–
MP Mahoney	–	–	–	–	–	–

Directors' interests in securities

As at the date of this report the interests of directors in the shares of the Company are as follows:

	Direct Interest	Indirect Interest
PG Miller	42,832	10,215,124
KJ Eley	3,272,998	–
FM Wolf	693,353	–
JD Constable	44,000	5,600,625

Company secretaries

Andrew Whittles ACA (England and Wales) and Peter Caldelis CA act as joint company secretaries for the Company. Mr Whittles has been an employee of the Company for 13 years. From 1 November 2012 until 20 January 2013 he acted as Chief Executive Officer as well as continuing in the role of Chief Financial Officer. Mr Caldelis has been an employee of the Company for 19 years and has been Company Secretary for 16 years.

Principal activities

The principal activity of the Consolidated Entity during the year was the distribution of branded products.

Review of operations

The Directors report a loss attributable to equity holders of the parent of \$8.9 million (2012: \$5.1 million) including reorganisation and restructuring charges of \$5.0 million (2012: \$4.6 million) incurred from transformation projects in several underperforming business units and \$3.5 million (2012: nil) of goodwill impairment. Underlying EBIT from operations increased marginally to \$0.4 million (2012: \$0.3 million). In 2013 EBIT was a loss of \$13.0 million (2012: loss \$6.8 million). The 2013 EBIT included \$9.9 million of reorganisation and restructuring charges and \$3.5 million of goodwill impairment charges. These costs are excluded from the underlying loss and comprise, \$3.7 million for inventory provisions, \$2.5 million to provide for surplus property leases and fixed assets, \$1.3 million for redundancies and associated costs and \$2.4 million for other restructuring charges. The reorganisation and restructuring charges have an effective tax rate of 30%. The impact on the Consolidated Entity of the reorganisation and restructuring charges was \$5.0 million after tax. The impact on the non controlling interest was \$1.9 million after tax.

For more detailed explanation of the operations of the Consolidated Entity refer to the Operating and Financial Review.

Dividends

The Directors have declared a final fully franked dividend of 2.0 cents per share (2012: 2.0 cents per share fully franked). Interim fully franked dividends of 2.0 cents per share were paid during the year (2012: 4.0 cents per share fully franked).

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

	2013 \$'000	2012 \$'000
Ordinary Shares		
Interim dividend paid 12 July 2013 (2012: paid 13 July 2012)	1,139	2,231
Final dividend payable 13 December 2013 (2012: paid 14 December 2012)	1,122	1,125
	2,261	3,356

Included in the above are dividends paid on equity settled options issued under the Employee Share Scheme. Refer to Note 22 in the financial statements for more details on the Scheme.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) was established by the Directors to provide shareholders with the opportunity of reinvesting their dividends in ordinary shares in the Company. The Directors have resolved for the final dividend payable on 13 December 2013, shares will be allotted to eligible shareholders participating in the DRP with nil discount (2012: nil) from the market price of the Company's shares as defined in the DRP. No brokerage is payable if shares are allotted under the DRP. During the year the total number of shares issued under the DRP was 1,398,750 (2012: 968,899). This includes nil (2012: 237,522) DRP shares issued on equity settled options under the Employee Share Scheme. Refer to note 22 in the financial statements for more details on the Scheme.

Share buy-back

The Company operates an unlimited duration on-market share buy-back. During the year no ordinary shares were acquired pursuant to the buy-back (2012: no shares were acquired).

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which have significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, in subsequent financial years, other than those referred to in the Operating and Financial Review and in Note 33 to the Financial Statements.

Significant changes in the state of affairs and future developments

There were no significant changes in the state of affairs of the Consolidated Entity other than those referred to in the Operating and Financial Review. Likely developments in operations and operating results are detailed in the Operating and Financial Review.

Auditor independence and non audit services

The Directors have received an independence declaration from the auditor, a copy is on page 18. The auditors of the Consolidated Entity have not provided any non audit services in the years ended 30 September 2013 or 2012. The Directors are satisfied that the nature and scope of the non audit services did not compromise auditor independence and the services are compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

REMUNERATION REPORT – AUDITED

The remuneration report provides an overview of the Consolidated Entity's remuneration policies and practices and explains the links between rewards and Company performance. The report also gives detailed information about the remuneration arrangements for the key management personnel of the Company.

Principles of remuneration

The Consolidated Entity's executive remuneration strategy seeks to match the goals of the key management personnel to those of the shareholders. This is achieved through combining market levels of guaranteed remuneration with incentive payments. These incentive payments are only paid on attainment of previously agreed performance targets.

Remuneration packages are reviewed with due regard to performance and other relevant factors. In order to retain and attract executives of sufficient calibre to facilitate the effective and efficient management of the Company's operations the Nomination and Remuneration Committee, when necessary, seeks the advice of external advisers in connection with the structure of remuneration packages.

Structure and Remuneration of Directors and Executives

2013	Short term employee benefits			Post employment benefits	Long term employee benefits	Payment in lieu of notice	Total
	Salary/fees \$	Incentive \$	Non monetary and other benefits \$	Superannuation \$			
H Thorup	262,981	45,000	8,523	17,532	4,678	–	338,714
AJ Whittles	249,167	–	–	25,000	4,498	–	278,665
MP Mahoney ¹	63,545	–	–	2,194	510	175,000	241,249
PS Caldelis	134,267	–	30,000	12,168	3,015	–	179,450
S Quilter ²	146,250	–	13,088	13,163	2,438	–	174,939
PG Miller	100,860	–	–	9,140	–	–	110,000
JA Pidcock ³	67,500	–	–	6,250	1,226	–	74,976
FM Wolf	68,518	–	–	1,482	–	–	70,000
KJ Eley	55,014	–	–	4,986	–	–	60,000
JD Constable	54,014	–	–	5,986	–	–	60,000
	1,202,116	45,000	51,611	97,901	16,365	175,000	1,587,993

¹ resigned 1 November 2012

² ceased to be a Group Executive when appointed CEO of BLC Cosmetics 1 July 2013

³ appointed 1 July 2013

2012	Short term employee benefits			Post employment benefits	Long term employee benefits	Payment in lieu of notice	Total
	Salary/fees \$	Incentive \$	Non monetary and other benefits \$	Superannuation \$			
MP Mahoney	306,249	–	27,802	15,949	5,831	–	355,831
AJ Whittles	245,000	–	9,051	15,949	5,217	–	275,217
PS Caldelis	154,354	–	13,429	13,217	3,853	–	184,853
PG Miller	100,917	–	–	9,083	–	–	110,000
FM Wolf	70,000	–	–	–	–	–	70,000
KJ Eley	55,046	–	–	4,954	–	–	60,000
JD Constable	55,046	–	–	4,954	–	–	60,000
S Quilter	35,408	–	–	2,925	393	–	38,726
	1,022,020	–	50,282	67,031	15,294	–	1,154,627

Non executive Directors

Non executive Directors are remunerated by fees with the aggregate limit approved by shareholders from time to time. The remuneration of non executive Directors does not depend on company performance. Currently, the aggregate amount of Directors' fees will not exceed \$500,000 per annum. Directors' fees can be paid as superannuation contributions.

Executives

The key management personnel of the company, listed below, are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. MP Mahoney resigned as Chief Executive Officer due to ill health on 1 November 2012 and in accordance with his employment contract received \$175,000 being 6 months remuneration in lieu of notice.

On 21 January 2013 H Thorup was appointed Chief Executive Officer. H Thorup's remuneration is \$400,000 including superannuation. In addition, Mr Thorup, is entitled to reimbursements of up to \$16,500 per annum. These reimbursements include communication costs, life and medical insurance policies and financial and tax planning services. Mr Thorup has a 12 month notice period.

From 1 November 2012 to 20 January 2013 AJ Whittles, the Chief Financial Officer, acted as Chief Executive Officer while the company searched for a suitable replacement. AJ Whittles total fixed remuneration of \$270,000 including superannuation was not changed as a result of this appointment.

On 1 July 2013 JA Pidcock was appointed HGL Chief Operations Officer. JA Pidcock's total fixed remuneration is \$295,000 including superannuation and he has a 3 month notice period.

Terms of employment are formalised in employment letters to each of the executive key management personnel. There are no fixed term contracts in place. The payment of any termination benefit is at the discretion of the Nomination and Remuneration Committee.

Name of key management personnel	Office
PG Miller	Non Executive Chairman
FM Wolf	Non Executive Director
JD Constable	Non Executive Director
KJ Eley	Non Executive Director
H Thorup	HGL Chief Executive Officer (Appointed 21 January 2013)
AJ Whittles	HGL Chief Financial Officer/Acting Chief Executive Officer (1 November 2012 to 20 January 2013)
JA Pidcock	HGL Chief Operations Officer (Commenced 1 July 2013)
PS Caldelis	Joint Company Secretary
MP Mahoney	HGL Chief Executive Officer and Director (Resigned 1 November 2012)
S Quilter*	HGL Sales and Marketing (Resigned 30 June 2013)

* S Quilter was appointed CEO of BLC Cosmetics on 1 July 2013.

Components of remuneration

Not at risk remuneration

Base remuneration is structured as a total employment package paid in cash and benefits at the executive's discretion and includes superannuation contributions. Base remuneration is reviewed but not necessarily increased each year. The base remuneration is at market rates for the role and the individual. Total remuneration above the market rate can be achieved through the attainment of previously agreed performance targets.

Long term employee benefits is the amount of long service leave entitlements accrued during the year.

At risk remuneration

The Nomination and Remuneration Committee has reviewed the performance of the key management personnel employed at the year end. Mr H Thorup was paid an incentive of \$45,000 in September 2013 on the achievement of key elements of the strategy plan. A short term incentive scheme for AJ Whittles, JA Pidcock and PS Caldelis was not put in place for 2013 or 2012 and no incentives were paid or accrued.

Relationship between the remuneration policy and company performance

Short term incentives are largely determined by the profits of the Consolidated Entity so aligning the incentive of the executive with the creation of value for the HGL shareholders. No portion of any incentive schemes are solely linked to the HGL share price. Instead incentives are based primarily on underlying profit as an increase in the underlying profit leads to an increase in the dividend. The Board is focused on increasing shareholder value through increasing dividends.

The table below sets out summary information about the Consolidated Entity's earnings and dividends for the 5 years to September 2013:

	30 September 2013 \$'000	30 September 2012 \$'000	30 September 2011 \$'000	30 September 2010 \$'000	30 September 2009 \$'000
Underlying profit/(loss) attributable to equity holders	(421)	(457)	7,150	6,767	5,003
Items excluded from underlying profit/(loss)	(8,500)	(4,692)	(9,575)	6,649	2,969
Underlying earnings per share (cents)	(0.8)	(0.9)	13.9	13.3	10.0
Dividend per share (cents)	4.0	6.0	11.5	11.0	8.0

Employee Share Scheme

The Directors believe that it is important to link the remuneration of eligible key management personnel to the long term success of the Company by supporting the acquisition of shares through the Company's Employee Share Scheme (Scheme). The Scheme rules are posted on the HGL website, www.hgl.com.au. The maximum number of shares in the Scheme is 10% of HGL's total issued shares. At 30 September 2013 Scheme Shares were 6.6% (2012: 9.9%) of total issued shares.

