ASX Appendix 4D

Lodged with the ASX in accordance with Listing Rule 4.3A

HGL LIMITED (ASX code HNG)

A.B.N. 25 009 657 961

Half Year Report
Results for announcement to the market

Reporting period: **6 months to 31 March 2016**

Previous corresponding period: 6 months to 31 March 2015

				CURRENT PERIOD 31 MAR 16	PREVIOUS PERIOD 31 MAR 15
Revenues from ordinary activities ($000's)	UP	3%	TO	26,050	25,404
Net profit after tax before significant items ($000's)	UP	11%	TO	1,641	1,483
Profit from ordinary activities after tax attributable to members ($000's)	UP	11%	TO	1,641	1,483
Net profit for the period attributable to members ($000's)	DOWN	26%	TO	1,612	2,193
Basic earnings per share (cents per share)	DOWN	27%	TO	3.0	4.1
Net tangible assets per share (cents per share)	UP	23%	TO	24.8	20.2

For more detailed information please refer to attached review of operations.

DIVIDENDS **Ordinary shares**	Amount per security (cents)	Franked amount per security (cents)	Total amount paid / payable ($000's)	Foreign source dividend per security (cents)
Proposed interim ordinary dividend (payable 19 July 2016)	**1.0**	**1.0**	549	0.0
Record date for determining entitlements to the dividend			**5 JULY 2016**	
Previous corresponding period	0.0	0.0	0	0.0

The existing HGL dividend reinvestment plan (DRP) remains in operation.

There is a nil discount attached to the DRP.

The last date for the receipt of an election notice for participation in the DRP is the business day following the record date, ie 6 July 2016.

This report is based on accounts which have been reviewed. There has been no dispute or qualification in relation to these accounts or report.

HGL Limited
ABN 25 009 657 961
Financial report for the
half-year ended 31 March 2016

Directors' report

Your directors submit their report for the half-year ended 31 March 2016.

Directors

The names and details of the Company's directors in office during the financial period and until the date of this report are as follows.

Peter Miller
Dr Frank Wolf
Kevin Eley
Julian Constable

Directors were in office for this entire period unless otherwise stated.

Operating and financial review

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

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

Trading Overview

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

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

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

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

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

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

Directors' report (continued)

Operating and financial review (continued)

Corporate Strategy and Operational Priorities

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

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

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

Dividend

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

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

Outlook

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

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

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

Directors' report (continued)

Auditor independence declaration

The directors have received a declaration for the auditor of HGL Limited. This has been included on page 4.

Rounding

The amounts contained in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($000) under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which the class order applies.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001.

Peter Miller
Chairman
Sydney
24 May 2016

Dr Frank Wolf
Director

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
HGL Limited
Level 11, 280 George Street
SYDNEY NSW 2000

24 May 2016

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 review of the financial statements of HGL Limited for the half-year ended 31 March 2016, 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 review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Tara Hill
Partner
Chartered Accountants

Consolidated income statement

For the half-year ended 31 March 2016

	Notes	Consolidated entity 31 March 2016 $000	31 March 2015 $000
Continuing operations			
Sales revenue		26,050	25,404
Cost of sales		(14,515)	(13,944)
Gross profit		**11,535**	**11,460**
Other income	2.1	131	838
Sales, marketing and advertising expenses		(4,493)	(3,621)
Occupancy expenses		(687)	(736)
Freight and distribution expenses		(1,215)	(1,323)
Administration and other expenses		(4,200)	(4,857)
Finance costs		(76)	(128)
Share of profit of associates		554	560
Profit before tax		**1,549**	**2,193**
Income tax benefit		63	-
Profit for the period		**1,612**	**2,193**
Attributable to:			
Equity holders of the Parent		1,612	2,193
		Cents	**Cents**
Earnings per share			
Basic		3.0	4.1
Diluted		3.0	4.1

These statements should be read in conjunction with the accompanying notes

Consolidated statement of comprehensive income

For the half-year ended 31 March 2016

	Consolidated entity	
	31 March 2016	31 March 2015
	$000	$000
Profit for the period	**1,612**	**2,193**
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):		
Exchange differences on translation of foreign operations	(8)	85
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**(8)**	**85**
Total comprehensive income for the year, net of tax	**1,604**	**2,278**
Total comprehensive income attributable to:		
Equity holders of the Parent	1,604	2,278
	1,604	**2,278**

