



HUDSON INVESTMENT GROUP LIMITED

ACN 004 683 729

APPENDIX 4E

ASX PRELIMINARY UNAUDITED FINAL REPORT– 31 DECEMBER 2016

(CORRESPONDING PERIOD – YEAR ENDED 31 DECEMBER 2015)

LOGGED WITH THE ASX UNDER LISTING RULE 4.3A

CONTENTS	PAGE
CORPORATE DIRECTORY	1
RESULTS FOR ANNOUNCEMENT TO THE MARKET	2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONSOLIDATED STATEMENT OF CASH FLOW	6
NOTES TO THE FINANCIAL STATEMENTS	7
SUPPLEMENTARY APPENDIX 4E INFORMATION	11

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by Hudson Investment Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

For personal use only

CORPORATE DIRECTORY**Hudson Investment Group Limited**

ACN 004 683 729
ABN 25 004 683 729

Registered and Corporate Office

Level 2
Hudson House
131 Macquarie Street
Sydney NSW 2000
Telephone: +61 2 9251 7177
Fax: +61 2 9251 7500
Website: www.higl.com.au

Auditors

K.S. Black & Co
Level 5
350 Kent Street
Sydney NSW 2000
Telephone: +61 2 8839 3000

Lawyers

Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: +61 2 9253 9999

Bankers

Australia & New Zealand Banking Group Limited
Level 16, 20 Martin Place
Sydney NSW 2000
Telephone: +61 2 9216 2200

Commonwealth Bank of Australia
Corporate Financial Services
Business & Private Banking
Level 9, Darling Park 1
201 Sussex Street
Sydney NSW 2000
Telephone: +61 2 9118 7031

Board of Directors

John W Farey (Chairman)
Alan Beasley (Managing Director)
John J Foley
John Dawkins AO
Ian Mutton

Joint Company Secretaries

Henry Kinstlinger
Gananatha Minithantri

Share Registry

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Telephone: 1300 850 505 (within Australia)

ASX Code – HGL

Hudson Investment Group Limited shares are listed on the Australian Securities Exchange. This financial report covers the Consolidated Entity consisting of Hudson Investment Group Limited and its controlled entities. Hudson Investment Group Limited is a company limited by shares, incorporated and domiciled in Australia.

For personal use only

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 December 2016
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 31 December 2015)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from continuing operations	Down	79.6%	to	974
Profit/(Loss) after income tax from continuing operations	Up	159.7%	to	3,008
Net Profit)/Net Loss for the period attributable to members	Up	159.7%	to	3,008

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	\$Nil	N/A
Interim dividend	\$Nil	N/A

Explanation of Profit after Tax from Ordinary Activities

The Company has recorded a consolidated net profit after tax of \$3.0 million for the year ended 31 December 2016 compared to a net loss of \$5.03 million in the previous corresponding period. The profit was mainly attributable to a change in fair value of Investment property.

The Company's current net tangible asset value as at 31 December 2016 is \$6.6 million (or 2.48 cents per share). Hudson has a deferred tax asset of \$3.1 million (representing an additional 1.09 cents per share) which in accordance with accounting standards, is not recognized as an asset in the Company's balance sheet. If however this asset was recognized, the Company's total net asset value including the deferred tax asset of \$3.1 million, is \$9.7 million (or 3.57 cents per share).

For personal use only

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
Revenue from continuing operations	2	974	4,782
Cost of sales of goods and property outgoings		(117)	(2,858)
Other income and expenses	2	3,018	3,839
Cost of providing services and administration expenses	3	(419)	(3,247)
Finance income	3	7	847
Finance expenses	3	(455)	(1,823)
Share of profit of equity accounted investee		-	50
PROFIT/(LOSS) BEFORE INCOME TAX		3,008	1,590
Income tax (expense)/benefit		-	-
PROFIT/(LOSS) FOR THE YEAR		3,008	1,590
OTHER COMPREHENSIVE INCOME			
Demerger and distribution in specie	3	-	(6,626)
Tax expenses		-	-
		-	(6,626)
Total comprehensive income for the year		3,008	(5,036)
Non-controlling interest		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE COMPANY		3,008	(5,036)
		Cents	Cents
Basic earnings/(loss) per share (cents)	6	1.13	(1.94)
Diluted earnings/(loss) per share (cents)	6	1.13	(1.94)

The above statement should be read in conjunction with the accompanying notes.