To enable each of the eligible key management personnel to acquire shares non recourse loans (Scheme Loans) were made in accordance with the terms of the Scheme. As at 30 September 2013 there were 3,722,177 Scheme Shares (2012: 5,554,823) and Net Scheme Loans of \$5,119,317 (2012: \$7,463,398). The interest rate on the Scheme Loans is equal to the dividends paid by HGL on Scheme Shares. There are no amounts for share based payments in the remuneration report as these amounts have all been expensed in prior periods.

Following the resignation on 1 November 2012 of MP Mahoney as a Director and Chief Executive Officer and in accordance with the Employee Share Scheme rules 1,547,404 shares at the market price of \$0.5272 per share were bought back by the Company and cancelled. At 30 September 2013 MP Mahoney is not a participant in the Employee Share Scheme.

Refer to Note 22 in the financial statements for more detail on the Scheme.

END OF REMUNERATION REPORT

Indemnification of directors, officers and auditors

During the year, the Company purchased Directors' and Officers' Liability Insurance to provide cover in respect of claims made against the directors and officers in office during the financial year and at the date of this report, as far as is allowable by the Corporations Act 2001. The policy also covers the Company for reimbursement of directors' and officers' expenses associated with such claims if the defence to the claim is successful. The total amount of insurance premium paid and the nature of the liability are not disclosed due to a confidentiality clause within the agreement. As at the date of this report, no amounts have been claimed or paid in respect of this indemnity and insurance, other than the premium referred to above. The Company has not otherwise, during or since the end of the financial period, indemnified or agreed to indemnify an officer or the auditor of the Company against a liability incurred as an officer or auditor.

Rounding of amounts

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100 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, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act 2001.

For and on behalf of the Board of Directors of HGL Limited:



PG Miller
Chairman



FM Wolf
Director

Sydney 21 November 2013



Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
HGL Limited
Level 11, 280 George Street
Sydney NSW 2000

21 November 2013

Dear Board Members

HGL Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of HGL Limited.

As lead audit partner for the audit of the financial statements of HGL Limited for the financial year ended 30 September 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

A handwritten signature in dark ink, appearing to read "Tara Hill", written over a light blue horizontal line.

Tara Hill
Partner
Chartered Accountants

The Board of Directors of HGL Limited is responsible for the corporate governance of the Company and its Controlled Entities (HGL) and to ensure HGL is directed and managed appropriately. The Board guides and monitors the business and affairs of the Consolidated Entity on behalf of shareholders, by whom they are elected and to whom they are accountable. The Board and management are committed to ensuring control systems are commensurate with the risks that HGL is exposed to. This corporate governance statement summarises the practices and policies in place during the year ended 30 September 2013. For ease of reference this statement has been presented consistently with the eight ASX Corporate Governance Principles. On at least an annual basis, the Board reviews these practices and policies to ensure they continue to assist HGL with its corporate governance. Various policies and charters have been posted to the website www.hgl.com.au.

Principle 1 – Lay solid foundations for management and oversight

The primary functions and responsibilities of the Board are as follows:

- establishing the long-term goals for the Company and the review of strategic and operational plans to achieve those goals;
- appointment of the Chief Executive;
- allocating capital and funding;
- reviewing and adopting the annual budgets of the Company and all its controlled entities;
- monitoring the performance of the Company and its controlled entities against the budget and strategic plans;
- ensuring adequate systems of internal control and risk management have been designed and implemented;
- approving the half year and annual financial reports;
- ensuring effective external disclosure policies so that the market is fully informed on all matters that may influence the share price; and
- monitoring corporate governance.

The responsibility for the operation and administration of the Consolidated Entity is delegated by the Board to the Chief Executive and his executive team. The Board ensures that this team is appropriately qualified and experienced to discharge this responsibility. The Board is responsible for ensuring that management's objectives are aligned with the expectations and the risks identified by the Board. The Company has in place a process for evaluating the performance of senior executives. The Chief Executive reviews the performance of senior executives and presents to the Nomination and Remuneration Committee on this review. A performance review of senior executives took place during the year.

Principle 2 – Structure the Board to add value

At the date of this report the Board is comprised of four non executive Directors. Mr FM Wolf is the sole independent director as defined in the ASX Corporate Governance Principles and Recommendations. The board does not have a majority of independent directors.

As the Chairman of the Board is associated with a substantial shareholder (Sery Pty Limited and its associates) he is not deemed independent in accordance with the Corporate Governance Principles and Recommendations. The Chairman is on the board of Sery Pty Limited and a number of its associates but he does not benefit financially from their shareholdings in HGL Limited.

The Board has established a Nomination and Remuneration Committee. At the date of this report the Committee consists of PG Miller (Chairman) and JD Constable.

The primary functions of the Nomination and Remuneration Committee are to review:

- the composition of the Board on a regular basis and make recommendations to the Board, when considered necessary, to ensure that the Board comprises a majority of non-executive Directors with the appropriate mix of skills and experience; and
- the remuneration packages of all Directors, the Chief Executive and senior HGL managers annually and make recommendations to the Board.

The Board has considered its composition and believes the current composition is in the interests of shareholders.

Annually the Chairman assesses the performance of the Directors and the performance of the Board committees.

All Directors have the right to seek independent legal and financial advice, at the expense of the Company, concerning any aspect of the Consolidated Entity's operations or undertakings. However, prior approval of the Chairman is required, which is not unreasonably withheld.

Principle 3 – Promote ethical and responsible decision making

The Board has a Code of Conduct and a Share Trading Policy.

Code of conduct

The overriding principle of the Code of Conduct is that all business affairs must be conducted legally and ethically. A copy of the Code of Conduct is posted on the HGL website.

Share trading policy

Other than from 1 April or 1 October until the day after the release of half or full year results, the Directors and employees of the Company are permitted to deal in the securities of the Company at any time, subject to the insider trading provisions of the Corporations Act. The insider trading provisions of the Corporations Act have been drawn to the attention of all Directors and employees of the Company. Prior to dealing in HGL shares Directors and employees must notify the Chairman of the number of shares involved, the proposed date of the transaction and whether it is a sale or a purchase. The Directors and employees must consider any views expressed by the Chairman. Notification to the Chairman does not constitute approval. It is the responsibility of the person dealing in the HGL shares to ensure it does not constitute insider trading and to ensure the proposed dealing preserves the reputation of each of HGL, the Directors and employees and is not only fair but seen to be fair. Dealings of the Chairman must be notified to the Chairman of the Audit Committee. The share trading policy relates not only to those HGL shares held directly but also to HGL shares where the Director or employee of HGL has in substance, rather than form, the ability or power, whether direct or indirect, to dominate the decision about the trading of HGL shares.

A copy of the Share Trading Policy is posted on the HGL website.

Diversity Policy

The Board recognises the values of a diverse workplace. A diverse workforce is one that recognises and embraces the value that different people can bring to a company through their gender, age, ethnicity, cultural background, marital status, sexual orientation and religious beliefs.

The Board believes that promoting a diverse workforce:

- Enables HGL to achieve improved outcomes by benefiting from the differing perspectives and expertise that people from diverse backgrounds bring to their roles;
- Better represents the diversity of the HGL shareholders; and
- Is consistent with HGL's broader responsibilities.

HGL, being a supplier of market leading branded products and services into specialist markets by nature requires a diverse workforce to enable the business units to service our diverse customer base. The Board believes that by having a workforce that is considered according to their skills, qualification, abilities and aptitudes without regard to factors that are irrelevant to the employees' skill or ability to perform the role will provide the business the best means of growth.

The diversity policy is available on the HGL website. The Board is responsible for setting specific gender diversity objectives and the metrics designed to measure the achievement of those objectives. Measurement of progress towards these diversity objectives is measured by the Board annually.

The objectives and progress made is detailed below:

Objectives	Progress in achieving objectives
Encourage a diverse workforce at all levels of the Company	- The company supports the promotion of women to board and management roles. Currently there are no female board members. - As at 30 September 43% of the workforce were female. 23% of employees who earn greater than \$100,000 are female.
Promote a safe work environment by taking action against inappropriate workplace and business behaviour	The board takes action against discrimination and harassment within the Company.
Ensure appointments are based on merit	- The best person is appointed regardless of age, gender or ethnicity. - During the financial year 48% of new employees were female.
Provide training and professional development opportunities to all employees	Appropriate training is provided and available to all employees.

Principle 4 – Safeguard integrity in financial reporting

It is the Board's ultimate responsibility to ensure that effective internal controls exist within the Consolidated Entity. To this end the Board established an Audit Committee. At the date of this report the Committee consists of FM Wolf (Chairman), KJ Eley and PG Miller all of whom are non executive directors.

The Chairman of this committee is an independent director. Committee meetings are usually held at least three times a year. A copy of the charter of the Committee is posted on the HGL website.

The functions of the Committee are to:

- consider the half year and annual financial reports before they are approved by the Board;
- review the appointment of the external auditors, the terms of their engagement, the scope and quality of the audit and the auditor's independence;
- establish and maintain the framework of internal control; and
- ensure compliance with statutory, Australian Securities Exchange and other reporting requirements.

The Audit Committee generally invites the Chief Executive, Chief Financial Officer, Company Secretary and external auditors to attend Audit Committee meetings.

The external auditors can meet privately with the committee. The partner managing the audit was appointed in 2013 and will be rotated after a maximum of five years. It is the policy of the external auditors to provide an annual declaration of their independence to the Committee.

Principle 5 – Make timely and balanced disclosure

The Board recognises its continuous disclosure obligations. The Board is committed to ensuring all investors have equal and timely access to material information about the Company and that announcements made by the Company are accurate, balanced and presented in a clear fashion. A copy of the continuous disclosure policy is posted on the HGL website.

Principle 6 – Respect the rights of shareholders

The Board aims to ensure that shareholders, on whose behalf they act, are informed of all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- compliance with Australian Securities Exchange reporting and disclosure requirements;
- the Company's website;
- the annual and interim reports; and
- the Annual General Meeting and any other meetings so called to obtain approval for Board action as appropriate.

HGL creates and distributes to all shareholders an overview of the half year and full year results. These are also made available through the HGL website.

A representative from the external auditor attends the Annual General Meeting and is available to answer shareholder questions about the conduct of the audit and preparation and content of the auditor's report.

Principle 7 – Recognise and manage risk

The Board is responsible for ensuring the Company's risk management systems are effective. There are a number of material business risks that could impact the performance of the Company. There are risks that are specific to the Company and also those which are general business risks, for example movements in foreign exchange rates, which are beyond the control of the Company.

Calculated risk taking is an essential part of business. The Company has policies and procedures to manage risk. Some of the controls across the business include:

- annual budgeting and monthly reporting;
- the Board has sole discretion to approve any proposed material business acquisition. Proposed new business acquisitions are analysed by management, this includes a risk assessment and

extensive due diligence. Businesses that meet the Company's return and risk parameters are presented in a formal proposal document to the Board for consideration;

- policies and procedures for the management of financial risk, including movements in foreign exchange and interest rates;
- reviews of material existing and new customer and supplier arrangements;
- debtor and inventory reviews; and
- internal control questionnaires completed by management as part of the half year and year end financial reporting process.