These statements should be read in conjunction with the accompanying notes

Consolidated balance sheet

As at 31 March 2016

	Notes	Consolidated entity 31 March 2016 $000	30 September 2015 $000
Assets			
Current assets			
Cash and cash equivalents		5,347	4,683
Trade and other receivables		7,970	7,954
Inventories		4,988	5,223
Prepayments		1,681	1,451
Total current assets		**19,986**	**19,311**
Non-current assets			
Investment in associates		4,648	4,444
Property, plant and equipment		808	918
Intangible assets		10,166	10,166
Deferred tax assets		611	611
Total non current assets		**16,233**	**16,139**
Total assets		**36,219**	**35,450**
Liabilities			
Current liabilities			
Trade and other payables		7,272	8,763
Interest bearing loans and borrowings		1,800	-
Provisions		1,853	2,606
Income tax payable		-	63
Total current liabilities		**10,925**	**11,432**
Non-current liabilities			
Provisions		1,488	1,469
Total non current liabilities		**1,488**	**1,469**
Total liabilities		**12,413**	**12,901**
Net Assets		**23,806**	**22,549**
Equity			
Issued capital	4	37,265	36,802
Other capital reserves		(1,086)	(1,078)
Accumulated losses		(12,373)	(13,175)
Total equity		**23,806**	**22,549**

These statements should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity

For the half-year ended 31 March 2016

	Attributable to the equity holders of the parent				
Consolidated entity	**Issued capital**	**Foreign Currency Reserve**	**Other Reserve**	**Retained earnings**	**Total equity**
	$000	**$000**	**$000**	**$000**	**$000**
As at 1 October 2015	**36,802**	**(177)**	**(901)**	**(13,175)**	**22,549**
Profit for the year	-	-	-	1,612	1,612
Translation of overseas controlled entities	-	(8)	-	-	(8)
Total comprehensive income	-	(8)	-	1,612	1,604
Dividend paid (Note 3)	-	-	-	(810)	(810)
Shares issued under Dividend Reinvestment Plan	463	-	-	-	463
At 31 March 2016	**37,265**	**(185)**	**(901)**	**(12,373)**	**23,806**

These statements should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity (continued)

For the half-year ended 31 March 2015

	Attributable to the equity holders of the parent					
Consolidated entity	**Issued capital**	**Foreign Currency Reserve**	**Employee Share Scheme Reserve**	**Other Reserve**	**Retained earnings**	**Total equity**
	\$000	**\$000**	**\$000**	**\$000**	**\$000**	**\$000**
As at 1 October 2014	**36,802**	**(200)**	**2,442**	**(901)**	**(19,339)**	**18,804**
Profit for the year	-	-	-	-	2,193	2,193
Translation of overseas controlled entities	-	85	-	-	-	85
Total comprehensive income	-	85	-	-	2,193	2,278
At 31 March 2015	**36,802**	**(115)**	**2,442**	**(901)**	**(17,146)**	**21,082**

These statements should be read in conjunction with the accompanying notes

Consolidated statement of cash flows

For the half-year ended 31 March 2016

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

These statements should be read in conjunction with the accompanying notes

Notes to the consolidated financial statements

For the half-year ended 31 March 2016

1 Basis of preparation

HGL Limited (the Company or the parent) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The interim financial statements of HGL Limited and its subsidiaries (collectively, the Group) for the half-year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 24 May 2016.

The half year financial report is a condensed general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, AASB 134: Interim Financial Reporting, and other mandatory professional reporting requirements.

The condensed half year general purpose financial report does not include full disclosures of the type normally included in an annual financial report, and as such this financial report should be read in conjunction with the annual financial report for the year ended 30 September 2015, and any public announcements made by HGL Limited and its controlled entities during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the Group and are consistent with those of the most recent annual financial report for the year ended 30 September 2015.

The Group has considered the impact of new standards issued during the period and no material impact has been noted for the period.

2. Income and expenses

The following items are relevant to explaining the financial performance for the period:

2.1 Other income

	Consolidated entity	
	31 March 2016	31 March 2015
	$000	$000
Other income		
Interest	32	55
Dividends	-	55
Other income	99	728
Total other income	**131**	**838**

2.2 Significant items

The board manages the business using underlying profit, which is a non-statutory measure designed to reflect statutory profit excluding the effect of irregular transactions that are not part of the core or ongoing business operations. Underlying profit is a key consideration used by the board when determining short term incentive payments for key management personnel, and also when determining the level of any dividends declared. A summary of the items considered to be non-underlying is as follows:

	Consolidated entity	
	31 March 2016	31 March 2015
	$000	$000
Sundry income (1)	75	783
Surplus lease provisions (2)	-	200
Restructuring costs (3)	(104)	(273)
	(29)	710

Notes to the consolidated financial statements (continued)