Risks and the management of risks are not static. Management and the Board regularly review both. A copy of the risk management policy is posted to the HGL website.

The Chief Executive and Chief Financial Officer confirm in writing that, to the best of their knowledge:

- the Company's financial report presents a true and fair view of the Company's financial condition and operating results and is in accordance with applicable accounting standards;
- the Company's financial records for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001; and
- the integrity of the financial records and systems is founded on a sound system of risk management and internal compliance and control which operates efficiently and effectively in all material respects.

The Board has received the above assurances for this financial year.

Principle 8 – Remunerate fairly and responsibly

The Board has established a Nomination and Remuneration Committee. At the date of this report the Committee consists of PG Miller (Chairman) and JD Constable. The principle is to reward for performance. An overview of the executive incentive schemes is described in the remuneration report. The functions and responsibilities of the Committee have been summarised under principle 2. The attendance of committee members is detailed in the directors' report. There are no retirement benefits, other than superannuation, for non executive directors.

STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

		CONSOLIDATED	
	NOTE	2013 \$'000	2012 \$'000
Sales revenue	2	105,298	118,237
Cost of sales	2	(57,738)	(66,579)
Gross profit		47,560	51,658
Other revenue	2	206	426
Share of associates' profit		–	302
Sales, marketing and advertising expenses		(15,681)	(19,219)
Freight and distribution expenses		(5,342)	(5,657)
Administration expenses		(21,775)	(22,401)
Occupancy expenses		(4,366)	(4,424)
Reorganisation and restructuring charges	2	(9,894)	(7,069)
Impairment of BLC Cosmetics goodwill	8	(3,500)	–
Finance costs		(364)	(359)
Loss before tax		(13,156)	(6,743)
Income tax benefit	3	2,760	2,142
Loss for the period		(10,396)	(4,601)
Attributable to			
Equity holders of the parent		(8,921)	(5,149)
Non controlling interests		(1,475)	548
		(10,396)	(4,601)
		CENTS	CENTS
Basic earnings per share	21	(16.8)	(9.9)
Diluted earnings per share	21	(16.8)	(9.9)

Notes to the financial statements are included on pages 27 to 53.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	NOTE	CONSOLIDATED 2013 \$'000	2012 \$'000
Loss for the period		(10,396)	(4,601)
Other comprehensive income, net of income tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		80	(157)
Release of reserve on disposal of controlled entity	25	–	567
Other comprehensive income for the period, net of income tax		80	410
Total comprehensive income for the period		(10,316)	(4,191)
Total comprehensive income attributable to			
Equity holders of the parent		(8,841)	(4,739)
Non controlling interests		(1,475)	548
		(10,316)	(4,191)

Notes to the financial statements are included on pages 27 to 53.

BALANCE SHEET

AS AT 30 SEPTEMBER 2013

		CONSOLIDATED	
	NOTE	2013 \$'000	2012 \$'000
Current assets			
Cash and cash equivalents		5,120	7,594
Trade and other receivables	4	18,766	21,547
Inventories	5	19,172	24,034
Current tax assets	12	30	1,779
Total current assets		43,088	54,954
Non current assets			
Other financial assets	7	666	975
Property, plant and equipment	9	4,347	4,326
Intangible assets	8	16,396	19,896
Deferred tax assets	13	10,776	7,401
Total non current assets		32,185	32,598
Total assets		75,273	87,552
Current liabilities			
Trade and other payables	10	15,385	15,602
Borrowings	11	2,851	2,329
Provisions	14	4,053	2,606
Total current liabilities		22,289	20,537
Non current liabilities			
Borrowings	11	167	255
Provisions	14	1,284	2,412
Total non current liabilities		1,451	2,667
Total liabilities		23,740	23,204
Net assets		51,533	64,348
Equity			
Issued capital	16	36,624	36,027
Reserves	18	1,424	1,344
Retained earnings	17	5,198	16,236
Equity attributable to the parent entity		43,246	53,607
Non controlling interests	15	8,287	10,741
Total equity		51,533	64,348

Notes to the financial statements are included on pages 27 to 53.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	RESERVES						TOTAL	NON CONTROLLING INTEREST	TOTAL EQUITY
	ISSUED CAPITAL	LAND AND BUILDINGS	FOREIGN CURRENCY	EMPLOYEE SHARE SCHEME	OTHER	RETAINED EARNINGS			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000			
CONSOLIDATED 2013									
Balance at beginning of year	36,027	–	(197)	2,442	(901)	16,236	53,607	10,741	64,348
Loss after income tax benefit	–	–	–	–	–	(8,921)	(8,921)	(1,475)	(10,396)
Other comprehensive income for the period									
Translation of overseas controlled entities	–	–	80	–	–	–	80	–	80
Total comprehensive income for the period	–	–	80	–	–	(8,921)	(8,841)	(1,475)	(10,316)
Dividend paid (Note 15 and 19)	–	–	–	–	–	(2,117)	(2,117)	(979)	(3,096)
ESS shares issued (Note 16)	93	–	–	–	–	–	93	–	93
Shares issued under DRP (Note 16)	728	–	–	–	–	–	728	–	728
ESS Shares bought back and cancelled (Note 16)	(224)	–	–	–	–	–	(224)	–	(224)
Balance at end of year	36,624	–	(117)	2,442	(901)	5,198	43,246	8,287	51,533
CONSOLIDATED 2012									
Balance at beginning of year	35,249	930	(607)	2,442	(613)	25,383	62,784	15,913	78,697
Loss after income tax benefit	–	–	–	–	–	(5,149)	(5,149)	548	(4,601)
Other comprehensive income for the period									
Transfer of reserves on disposal of land and buildings	–	(930)	–	–	–	930	–	–	–
Release of reserve on disposal (Note 25)	–	–	567	–	–	–	567	–	567
Translation of overseas controlled entities	–	–	(157)	–	–	–	(157)	–	(157)
Total comprehensive income for the period	–	(930)	410	–	–	(4,219)	(4,739)	548	(4,191)
Dividend paid (Note 15 and 19)	–	–	–	–	–	(4,928)	(4,928)	(1,359)	(6,287)
ESS shares issued (Note 16)	90	–	–	–	–	–	90	–	90
Shares issued under DRP (Note 16)	688	–	–	–	–	–	688	–	688
Disposal of non controlling interest (Note 25)	–	–	–	–	–	–	–	(3,946)	(3,946)
Purchase of non controlling interest (Note 26)	–	–	–	–	(288)	–	(288)	(415)	(703)
Balance at end of year	36,027	–	(197)	2,442	(901)	16,236	53,607	10,741	64,348

Notes to the financial statements are included on pages 27 to 53.

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	NOTE	CONSOLIDATED 2013 \$'000	2012 \$'000
Cash flows from operating activities			
Receipts from customers		118,784	133,619
Payments to suppliers and employees		(118,983)	(132,783)
Income tax refund/(paid)		1,097	(4,346)
Interest received		206	425
Interest paid		(364)	(359)
Net cash inflow/(outflow) from operating activities	30	740	(3,444)
Cash flows from investing activities			
Payment for purchase of property, plant and equipment		(2,084)	(3,095)
Proceeds from sale of property, plant and equipment		486	1,677
Proceeds from the sale of controlled entity and associates	25	–	5,959
Payment for purchase of non controlling interest	26	–	(704)
Cash in disposed entity	25	–	(49)
Net cash inflow/(outflow) from investing activities		(1,598)	3,788
Cash flows from financing activities			
Proceeds from borrowings		814	1,376
Repayment of borrowings		(64)	(293)
Dividends paid			
Members of the parent entity		(1,389)	(4,240)
Non controlling interest		(979)	(1,359)
Net cash outflow from financing activities		(1,618)	(4,516)
Net decrease in cash held		(2,476)	(4,172)
Cash and cash equivalents at the beginning of the financial year		7,594	11,762
Effects of exchange rate changes on the balance of cash held in foreign currencies		2	4
Cash and cash equivalents at the end of the financial year		5,120	7,594

Notes to the financial statements are included on pages 27 to 53.

1 - Summary of Significant Accounting Policies

Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and other requirements of the law.

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting judgements and key sources of estimation uncertainty

In the application of Accounting Standards including Australian equivalents to International Financial Reporting Standards (AIFRS) management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies for the Consolidated Entity's intangible assets and inventories are set out below:

Note 5 – Inventories. The key assumptions in estimating net realisable value require the use of management judgement and are reviewed annually. In making their judgement in 2013 the directors have closely reviewed the Consolidated Entity's inventories as the execution of the GPS Strategy Plan has involved exiting inventory lines to reduce business complexity and lowering the cost of doing business. The project is progressing and with the performance of a detailed inventory review the directors are confident of the carrying value of inventory. The project will continue to be reviewed and adjustments made in future periods if reviews conclude that such adjustments are necessary.

Note 8 – Intangibles. Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cashflows expected to arise from the cash generating unit and a suitable discount rate to calculate present value.

The key assumptions for the value in use calculations are those regarding discount rates, long term growth rates, expected changes in margins and expenses. The assumptions regarding long term growth rates, together with changes in margins and expenses are based on past experience and expectations of changes in the market. The key assumptions will be closely monitored and adjustments made in future periods if such adjustments are appropriate.

The carrying amount of goodwill at 30 September 2013 was \$16.4 million (2012: \$19.9 million) after an impairment loss of \$3.5 million was recognised during 2013 (2012: nil). Details of the impairment loss are set out in Note 8.

Statement of compliance

Compliance with AIFRS ensures that the financial statements and notes of the Consolidated Entity comply with International Financial Reporting Standards (IFRS).

The financial statements were authorised for issue by the directors on 21 November 2013.

(a) Principles of consolidation

The Company and its controlled entities together are referred to in these financial statements as the "Consolidated Entity". The consolidated financial statements are prepared by combining the financial statements of all entities that comprise the Consolidated Entity, being HGL Limited (the Company) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceed the cost of acquisition, the deficiency is credited to profit or loss in the period of acquisition. The effects of all transactions between entities included in the consolidated financial statements are eliminated in full.

Non controlling interests are shown separately in the consolidated profit or loss statement and consolidated balance sheet.

Where controlled entities are acquired, their results are included only from the date control commenced. For controlled entities disposed of, their results are included up to the date control ceased.

(b) Intangible assets

Intangible assets acquired in a business combination

All potential intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair value can be measured reliably.

Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in profit or loss and cannot subsequently be reversed.

In the event that settlement of all or part of the purchase consideration is deferred or is dependent on future events the cost is determined by discounting the best estimate of amounts payable in the future to their present value as at the date of acquisition.

(c) Impairment of assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill cannot subsequently be reserved.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease, to the extent of any existing revaluation reserve in respect of the same class of asset.

For any asset other than goodwill, where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior years. A reversal of an impairment loss is recognised in the profit or loss statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(d) Financial assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, net of transaction costs.

Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements. Subsequent to initial recognition, investment in subsidiaries are measured at cost in the company financial statements.

Other financial assets are classified as either available for sale financial assets or loans and receivables according to the nature and purpose of the financial assets. This determination is made at the time of initial recognition.

Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment.

(e) Financial instruments issued by the company and Consolidated Entity

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials, direct labour and an appropriate portion of overheads. Cost is based on a weighted average cost. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(g) Property, plant and equipment

Land and buildings are measured at fair value. Fair value is determined on the basis of independent valuation prepared by external valuation experts. The fair values are recognised in the financial statements of the Consolidated Entity and are reviewed at the end of each reporting period to ensure that the carrying value of land and buildings is not materially different from their fair values.

Any revaluation increase arising on the revaluation of land and buildings is credited to the land and buildings revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the profit or loss statement to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land and buildings is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the land and buildings revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale, the attributable revaluation surplus remaining in the land and buildings revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

(h) Depreciation

Buildings are depreciated over their estimated useful lives using the straight line method. Items of plant and equipment are depreciated over their estimated useful lives using the reducing balance method. The estimated useful lives and depreciation method is reviewed at the end of each reporting period.

The following estimated useful lives are used in the calculation of depreciation: buildings – 40 years; plant and equipment – 3 to 10 years; and leased plant and equipment – 3 to 5 years. The cost of improvements to or on leasehold properties is depreciated over the lesser of the period of the lease or the estimated useful life of the improvement.

(i) Leased assets

Finance leases, which effectively transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of leased items, are capitalised at the lower of fair value or present value of the minimum lease payments, disclosed as property, plant and equipment and amortised over the period during which the Consolidated Entity is expected to benefit from use of the leased assets.

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits incidental to ownership of the leased items, are charged to the profit or loss statement in the period in which they are incurred.

(j) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and are capable of being measured reliably. Employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at time of settlement. Employee benefit provisions, which are not expected to be settled within 12 months, are measured at the present value of the estimated future cash outflows to be made by the Consolidated Entity in respect of services provided by employees up to the reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

(k) Share based payments

Equity settled share based payments granted after 7 November 2002 that were unvested as of 1 January 2005, are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period.

(l) Revenue recognition

Service contract revenue is brought to account by reference to the expired period of the contract. Amounts received and receivable in relation to the unexpired period of contracts at year end are treated as deferred revenue. Revenue from the sale of goods and profit on the disposal of other assets is recognised when the Consolidated Entity has transferred to the buyer the significant risks and rewards of ownership of the goods or assets. Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(m) Derivative financial instruments

The Consolidated Entity enters into a variety of derivative financial instruments to manage its exposure to financial risk, including foreign exchange contracts and interest rate instruments.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The Consolidated Entity has elected not to adopt hedge accounting under AASB 139. Any material changes in the fair value of any derivative instruments are recognised immediately in the profit or loss statement.

(n) Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into Australian currency at the rate of exchange at the date of the transaction. Amounts receivable or payable in foreign currencies are translated at the rates of exchange ruling at balance date. The resulting exchange differences are brought to account in determining the profit or loss for the year.

Translation of foreign controlled entities

For the Consolidated Entity's foreign operations, the assets and liabilities are translated into Australian currency at rates of exchange current at balance date while their revenue and expenses are translated at the average rates ruling during the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve and are recognised in the profit or loss statement on disposal of the foreign operation.

(o) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability or asset to the extent that it is unpaid or refundable.

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences and unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Consolidated Entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset and liability giving rise

to them are realised or settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated Entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Consolidated Entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit or loss statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Tax consolidation

The Company and its wholly owned Australian controlled entities have entered into tax funding and tax sharing agreements.

The head entity, HGL Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right, adjusted for intercompany transactions.

In addition to the current and deferred tax amounts, HGL Limited also recognises the current tax liabilities (or assets) and the deferred tax assets from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities, recorded at the tax equivalent amount, arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

(p) Accounts payable

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

(q) Borrowings

Borrowings, are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost using the effective interest method.

(r) Cash

For purposes of the cash flow statement, cash includes deposits at call which are readily convertible to cash on hand and which are used in the cash management function on a day-to-day basis, net of outstanding bank overdrafts.

(s) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be measured reliably. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(t) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority; and
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(u) AASB Accounting Standards issued but not yet effective

The following accounting standards have been issued by the AASB but have not been adopted by the Consolidated Entity as they are not effective until annual reporting periods beginning on or after 1 January 2013 except where stated otherwise:

- AASB 9 Financial Instruments - effective on or after 1 January 2015. Initial application expected for financial year ending 30 June 2016. Introduces new requirements for classifying and measuring financial assets. The proposed changes that may impact on the Consolidated Entity include the requirement to measure all instruments, other than debt instruments and investments in equity instruments, at fair value with changes recognised in the profit or loss; and the concept of 'embedded derivatives' does not apply to financial assets within the scope of the standard and the entire instrument must be classified and measured in accordance with the above guidelines.
- AASB 10 'Consolidated Financial Statements'
- AASB 11 'Joint Arrangements'
- AASB 12 'Disclosure of Interests in Other Entities'

- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'
- AASB 127 'Separate Financial Statements' (2011)
- AASB 128 'Investments in Associates and Joint Ventures' (2011)
- AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'. Effective on or after 1 July 2013.
- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-3 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'. Effective on or after 1 January 2014. Initial application expected for financial year ending 30 June 2015.
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'

The initial application of these Standards is expected for the financial year ending 30 September 2014 except where stated otherwise. While management are in the process of evaluating the effect of these Standards on the amounts and disclosures reported in the financial statements, the impact is not expected to be material.

There are no other accounting standards issued by the AASB that are expected to have a material impact on the Company or Consolidated Entity.

(v) Adoption of revised AASB Accounting Standards

In the current year, the Consolidated Entity has adopted AASB 2011-9 "Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income".

The amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

- (a) items that will not be reclassified subsequently to profit or loss; and
- (b) items that may be reclassified subsequently to profit or loss, when specific conditions are met.

Income tax on items of other comprehensive income is required to be allocated on the same basis.

	NOTE	CONSOLIDATED 2013 \$'000	2012 \$'000
2 - Profit from operations			
a) Revenue			
Sales revenue		105,298	118,237
Interest			
Financial institutions		136	257
Employee share scheme - key management personnel		70	169
		105,504	118,663

b) Profit/(loss)

Profit/(loss) before income tax has been arrived at after crediting/(charging) the following gains and losses:

Reorganisation and restructuring charges

Inventory restructuring provisions		(3,650)	(2,109)
Lease and fixed asset restructuring provision		(2,486)	(459)
Redundancies		(1,270)	(240)
Impairment of interest bearing loans to key management personnel		(29)	(1,022)
Other restructuring charges		(2,459)	(2,409)
Loss on disposal of controlled entity and associates	6 and 25	–	(830)
		(9,894)	(7,069)
Loss on sale of property, plant and equipment		(124)	(421)
Foreign exchange gain		658	557

Reorganisation and restructuring charges totalling \$9.9 million (2012: \$7.1 million) were incurred in the year and are excluded from underlying earnings before interest and tax. Reorganisation and restructuring charges have an effective tax rate of 30%. Anitech and Leutenegger suffered inventory charges totalling \$3.7 million due to lower sales and the decision to exit inventory lines to reduce business complexity and the cost of doing business. Rationalisation of locations within Anitech and SPOS led to surplus property leases and fixed asset charges of \$2.5 million. Redundancies across Anitech, SPOS, Leutenegger and BLC Cosmetics totalled \$1.3 million. The other restructuring charges totalling \$2.4 million were incurred across Anitech, SPOS and Leutenegger and arose as part of the transformation initiatives to address internal performance issues. In 2012 all the reorganisation and restructuring charges were incurred by SPOS.

The impact on the Consolidated Entity of the reorganisation and restructuring charges was \$5.0 million after tax, the impact on non controlling interests was \$1.9 million after tax.

c) Expenses

Cost of sales		57,738	66,579
Interest			
Associates		23	31
Financial institutions		307	267
Finance charges relating to finance leases		34	61
		364	359

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
2 - Profit from operations CONTINUED		
Depreciation		
Buildings	–	5
Leased plant and equipment	99	194
Leasehold improvements	16	22
Plant and equipment	1,338	1,355
	1,453	1,576
Employee benefits expense		
Salary and wages	27,064	30,499
Defined contribution superannuation plans	1,999	2,222
	29,063	32,721
Doubtful debts arising from customers	59	719
Writedown of inventory to net realisable value	3,878	2,340
Operating lease expenses - minimum lease payments	4,350	4,417

3 - Income tax

a) Income tax recognised in profit/(loss)

Tax benefit comprises

Current year tax expense/(benefit)	546	(164)
Prior year under provision	69	279
Deferred tax benefit	(3,375)	(2,257)
	(2,760)	(2,142)

The prima facie income tax benefit on the pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:

Prima facie income tax benefit on loss from ordinary activities at 30% (2012: 30%)	(3,947)	(2,023)
Impairment of BLC Cosmetics goodwill	1,050	–
Income on scheme loans recognised directly in equity	44	103
Amortisation and depreciation on buildings	–	2
Non allowable expenses	24	23
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)
Prior year under provision	69	279
	(2,760)	(2,142)

b) Income tax recognised directly in equity

The following deferred amounts were recognised directly in equity during the period

Deferred tax - land and buildings	–	(156)
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	CONSOLIDATED	
	2013 \$'000	2012 \$'000
4 - Trade and other receivables		
Current		
Trade receivables	16,823	20,320
Allowance for doubtful debts	(491)	(1,033)
	16,332	19,287
Other debtors	2,434	2,260
	18,766	21,547
Movement in allowance for doubtful debts		
Opening balance	(1,033)	(682)
Additional provisions	(59)	(719)
Transfer to other provisions	480	–
Amounts written off	118	228
Disposal of controlled entity	–	139
Foreign currency exchange differences	3	1
	(491)	(1,033)
Age of trade receivables		
Not yet due	10,828	13,290
Past due 0-30 days	3,710	3,840
Past due 31-60 days	1,319	862
Past due 61-90 days	503	984
Past due greater than 90 days	463	1,344
	16,823	20,320

The average credit period on sales, excluding cash on delivery sales, is generally 30-60 days. An allowance for doubtful debts is recognised when there is objective evidence that the customer will not be able to pay. As the concentration of credit risk is limited due to the customer base being large and unrelated, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts.

5 - Inventories

Current		
Raw materials	2,579	2,854
Work in progress	288	240
Finished goods	16,305	20,940
	19,172	24,034

6 - Investments accounted for using the equity method

On 1 July 2012 the Consolidated Entity disposed of its 19.5% interest in Safilo, a distributor of spectacle frames and sunglasses, for proceeds of \$1,561,000 resulting in a loss of \$230,000. The share of associates' profit booked in the September 2012 year was \$302,000. In 2012 Safilo's revenue was \$7,524,000 and its profit after tax was \$1,529,000.