For the half-year ended 31 March 2016

2. Income and expenses (continued)

2.2 Significant items (continued)

(1) Disclosed in "Other income" in statement of profit and loss. In September 2014 Createc Pty Ltd sold its business and most of its assets, on a deferred cash settlement. Following the completion of this transaction, an amount of $783,000 was received by the group in March 2015, and a further $75,000 in March 2016. All obligations under this transaction have now been satisfied.
(2) Disclosed in "Occupancy expenses" in statement of profit and loss
(3) Disclosed in "Administration expenses" in statement of profit and loss

2.3 Comparative figures

As part of the restructure measures of the group the internal employee categorisations were revisited and the allocations between administration expense, sales, marketing and advertising expenses, and freight and distribution expenses were redefined. As a consequence of the new allocation policy, the prior year comparative for these three expense categories has been restated to ensure comparability and consistency with the current year. This reallocation caused the administration expense in the statement of profit or loss for the half year ended 31 March 2015 to be reduced by $586,000 from $5,443,000 to $4,857,000 and corresponding increases in sales, marketing and advertising expense in the statement of profit or loss from $3,161,000 to $3,621,000 and freight and distribution from $1,197,000 to $1,323,000.

3. Dividends paid and proposed

	Consolidated entity	
	31 March 2016	**31 March 2015**
	$000	**$000**
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend for 2015: 1.5 cents per share (2014: nil)	810	-
	810	**-**
Dividends paid in cash or satisfied by the issue of shares under the Dividend Reinvestment Plan:		
Paid in Cash	347	-
Satisfied by issue of shares	463	-
	810	-
Dividends proposed not paid		
Proposed interim dividend of 1.0 cents per share (2015: nil) not recognised as a liability at period end	549	-

All dividends paid and proposed have been or will be fully franked at the rate of 30%.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 March 2016

4. Issued capital

Ordinary shares issued and fully paid	2016 31 March Number	2016 31 March $000	2015 30 September Number	2015 30 September $000
Balance at the beginning of the financial year	53,956,011	36,802	53,956,011	36,802
Allotted pursuant to HGL dividend reinvestment plan	951,063	463	-	-
Balance at the end of the financial year	**54,907,074**	**37,265**	**53,956,011**	**36,802**

5. Segment information

31 March 2016	**Retail marketing $000**	**Homewares $000**	**Collectables $000**	**Building products $000**	**Health & beauty $000**	**Aggregated segments $000**
Revenue from sales to external customers	5,396	3,740	2,762	10,599	3,553	26,050
Depreciation	4	2	27	99	14	146
Segment EBIT	304	(211)	253	1,826	200	2,372

31 March 2015	**Retail marketing $000**	**Homewares $000**	**Collectables $000**	**Building products $000**	**Health & beauty $000**	**Aggregated segments $000**
Revenue from sales to external customers	4,808	4,954	2,742	9,086	3,814	25,404
Depreciation	1	-	13	100	-	114
Segment EBIT	295	121	250	1,564	267	2,497

Reconciliation of profit	**Consolidated entity 31 March 2016 $000**	**Consolidated entity 31 March 2015 $000**
Segment profit	**2,372**	**2,497**
Share of profit from equity accounted investments	554	560
Finance costs	(44)	(73)
Significant items	(29)	783
Other unallocated expenses	(1,304)	(1,574)
Profit before tax	**1,549**	**2,193**

- Retail marketing segment (SPOS) provides standard and customised shelving product solutions to brand owners and retailers
- Homewares segment (Leutenegger and Nido) distributes homewares and traditional sewing and crafts supplies
- Collectables segment (Biante) distributes collectable model cars
- Building product segment (JSB Lighting) distributes architectural lighting for the commercial market

Notes to the consolidated financial statements (continued)

For the half-year ended 31 March 2016

5. Segment information (continued)

- Health & beauty segment (BLC Cosmetics) distributes cosmetics and skincare products through salon, spa and retail markets

6. Events after the reporting period

There have been no significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Directors' declaration

In accordance with a resolution of the directors of HGL Limited, I state that:

1. In the opinion of the directors:

   (a) the interim financial statements and notes of HGL Limited for the half-year ended 31 March 2016 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and of its performance for the half-year on that date; and

      (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Peter Miller
Chairman
Sydney
24 May 2016

Dr Frank Wolf
Director

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Review Report to the Members of HGL Limited

We have reviewed the accompanying half-year financial report of HGL Limited, which comprises the condensed statement of financial position as at 31 March 2016, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of HGL Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

Auditor's Independence Declaration

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of HGL Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Tara Hill
Partner
Chartered Accountants
Sydney, 24 May 2016