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
7 - Other financial assets		
Non current at amortised cost		
Interest bearing loans advanced to key management personnel	1,455	1,997
Impairment of interest bearing loans to key management personnel	(789)	(1,022)
	666	975

8 – Intangible assets

Goodwill

Net book value at the beginning of the financial year	19,896	21,085
Impairment of BLC Cosmetics goodwill	(3,500)	–
Disposal of controlled entity	–	(1,189)
Net book value at the end of the financial year	16,396	19,896

Goodwill has been allocated for impairment testing purposes to each of the following cash generating units:

JSB	10,166	10,166
BLC Cosmetics	2,408	5,908
SPOS	2,815	2,815
Other ¹	1,007	1,007
	16,396	19,896

¹ Other comprises Mountcastle Pty Ltd and J Leutenegger Pty Ltd.

In the prior period the Consolidated Entity disposed of its interest in Aarque Group Limited.

Impairment testing

The cash generating unit impairment tests are based on value in use calculations. The value in use calculations use cash flow projections based on the financial budgets approved by management on a one year basis and extrapolated over five years using a growth rate appropriate for the markets in which the businesses operate (growth rates range between 3% and 6.5%). The forecasts are extrapolated beyond five years based on estimated long term growth rates of 3%. This rate does not exceed industry growth rates. The after tax discount rate applied to the cash flow projections is 12.5% (2012: 9.0%).

The key assumptions for the value in use calculations are those regarding discount rates, long term growth rates, expected changes in margins and expenses. The assumptions regarding long term growth rates, together with changes in margins and expenses are based on past experience, current trading and expectations of changes in the market. The key assumptions will be closely monitored and adjustments made in future periods if such adjustments are appropriate.

BLC Cosmetics

The board has adopted a more conservative view of the after tax discount rate applied to the future cash flows. This has resulted in a goodwill impairment charge of \$3.5 million in BLC Cosmetics. We remain of the view that BLC Cosmetics is operating in an industry with sound growth opportunities.

	LAND & BUILDINGS \$'000	LEASEHOLD IMPROVEMENTS \$'000	CONSOLIDATED PLANT & EQUIPMENT \$'000	LEASED PLANT & EQUIPMENT \$'000	TOTAL \$'000
9 - Property, plant and equipment					
Gross carrying amount					
Balance at 30 September 2011	4,352	1,973	9,577	1,371	17,273
Additions	–	40	3,036	19	3,095
Disposals	(1,400)	(120)	(2,174)	(386)	(4,080)
Disposal of controlled entity	(2,952)	(1,382)	(2,015)	–	(6,349)
Net foreign currency exchange difference	–	–	3	–	3
Balance at 30 September 2012	–	511	8,427	1,004	9,942
Additions	–	38	2,046	–	2,084
Disposals	–	(72)	(2,185)	(697)	(2,954)
Net foreign currency exchange difference	–	–	15	–	15
Balance at 30 September 2013	–	477	8,303	307	9,087
Accumulated depreciation					
Balance at 30 September 2011	(71)	(727)	(6,267)	(666)	(7,731)
Disposals	76	120	1,491	295	1,982
Depreciation expense	(5)	(22)	(1,355)	(194)	(1,576)
Disposal of controlled entity	–	183	1,528	–	1,711
Net foreign currency exchange difference	–	–	(2)	–	(2)
Balance at 30 September 2012	–	(446)	(4,605)	(565)	(5,616)
Disposals	–	35	1,804	505	2,344
Depreciation expense	–	(16)	(1,338)	(99)	(1,453)
Net foreign currency exchange difference	–	–	(15)	–	(15)
Balance at 30 September 2013	–	(427)	(4,154)	(159)	(4,740)
Net book value					
As at 30 September 2013	–	50	4,149	148	4,347
As at 30 September 2012	–	65	3,822	439	4,326

Aggregate depreciation allocated during the year is recognised as an expense and disclosed in Note 2 to the financial statements.

	NOTE	CONSOLIDATED 2013 \$'000	2012 \$'000
10 – Trade and other payables			
Trade payables and accruals		14,604	14,828
Deferred revenue		781	774
		15,385	15,602

The average credit period on purchases is generally 30-60 days. Interest can be charged on overdue accounts. The Consolidated Entity has financial risk management procedures in place to ensure that payables are paid within terms.

11 – Borrowings

Current

Secured at amortised cost

Variable rate bank loans ²	29	2,750	2,000
Lease liabilities ¹	28	101	329
		2,851	2,329

Non current

Secured at amortised cost

Lease liabilities ¹	28	167	255
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¹ Lease liabilities are secured by the respective assets acquired.

² Loans are secured by a charge over assets of the Group. All property, plant and equipment is pledged as security.

12 – Current tax assets and liabilities

Income tax receivable/(payable) attributable to:			
Parent entity		–	(1,431)
Entities in the tax consolidated group		–	2,378
Other entities not in the tax consolidated group		30	832
		30	1,779

The company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 October 2002. The accounting policy on implementation of the legislation is set out in Note 1 (o). The head entity within the tax consolidated group is HGL Limited.

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
13 – Deferred tax assets and liabilities		
Deferred tax assets comprise		
Tax losses - capital	95	95
Tax losses - revenue	5,995	3,075
Temporary differences	4,686	4,231
	10,776	7,401

The deferred tax assets are recognised as it is probable that sufficient future taxable income will be available to utilise the temporary differences and tax losses.

	CONSOLIDATED 2013				CONSOLIDATED 2012			
	OPENING BALANCE \$'000	CHARGED TO INCOME \$'000	CHARGED TO EQUITY \$'000	CLOSING BALANCE \$'000	OPENING BALANCE \$'000	CHARGED TO INCOME \$'000	CHARGED TO EQUITY \$'000	CLOSING BALANCE \$'000
Gross deferred tax assets								
Employee provisions	1,505	(394)	–	1,111	1,732	(227)	–	1,505
Other provisions	2,726	849	–	3,575	3,443	(717)	–	2,726
Tax losses – capital realised	95	–	–	95	–	95	–	95
Tax losses – capital unrealised	–	–	–	–	95	(95)	–	–
Tax losses – revenue realised	3,075	2,920	–	5,995	452	2,623	–	3,075
	7,401	3,375	–	10,776	5,722	1,679	–	7,401
Gross deferred tax liabilities								
Land and buildings	–	–	–	–	734	(578)	(156)	–
	–	–	–	–	734	(578)	(156)	–
	7,401	3,375	–	10,776	4,988	2,257	156	7,401

14 – Provisions

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
Current		
Employee benefits	2,419	2,606
Lease provisions	1,634	–
Total current	4,053	2,606
Non current		
Employee benefits	1,284	2,412
Total provisions	5,337	5,018

During the year \$1,968,000 was provided for surplus property leases. As at 30 September 2013 \$334,000 of this provision had been utilised.

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
15 – Non controlling interests		
Balance at the beginning of financial year	10,741	15,913
(Loss)/profit attributable to non controlling interests	(1,475)	548
Dividends attributable to non controlling interests	(979)	(1,359)
Purchase of non controlling interest	–	(415)
Disposal of non controlling interest	–	(3,946)
Balance at the end of the financial year	8,287	10,741

16 – Issued capital

Issued share capital

53,647,751 (2012: 52,484,316) fully paid ordinary shares	36,624	36,027
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During the year the following changes occurred in fully paid ordinary shares:

	CONSOLIDATED		CONSOLIDATED	
	2013 NUMBER	2013 \$'000	2012 NUMBER	2012 \$'000
Balance at beginning of financial year	52,484,316	36,027	51,663,671	35,249
Allotted pursuant to HGL dividend reinvestment plan	1,398,750	728	731,377	688
Shares issued to employee share scheme participants	190,097	93	89,268	90
ESS shares bought back and cancelled	(425,412)	(224)	–	–
Balance at end of financial year	53,647,751	36,624	52,484,316	36,027

During the current and prior year no ordinary shares were purchased pursuant to the on market share buy back.

Reconciliation of total share capital

In accordance with AASB 2 Share Based Payment, the shares issued to the key management personnel after November 2002 under the employee share scheme are recognised as equity settled options.

	CONSOLIDATED		CONSOLIDATED	
	2013 NUMBER	2013 \$'000	2012 NUMBER	2012 \$'000
Issued capital at end of financial year	53,647,751	36,624	52,484,316	36,027
Shares issued to employee share scheme participants after November 2002	2,452,991	4,453	3,765,080	6,488
Total share capital at end of financial year	56,100,742	41,077	56,249,396	42,515

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Details of the HGL Dividend Reinvestment Plan are disclosed in the Shareholder Information on page 58.

	NOTE	CONSOLIDATED 2013 \$'000	2012 \$'000
17 – Retained earnings			
Balance at beginning of financial year		16,236	25,383
Net loss attributable to members of the entity		(8,921)	(5,149)
Dividends paid	19	(2,117)	(4,928)
Transfers from reserves		–	930
Balance at end of financial year		5,198	16,236

18 – Reserves

Employee share scheme reserve		2,442	2,442
Foreign currency translation reserve		(117)	(197)
Other reserve		(901)	(901)
		1,424	1,344

The foreign currency translation reserve arises on the retranslation of the opening net assets of overseas subsidiaries, at year end rates of exchange, net of tax. The other reserve arose when HGL Limited 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.

19 – Dividends

Ordinary Shares

Interim 2013 dividend paid 12 July 2013 (2012: 13 July 2012)

2.0 cents per share 100% franked at 30% (2012: 4.0 cents 100% franked at 30%)	1,067	2,086
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Final 2012 dividend paid 14 December 2012 (2012: 16 December 2011)

2.0 cents per share 100% franked at 30% (2012: 5.5 cents 100% franked at 30%)	1,050	2,842
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Total dividends paid	2,117	4,928
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Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan:

Paid in cash	1,389	4,240
Satisfied by issue of shares	728	688
Dividends paid	2,117	4,928

In accordance with Australian tax law the company maintains the franking account on a tax paid basis. At 30 September 2013 the Consolidated Entity has \$10,663,000 of franking credits (2012: \$12,265,000) sufficient to pay fully franked dividends of 44.3 cents per share (2012: 50.1 cents).

Final dividend

In accordance with AASB 110 Events after Balance Sheet Date, the Company has not provided for the final dividend. The final dividend of 2.0 cents per share 100% franked at 30% will be payable on 13 December 2013.

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

	2013 \$'000	2012 \$'000
20 – Parent entity disclosures		
Balance sheet		
Assets		
Current assets	6,448	5,933
Non current assets	70,515	72,559
Total assets	76,963	78,492
Liabilities		
Current liabilities	4,507	6,165
Loans from 100% owned subsidiaries	5,473	10,303
Non current liabilities	1,476	41
Total liabilities	11,456	16,509
Net assets	65,507	61,983
Equity		
Issued capital	36,624	36,027
Reserves	2,822	2,822
Retained earnings	26,061	23,134
Total equity	65,507	61,983
Statement of comprehensive income		
Profit after tax	5,044	3,693
Other comprehensive income	–	–
Total comprehensive income	5,044	3,693

There are no contingent liabilities or commitments for acquisition of property, plant and equipment.

21 – Earnings per share

	CONSOLIDATED			
	2013 \$'000	2013 NUMBER '000	2012 \$'000	2012 NUMBER '000
Basic earnings per share	(16.8)		(16.8)	(9.9)
Diluted earnings per share	(16.8)		(16.8)	(9.9)
Basic earnings per share				
Earnings and weighted average number of ordinary shares for the purposes of basic earnings per share	(8,921)	53,254	(5,149)	52,106
Diluted earnings per share				
Earnings and weighted average number of ordinary shares for the purposes of diluted earnings per share	(8,921)	53,254	(5,149)	52,106

In the current year 2,452,991 shares (2012: 3,765,080) recognised as equity settled options are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of the diluted earnings per share calculation.

22 – Employee share scheme

The Directors believe it is important to link the remuneration of HGL's executives to the long term success of the Company by supporting the acquisition of shares (Scheme Shares) through the Employee Share Scheme (Scheme). To support this aim eligible employees may acquire HGL shares, with the cost being financed by non-recourse, interest bearing loans from HGL (Scheme Loans).

Under the terms of the Scheme, the Scheme Shares have the same rights as apply to the other shares of HGL, including the rights to dividends and voting. The interest rate on the Scheme Loans is equivalent to the dividend rate. The interest is required to be paid by the participant within 5 days of the receipt of a dividend. If the participant elects to reinvest dividends using the DRP then the Company capitalises interest up to the amount reinvested. Any interest so capitalised will be added to the principal of the participants' Scheme Loans and bear interest accordingly. In addition, any benefit of franking credits must be paid by the participant to the Company.

Repayments are made on the last day of each calendar year. At this time an amount equal to the sum of franking credits received under the Scheme multiplied by one minus the top tax rate (including Medicare levy) and profit from sales of any such shares shall be used in partial discharge of the Scheme Loan. No demand for repayment of the principal shall be made before the earliest to occur of, the expiration of six months after the participant ceases, for any reason other than death, to be an employee of the Company or Controlled Entity, the expiration of twelve months after death, and the seventh anniversary of the making of the Scheme Loan.

If all the Scheme Shares are sold and the proceeds are insufficient to discharge the Scheme Loan, the participant has no further liability to repay the Scheme Loan, and the amount outstanding would be written off as an equity adjustment with no effect on profit or loss. If a participant has more than one Scheme Loan each Scheme Loan is treated separately from any other Scheme Loan.

The Company retains a holding lock in respect of the Scheme Shares registered in the name of the participant. Any loans repaid by the participants result in the release of shares from a holding lock.

As at 30 September 2013 there were 5 Scheme Loans outstanding (2012: 5 Scheme Loans). Loans 1 & 2 were issued pursuant to the HGL Limited Employee Share Scheme (1999). Loans 3, 4 and 5 were issued pursuant to the Employee Share Scheme as amended at the 2004 Annual General Meeting. Shares issued under Scheme Loans 1 and 2 are recognised as shares while the shares issued under loans 3, 4 and 5 are recognised as equity settled options.

Summary of total Scheme Loans and Scheme Shares movements during the financial year

	NOTE	2013 SCHEME SHARES NUMBER	2013 SCHEME LOANS \$'000	2012 SCHEME SHARES NUMBER	2012 SCHEME LOANS \$'000
Balance at beginning of financial year		5,554,823	7,463	5,409,383	8,358
DRP participation and capitalised interest		–	–	279,959	263
Disposal of Scheme Shares	22 (c)	(285,242)	(141)	(134,519)	(136)
Buy back and cancellation of MP Mahoney Scheme Shares	22 (c)	(1,547,404)	(2,174)	–	–
Impairment of loans 1 and 2		–	(29)	–	(1,022)
Balance at end of financial year		3,722,177	5,119	5,554,823	7,463
Recognised as shares (loans 1 and 2)	7	1,269,186	666	1,789,743	975
Recognised as equity settled options (loans 3, 4 and 5)		2,452,991	4,453	3,765,080	6,488
		3,722,177	5,119	5,554,823	7,463

The market values of loans 1 and 2 at 30 September 2013 were below the carrying value of the security. Accordingly, these loans were impaired and a provision of \$29,000 (2012: \$1,022,000) was raised to record them at their fair value.

22 – Employee share scheme CONTINUED

a) Details of loans recognised as shares

2013	KJ ELEY			TOTAL		
	SCHEME SHARES NUMBER	NET SCHEME LOANS \$	MARKET VALUE 30.09.13 \$	SCHEME SHARES NUMBER	NET SCHEME LOANS \$	MARKET VALUE 30.09.13 \$
Loan 1	801,733	420,910	420,910	801,733	420,910	420,910
Loan 2	467,453	245,413	245,413	467,453	245,413	245,413
	1,269,186	666,323	666,323	1,269,186	666,323	666,323

2012	KJ ELEY			MP MAHONEY			TOTAL		
	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.12 \$	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.12 \$	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.12 \$
Loan 1	848,193	462,266	462,266	342,221	186,510	186,510	1,190,414	648,776	648,776
Loan 2	494,540	269,524	269,524	104,789	57,110	57,110	599,329	326,634	326,634
	1,342,733	731,790	731,790	447,010	243,620	243,620	1,789,743	975,410	975,410

The market value of HGL shares as at 30 September 2013 was \$0.525 (2012: \$0.545).

b) Details of loans recognised as equity settled options

2013	KJ ELEY			AJ WHITTLES		
	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.13 \$	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.13 \$
Loan 3	418,282	765,891	219,598	298,085	469,195	156,495
Loan 4	398,703	774,942	209,319	279,416	506,542	146,693
Loan 5	376,955	734,570	197,901	264,173	480,052	138,691
	1,193,940	2,275,403	626,818	841,674	1,455,789	441,879

2013	PS CALDELIS			TOTAL		
	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.13 \$	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.13 \$
Loan 3	149,019	234,510	78,235	865,386	1,469,596	454,328
Loan 4	136,293	247,345	71,554	814,412	1,528,829	427,566
Loan 5	132,065	239,947	69,334	773,193	1,454,569	405,926
	417,377	721,802	219,123	2,452,991	4,452,994	1,287,820

22 – Employee share scheme CONTINUED

b) Details of Loans recognised equity settled options (continued)

2012	KJ ELEY			MP MAHONEY			AJ WHITTLES		
	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.12 \$	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.12 \$	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.12 \$
Loan 3	442,519	777,863	241,173	417,545	635,576	227,562	313,226	476,671	170,708
Loan 4	421,804	786,354	229,883	391,378	684,742	213,301	293,608	513,550	160,017
Loan 5	398,796	745,360	217,344	370,033	648,917	201,668	277,591	486,678	151,287
	1,263,119	2,309,577	688,400	1,178,956	1,969,235	642,531	884,425	1,476,899	482,012

2012	PS CALDELIS			TOTAL		
	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.12 \$	SCHEME SHARES NUMBER	SCHEME LOANS \$	MARKET VALUE 30.09.12 \$
Loan 3	156,589	238,248	85,341	1,329,879	2,128,358	724,784
Loan 4	143,217	250,769	78,053	1,250,007	2,235,415	681,254
Loan 5	138,774	243,260	75,632	1,185,194	2,124,215	645,931
	438,580	732,277	239,026	3,765,080	6,487,988	2,051,969

The market value of HGL shares as at 30 September 2013 was \$0.525 (2012: \$0.545).

All options issued to the participants under Loans 3, 4 and 5 have fully vested. The options under Loan 3 to MP Mahoney, AJ Whittles and PS Caldelis were granted at \$1.69. The Black Scholes model creates a fair value of this right of \$0.82 per share. The options under Loan 3 issued to KJ Eley were granted at \$1.9256. The Black Scholes model creates a fair value of this right of \$1.056 per share. The options under Loans 4 and 5 to KJ Eley, MP Mahoney, AJ Whittles and PS Caldelis were granted at \$1.9256. The Black Scholes model creates a fair value of this right of \$0.90 per share.

c) MP Mahoney

Included within Disposal of Scheme Shares are 78,562 shares with a value of \$39,000 relating to MP Mahoney.

Following the resignation on 1 November 2012 of MP Mahoney as a Director and Chief Executive Officer and in accordance with the Employee Share Scheme rules 1,547,404 shares at the market price of \$0.5272 per share were bought back by the Company and cancelled with no cash effects. The proceeds were insufficient to discharge the limited recourse Scheme Loans consequently \$1,358,000 of equity settled options were derecognised with no effect on profit or equity. At 30 September 2013 MP Mahoney is not a participant in the Employee Share Scheme.

23 – Related party disclosures

a) Loans to key management personnel

There were no loans made to key management personnel of the Consolidated Entity and their related entities other than loans that are in substance options and are non recourse. For details of the loans in relation to the Employee Share Scheme refer to Note 22.

b) Key management personnel compensation

The table below provides a total of the remuneration received by the key management personnel. For further details regarding remuneration of key management personnel see the Remuneration Report which forms part of the Director's Report.

	SHORT TERM EMPLOYEE BENEFITS \$	POST EMPLOYMENT BENEFITS \$	LONG TERM EMPLOYEE BENEFITS \$	PAYMENT IN LIEU OF NOTICE \$	TOTAL \$
2013	1,298,727	97,901	16,365	175,000	1,587,993
2012	1,072,302	67,031	15,294	–	1,154,627

c) Key management personnel equity holdings

The key management personnel and their relevant interest in the fully paid ordinary shares of the Company as at year end are as follows:

	SHARES AT BEGINNING OF PERIOD NUMBER	DRP SHARES ISSUED NUMBER	PURCHASE NUMBER	SHARES AT END OF PERIOD NUMBER	BALANCE HELD INDIRECTLY NUMBER
2013					
PG Miller	9,513,518	744,438	–	10,257,956	10,215,124
FM Wolf	600,000	25,718	67,635	693,353	–
JD Constable	44,625	–	5,600,000	5,644,625	5,600,625
KJ Eley	809,872	–	–	809,872	–
MP Mahoney*	137,863	–	–	–	–
AJ Whittles	55,126	4,315	–	59,441	–
PS Caldelis	27,228	2,131	–	29,359	–

* Ceased to be a member of the key management personnel upon resignation in November 2012

2012					
PG Miller	9,513,518	–	–	9,513,518	9,473,795
FM Wolf	364,615	–	235,385	600,000	–
JD Constable	44,625	–	–	44,625	625
KJ Eley	809,872	–	–	809,872	–
MP Mahoney	124,927	12,936	–	137,863	–
AJ Whittles	49,951	5,175	–	55,126	–
PS Caldelis	24,673	2,555	–	27,228	–

The key management personnel equity holdings exclude the Employee Scheme Shares detailed in Note 22.

There were no other movements in personnel equity holdings of key management personnel other than in those listed above. Key management personnel received or were entitled to receive dividends from the Company on shares held in the Company in their own names and their associated entities. These transactions were on the same basis as with other shareholders.

d) Other transactions with key management personnel

There were no other transactions with key management personnel during the period.

24 – Segment reporting

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 a 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 interest to reported loss after tax is as follows:

	CONSOLIDATED 2013			CONSOLIDATED 2012		
	UNDERLYING PROFIT/(LOSS) \$'000	OTHER \$'000	TOTAL \$'000	UNDERLYING PROFIT/(LOSS) \$'000	OTHER \$'000	TOTAL \$'000
Underlying profit before interest, tax and non controlling interests	396	–	396	259	–	259
Impairment of BLC Cosmetics goodwill	–	(3,500)	(3,500)	–	–	–
Inventory restructuring provisions	–	(3,650)	(3,650)	–	(2,109)	(2,109)
Lease and fixed asset restructuring provisions	–	(2,486)	(2,486)	–	(459)	(459)
Redundancies	–	(1,270)	(1,270)	–	(240)	(240)
Other restructuring charges	–	(2,459)	(2,459)	–	(2,409)	(2,409)
Impairment of loans to key management personnel	–	(29)	(29)	–	(1,022)	(1,022)
Loss on disposal of controlled entity and associates	–	–	–	–	(830)	(830)
Interest income	206	–	206	426	–	426
Interest expense	(364)	–	(364)	(359)	–	(359)
Net profit/(loss) before tax	238	(13,394)	(13,156)	326	(7,069)	(6,743)
Income tax (expense)/benefit	(208)	2,968	2,760	(235)	2,377	2,142
Profit/(loss) after tax	30	(10,426)	(10,396)	91	(4,692)	(4,601)
Non controlling interests	(451)	1,926	1,475	(548)	–	(548)
Loss after tax and non controlling interests	(421)	(8,500)	(8,921)	(457)	(4,692)	(5,149)

Revenue is predominately derived, in Australia, from supplying branded products into specialist markets. Approximately, 4% (2012: 5%) of revenue is derived from providing maintenance and repair services. Revenue from no single customer is greater than 10% (2012: 10%) of the Group's revenues in the current or prior year.

25 – Disposal of interest in controlled entity and associates

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 is excluded from the underlying loss.

The historical results for Aarque Group were as follows:

	Year ended 30 September 2011 \$'000
Revenue	23,113
Cost of Sales	(14,415)
Gross Profit	8,698
Expenses	(6,951)
Earnings before interest and tax	1,747
Underlying profit contribution	409

The Balance Sheet at disposal was:

Current assets

Cash	49
Trade and other receivables	3,631
Inventory	4,573

Non current assets

Property, plant and equipment	4,638
Intangibles	1,189
Deferred tax assets	295

Current liabilities

Trade and other payables	(2,859)
Borrowings	(2,902)
Provisions	(292)
Current tax liabilities	(278)

Non current liabilities

Borrowings	(152)
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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

25 – Disposal of interest in controlled entity and associates CONTINUED

Disposal of interest in associates

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.

On 1 July 2012 the Consolidated Entity disposed of its 19.5% interest in Safilo for proceeds of \$1,561,000 resulting in a pre tax loss of \$230,000. Refer to Note 6.

26 – Investment in controlled entities

Company	COUNTRY OF INCORPORATION/FORMATION	OWNERSHIP INTEREST	
		2013 %	2012 %
HGL Limited	Australia	–	–
Subsidiaries			
Baker & McAuliffe Holdings Pty Limited (trading as JSB Lighting)	Australia	100	100
BLC Cosmetics Pty Limited	Australia	100	100
BOC Ophthalmic Instruments Unit Trust***	Australia	50**	50
Createc Pty Limited (trading as Anitech)	Australia	50**	50
Hamlon Pty Limited (trading as SPOS)	Australia	100	100
The Point-of-Sale Centre (New Zealand) Limited*	New Zealand	100	100
Kinsole Pty Limited (trading as XLN Fabrics)***	Australia	50**	50
J Leutenegger Pty Limited	Australia	100	100
Biante Pty Limited	Australia	100	100
Mountcastle Pty Limited	Australia	50**	50

* Controlled entities of which Deloitte Touche Tohmatsu has not acted as auditors.

** These entities are controlled by the Company as the Directors believe that the Company has the capacity to dominate decision making in relation to the financial and operating policies of the entity, in order to pursue the objectives of the Company.

*** In October 2013 the Company disposed of its interests in BOC Ophthalmic Instruments Unit Trust and Kinsole Pty Ltd.

In July 2012 \$704,000 was paid to acquire the 40% non controlling interest of BLC Cosmetics this created an other reserve of \$288,000. The contingent consideration of \$700,000 was not paid as the required profit for the twelve month period to 30 June 2013 was not attained.

Certain immaterial entities have not been disclosed in the above listing of controlled entities.

27 – Auditors' remuneration

	CONSOLIDATED	
	2013 \$	2012 \$
Auditor of the parent entity		
Audit and review of the financial reports	289,650	329,650
Other auditors		
Audit and review of the financial reports	34,522	16,000
Taxation services	2,394	7,083
	36,916	23,083

The auditor of HGL Limited is Deloitte Touche Tohmatsu.

	NOTE	CONSOLIDATED 2013 \$'000	2012 \$'000
28 – Lease commitments			
Finance leases			
Plant and equipment		299	646
Payable not later than one year		119	369
Payable later than one but not later than five years		180	277
		299	646
Future finance charges		(31)	(62)
Provided for in the financial statements		268	584
Representing lease liabilities			
Current	11	101	329
Non current	11	167	255
		268	584

The finance leases are for employee motor vehicles. The leases expire at various future dates up to five years.

Aggregate lease expenditure contracted for at balance date but not provided for in the financial statements:

Operating leases			
Land and buildings		10,237	11,782
Motor vehicles		33	69
		10,270	11,851
Payable not later than one year		3,073	3,618
Payable later than one, not later than five years		6,948	7,901
Payable greater than five years		249	332
		10,270	11,851

The land and building operating leases are in respect of warehouses and offices occupied by group companies. The leases expire at various future dates and a number contain option provisions.

29 – Financial instruments

Significant accounting policies

A summary of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial assets, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

Financial risk management

The activities of the Consolidated Entity expose it to credit risk and liquidity risk. Foreign exchange contracts and interest rate instruments are used to manage the currency and interest rate risk. The Consolidated Entity does not engage in speculative activities. Foreign currency management is governed by the risk management and internal control policy approved by the board of directors.

Capital management

The Consolidated Entity manages its capital to ensure that the business units will have funding to expand. The capital structure consists of debt, which includes the borrowings disclosed in note 11, cash and cash equivalents, issued capital and reserves disclosed in notes 16 and 18 and retained earnings, note 17. The capital structure is reviewed regularly and is balanced through the payment of dividends and share buy backs as well as the level of debt. Borrowing facilities are explained elsewhere in this note.

		CONSOLIDATED	
	NOTE	2013 \$'000	2012 \$'000

29 – Financial instruments CONTINUED

Categories of financial instruments

Financial assets

Cash and cash equivalents		5,120	7,594
Trade receivables	4	16,332	19,287
Other financial assets	7	666	975

Financial liabilities

Trade payables and accruals	10	15,385	15,602
Borrowings – Variable rate loans	11	2,750	2,000
Borrowings – Finance lease liabilities	28	268	584

The Consolidated Entity groups its financial instruments into groups using the fair value hierarchy outlined in AASB 7 Financial Instruments: Disclosures. At 30 September 2013 the Consolidated Entity had \$2,545,000 (2012: \$2,910,000) of foreign currency forward contracts with a fair value of \$6,000 (2012: \$42,000) that were classed as level 2 financial instruments. The company did not have any level 1 or level 3 financial instruments at the date of this report. There were no transfers between the fair value hierarchy categories during the year.

Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- Foreign exchange forward contracts and interest rate instruments are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments or option pricing models as appropriate.
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate fair values.

Foreign currency risk management

The Consolidated Entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposure is managed within approved policy parameters utilising forward foreign exchange contracts and foreign exchange bank accounts. At the year end the Consolidated Entity has \$3,550,000 (2012: \$4,615,000) of monetary liabilities mainly in USD and Japanese Yen. The Consolidated Entity has \$1,300,000 (2012: \$4,158,000) of monetary assets mainly in USD and EUR. In addition the Consolidated Entity has \$2,545,000 (2012: \$2,910,000) foreign currency forward contracts outstanding at 30 September 2013. The Consolidated Entity used a 10% sensitivity analysis and concluded there was no material impact on the 2013 and 2012 net outstanding foreign currency exposure.

The following table details the forward foreign exchange contracts outstanding as at 30 September 2013:

	AVERAGE EXCHANGE RATE		FOREIGN CURRENCY		CONTRACT VALUE		FAIR VALUE	
	2013	2012	2013 FC'000	2012 FC'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Buy US Dollar								
Less than 3 months	0.93	1.00	1,527	2,193	1,664	2,182	(22)	(39)
Buy EUR								
Less than 3 months	0.67	0.83	230	335	338	403	2	(8)
Buy Japanese Yen								
Less than 3 months	89.88	80.88	48,327	26,305	524	325	14	5

29 – Financial instruments CONTINUED

Interest rate risk management

The Consolidated Entity is exposed to interest rate risk as entities within the Consolidated Entity borrow funds at both fixed and floating interest rates. The Consolidated Entity manages the interest rate risk by maintaining an appropriate mix between fixed and floating rate borrowings and by use of interest rate instruments.

Borrowings

The banking facilities with the Australia and New Zealand Banking Group Limited (ANZ) are subject to an annual review process on 31 December each year. Unrestricted access was available at balance date to facilities totalling \$10 million (2012: \$10 million). At 30 September 2013 \$2,750,000 (2012: \$2,000,000) was drawn down. The undrawn banking facilities are mainly maintained to provide working capital flexibility.

The testing of the covenants by the ANZ is performed by reference to the financial statements released annually and semi annually.

At the year end the Consolidated Entity considered the impact of interest rate changes in the Consolidated Entity. A 1% increase or decrease, with all other variables held constant, would result in the Consolidated Entity's net profit changing by \$70,000 (2012: \$70,000). This is calculated assuming the Consolidated Entity has fully utilized its variable borrowings.

Credit risk

The Consolidated Entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Consolidated Entity measures credit risk on a fair value basis. The Consolidated Entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate risk management framework for the management of the Consolidated Entity's short, medium and long term funding and liquidity management requirements. The Consolidated Entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Consolidated Entity's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Consolidated Entity can be required to pay. The table includes both interest and principal cash flows.

	INTEREST RATE %	CONSOLIDATED 2013 MATURING GROUPING			INTEREST RATE %	CONSOLIDATED 2012 MATURING GROUPING		
		1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	OVER 2 YEARS \$'000		1 YEAR OR LESS \$'000	1 TO 2 YEARS \$'000	OVER 2 YEARS \$'000
Current payables		15,385	–	–		15,602	–	–
Borrowings - floating	2.65	2,762	–	–	3.69	1,988	–	–
Finance lease liabilities	9.00	89	148	–	9.00	334	250	–
Total		18,236	148	–		17,924	250	–

The fixed and floating loans in Aarque Group Limited were excluded from the liquidity analysis for 2012 as the business was disposed of in November 2011. Refer to Note 25.

	CONSOLIDATED	
	2013 \$'000	2012 \$'000
30 – Reconciliation of loss after income tax to net cash inflow/(outflow) from operating activities		
Loss from operations	(10,396)	(4,601)
Share of associates' profit	–	(302)
Impairment of BLC Cosmetics goodwill	3,500	–
Depreciation expense	1,453	1,576
Unrealised (gain)/loss on foreign currency translation	(113)	167
	(5,556)	(3,160)
Impairment of loans to key management personnel	29	1,022
Loss on sale of property, plant and equipment	124	421
Loss on sale of investments	–	830
	153	2,273
(Increase)/decrease in receivables and other assets	2,545	2,665
(Increase)/decrease in inventories	4,862	1,285
Increase/(decrease) in accounts payable and other liabilities	2,111	(4,094)
(Increase) in deferred tax provisions	(3,375)	(2,413)
	6,143	(2,557)
Net cash inflow/(outflow) from operating activities	740	(3,444)

31 – Non-cash transactions

Acquisition of plant and equipment by means of finance leases	–	19
Dividend satisfied by the issue of shares under the Dividend Reinvestment Plan	728	688

32 – Contingent liabilities and capital commitments

There are no significant contingent liabilities or capital commitments.

33 – Subsequent Events

There were no subsequent events other than those listed below.

Disposal of interests in Kinsole Pty Ltd and BOC Ophthalmic Instruments Unit Trust

In October 2013 HGL Limited disposed of its 50% interests in Kinsole Pty Ltd and BOC Ophthalmic Instruments Unit Trust. The total proceeds on disposal of \$1,560,000 were received in cash. A profit of \$53,000 will be recognised for the year ending 30 September 2014.

	Year ended 30 September 2013 \$'000
Revenue	9,813
Cost of Sales	(5,987)
Gross Profit	3,826
Expenses	(3,437)
Earnings before interest and tax	389
Profit contribution	178

The Balance Sheets at disposal were:

	30 September 2013 \$'000
Current assets	
Cash	850
Trade and other receivables	1,417
Inventory	2,562
Current tax assets	28
Non current assets	
Property, plant and equipment	174
Deferred tax assets	341
Current liabilities	
Trade and other payables	(924)
Borrowings	(24)
Provisions	(500)
Non current liabilities	
Borrowings	(727)
Provisions	(183)
Net assets disposed of	3,014
Non controlling interest	(1,507)
	1,507
Less cash consideration	(1,560)
(Profit) on disposal	(53)
Net cash inflow from sale of investments	
Cash consideration	1,560
Less cash balance disposed of	(850)
	710

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;
- (b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- (c) 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 company and Consolidated Entity; and
- (d) the directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Directors:



PG Miller
Chairman



FM Wolf
Director

Sydney, 21 November 2013



Deloitte Touche Tohmatsu
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Report on the Financial Report

We have audited the accompanying financial report of HGL Limited, which comprises the balance sheet as at 30 September 2013, the statement of profit or loss, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 22 to 54.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the company's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of HGL Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

**Opinion**

In our opinion:

(a) the financial report of HGL Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and Consolidated Entity's financial position as at 30 September 2013 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 17 of the directors' report for the year ended 30 September 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of HGL Limited for the year ended 30 September 2013, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in dark blue ink that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in dark blue ink, appearing to be "Tara Hill".

Tara Hill
Partner
Chartered Accountants

Sydney, 21 November 2013

SHAREHOLDER INFORMATION - UNAUDITED

On 11 November 2013 there were 2,169 shareholders. All of the shares of the company are ordinary and fully paid carrying one vote.

Distribution of shareholders

CATEGORY		NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1	- 1,000	694	205,059
1,001	- 5,000	619	1,756,693
5,001	- 10,000	307	2,395,465
10,001	- 100,000	480	13,796,673
100,001	- and over	69	37,946,852
		2,169	56,100,742

Number of shareholders holding less than a marketable parcel (926 shares) is 647.

Percentage of the total holdings of the 20 largest shareholders is 54.77%.

Twenty largest ordinary shareholders

	NAME	NUMBER OF SHARES HELD	% OF TOTAL ISSUED CAPITAL
1	Sery Pty Limited	8,519,815	15.19
2	IJV Investments Pty Ltd	5,600,000	9.98
3	Kevin Eley	3,272,998	5.83
4	LPO Investments Pty Ltd	1,654,128	2.95
5	J P Morgan Nominees Australia Limited	1,562,287	2.78
6	ANZ Trustees Limited (Queensland Common Fund A/C)	1,419,088	2.53
7	Mr George Edward Curphey	936,555	1.67
8	Mr Robert Julian Constable + Mrs Janet Marie Constable (RJ Realty Provident Fund A/C)	918,328	1.64
9	Andrew Whittles	901,115	1.61
10	Kitwood Pty Ltd	820,000	1.46
11	Jennifer Anne Drummond	746,030	1.33
12	F M Wolf Pty Limited (F M Wolf Superfund A/C)	693,353	1.24
13	Extra Edge Pty Ltd	650,000	1.16
14	Equitas Nominees Pty Limited (3021524 A/C)	557,226	0.99
15	Peter Caldelis	446,736	0.80
16	Mr Alister John Forsyth	441,749	0.79
17	Donald Cant Pty Ltd	415,188	0.74
18	National Nominees Limited	399,914	0.71
19	HSBC Custody Nominees (Australia) Limited	398,733	0.71
20	Australasian & General Securities Ltd	372,111	0.66
		30,725,354	54.77

Substantial shareholders

The following information is extracted from the Company's Register of Substantial Shareholders as at 11 November 2013:

	NAME	NUMBER OF SHARES AS PER NOTICE
1	Sery Pty Limited and its associates	11,219,638
2	IJV Investments Pty Limited and its associates	6,025,007
3	Kevin Eley	2,871,559

Security holder information

Voting rights

Subject to the Constitution:

- a) at meetings of shareholders each shareholder is entitled to vote in person, by proxy, by attorney, or by representative;
- b) on a show of hands each shareholder present in person, by proxy, by attorney, or by representative has one vote; and
- c) on a poll each shareholder present in person, by proxy, by attorney, or by representative shall have one vote for every share held by the shareholder.

In the case of joint holdings, only one joint holder may vote.

Voting by proxy

Voting by proxy is a way shareholders can vote without attending a meeting in person.

All shareholders are encouraged to complete and return the proxy form that accompanies the Notice of Meeting.

If you appoint a proxy and attend the meeting, you automatically revoke your proxy.

Shareholders may appoint a proxy or attorney to represent them at the meeting.

A corporate shareholder may appoint a representative, the instrument of appointment must be under common seal of the company where necessary.

Payment direct to a bank, building society or credit union

Security holders may have their dividend entitlements paid directly into any bank, building society or credit union within Australia. The necessary form is available from the registry. Once your payment details have been recorded on your holding, they will remain in force until you notify the registry of their alteration or cancellation.

Dividend reinvestment plan

Brief details of the Plan are:

- a) shareholders are eligible to participate, except where local legislation prevents it;
- b) participation is optional;
- c) full or partial participation is available;

d) payment is made through the allotment of shares, rather than cash, at a discount of up to 7.5% on the average market price of the Company's ordinary shares;

e) no brokerage, commission, stamp duty, or administration costs are payable by shareholders; and

f) participants may withdraw from the plan at any time by notice in writing to the Registry. Shareholders wanting to participate should contact the Company's registry for an explanatory booklet and an application form.

Change of address

All changes of address or other particulars for issuer-sponsored holders, must be notified in writing to the registry. Broker sponsored holders must advise all changes directly to their broker. Your security holder reference number should always be quoted in either case.

Share registry

Computershare Investor Services Pty Limited

Ph: toll free 1300 855 080

Ph: international +61 3 9415 4000

Facsimile: +61 3 9473 2500

Level 4, 60 Carrington Street, Sydney NSW 2000

Stock exchange listing

HGL Limited is traded on the Australian Securities Exchange (ASX). The symbol under which the shares are traded is HNG (note: not HGL). Details of trading activity are usually published in most daily newspapers under the HNG abbreviation. HGL Limited is a participant in the ASX's Flexible Accelerated Security System (FAST).

Requests for publications and media and public relations enquiries should be directed to:

Jenny Dinneen, HGL Limited

Tel: +61 2 9221 7155 Fax: +61 2 9233 2713

Email: hgl@hgl.com.au

Level 11, 280 George Street, Sydney NSW 2000

GPO Box 4406, Sydney NSW 2001

		2013	2012	2011	2010	2009
Underlying profit/(loss) (\$'000)		(421)	(457)	7,150	6,767	5,003
Underlying earnings per share (cents)		(0.8)	(0.9)	13.9	13.3	10.0
Capital profit/(loss) and revaluations (\$'000)		(8,500)	(4,692)	(9,575)	6,649	2,969
Reported profit/(loss) (\$'000)		(8,921)	(5,149)	(2,425)	13,416	7,972
Reported earnings per share (cents)		(16.8)	(9.9)	(4.7)	26.3	16.0
Dividend per share (cents)		4.0	6.0	11.5	11.0	8.0
Shares on issue ('000)		53,648	52,484	51,664	51,114	50,447
Total shareholders' equity (\$'000)		51,533	64,348	78,697	84,636	82,552
HGL shareholders' equity (\$'000)		43,246	53,607	62,784	69,729	68,387
Net cash/(debt) (\$'000)	(a)	2,102	5,010	6,581	2,019	(13,367)
Underlying return on shareholders' funds (%)	(b)	(1)	(1)	10	10	8
Return on shareholders' funds (%)	(c)	(17)	(8)	(4)	20	12

Notes

- (a) Comprises cash, bank borrowings and leases.
- (b) Underlying profit divided by opening HGL shareholders' equity.
- (c) Reported profit divided by opening HGL shareholders' equity.



DIRECTORY

Directors

PG Miller, FCA (Chairman)
JD Constable
KJ Eley, CA, F FIN
FM Wolf, BA (Hons), PhD

Chief Executive Officer

H Thorup, BSc (Econ), GAICD

Chief Financial Officer and Joint Company Secretary

AJ Whittles, ACA (England and Wales)

Chief Operating Officer

JA Pidcock, BSc

Joint Company Secretary

PS Caldelis, CA

Head Office and Registered Office

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HGL Group web sites

HGL Limited
www.hgl.com.au

Anitech
www.anitech.com.au

Biante
www.biante.com.au

J Leutenegger
www.leutenegger.com.au

JSB Lighting
www.jsblighting.com.au

Mountcastle
www.mountcastle.com.au
www.trutex.com.au

SPOS
www.spos.com.au
www.icandycreative.com.au

BLC Cosmetics
www.blccosmetics.com

Share Registry

Computershare Investor Services
Pty Limited
Level 4, 60 Carrington Street,
Sydney NSW 2000
Ph: toll free 1300 855 080
Ph: international +61 3 9415 4000

Auditors

Deloitte Touche Tohmatsu

Bankers

ANZ Banking Group Limited

Solicitors

Addisons

Securities Exchange Listing

Australian Securities Exchange
Code: HNG (not HGL)



SUPPLYING MARKET
LEADING BRANDED
PRODUCTS FOR
SPECIALIST MARKETS

PARTNER OF
CHOICE FOR OUR
GLOBAL SUPPLIER
BASE, CORPORATE
CLIENTS AND RETAIL
NETWORKS

IMPROVE,
ACCELERATE AND
LEVERAGE PORTFOLIO
DEVELOPMENT
STRATEGY

HGL LIMITED ASX CODE > **HNG** ABN 25 009 657 961 INCORPORATED IN QUEENSLAND

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