For personal use only

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	306	93
Trade and other receivables		263	(97)
Other current assets		12	13
TOTAL CURRENT ASSETS		581	9
NON-CURRENT ASSETS			
Investment properties		13,673	10,554
Development costs		395	-
TOTAL NON-CURRENT ASSETS		14,068	10,554
TOTAL ASSETS		14,649	10,563
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		40	108
Employee benefits provision		-	1
TOTAL CURRENT LIABILITIES		40	109
NON-CURRENT LIABILITIES			
Trade and other payables		-	1,520
Financial liabilities		7,500	5,818
Convertible notes		500	-
Provisions		-	3
TOTAL NON-CURRENT LIABILITIES		8,000	7,341
TOTAL LIABILITIES		8,040	7,450
NET ASSETS		6,609	3,113
EQUITY			
Issued Capital		52,598	52,110
Reserves		5,626	5,626
Accumulated losses		(51,615)	(54,623)
Total equity attributable to equity holders of the parent entity		6,609	3,113
Non-controlling interest		-	-
TOTAL EQUITY		6,609	3,113

The above statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

CONSOLIDATED	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	52,110	5,626	(54,623)	3,113
Share issued	503	-	-	503
Share issuing costs	(15)	-	-	(15)
Profit/(loss) for the year	-	-	3,008	3,008
Balance at 31 December 2016	52,598	5,626	(51,615)	6,609
Balance at 1 January 2015	52,069	5,626	(49,587)	8,108
Share issued	43	-	-	43
Share issuing costs	(2)	-	-	(2)
Profit/(loss) for the year	-	-	(5,036)	(5,036)
Balance at 31 December 2015	52,110	5,626	(54,623)	3,113

The above statement should be read in conjunction with the accompanying notes

For personal use only

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Consolidated	
		2016 \$'000	2015 \$'000
Cash flows from operating activities			
Receipts from customers		948	4,869
Payments to suppliers and employees		(477)	(5,332)
Interest paid		(432)	(334)
Interest received		7	2
Net cash (outflow)/ inflow from operating activities		46	(795)
Cash flows from investing activities			
Advance from/(to) other parties		(300)	651
Payments for investment properties improvements		(289)	-
Payments for purchase of investments		(395)	-
Net cash inflow/(outflow) from investing activities		(984)	651
Cash flows from financing activities			
Proceed from share placement		503	43
Share issuing cost		(15)	(2)
Issue convertible note		500	-
Drawdown from borrowings		1,683	56
Repayment of borrowings		(1,520)	-
Net cash inflow/(outflow) from financing activities		1,151	97
Net (decrease)/increase in cash and cash equivalents		213	(47)
Cash and cash equivalents at the beginning of the year		93	140
Cash and cash equivalents at the end of the year	5	306	93

The above statement should be read in conjunction with the accompanying notes.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES, ESTIMATION METHOD AND MEASUREMENT BASIS

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual report and the last half year report.

2. REVENUE

		Consolidated	
		2016	2015
		\$'000	\$'000
a	Revenue		
	Sale of goods	-	2,222
	Rendering of services	-	872
	Rent	962	1,144
	Fee income	12	544
		<u>974</u>	<u>4,782</u>
b	Other Income and expenses		
	Net gain/(loss) on disposal of investments	-	(2,434)
	Change in fair value of investment properties	2,830	-
	Change in fair value of financial asset	-	6,273
	Others	188	-
		<u>3,018</u>	<u>3,839</u>

3. PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES

**Profit/(loss) before income tax is arrived after
(charging)/crediting the following specific expenses**

a	Cost of providing services and administration expenses		
	Consulting and professional fee	(83)	(169)
	Directors fee and employee on costs	(144)	(1,011)
	Superannuation expenses	(1)	(121)
	Lease payment	-	(5)
	Legal expenses	-	(1,487)
	Other administration expenses	(191)	(454)
		<u>(419)</u>	<u>(3,247)</u>
b	Finance income		
	Interest income	7	847
c	Finance expenses		
	Interest paid	(433)	(793)
	Depreciation and amortisation	-	(154)
	Doubtful debts provision	-	(820)
	Others	(22)	(56)
		<u>(455)</u>	<u>(1,823)</u>
d	Other Comprehensive Income		
	Demerger and distribution in specie	-	(6,626)

For personal use only

NOTES TO THE FINANCIAL STATEMENTS continued

4. DIVIDENDS

The directors do not recommend a dividend relating to the year ended 31 December 2016(2015: Nil) to be paid.

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	2016	2015
	\$'000	\$'000
Cash at bank and on hand	306	93
Cash held in trust accounts	-	-
	<u>306</u>	<u>93</u>

6. EARNINGS PER SHARE

	2016	2015
	Cents	Cents
Basic earnings/(loss) per share	1.13	(1.94)
Diluted earnings/(loss) per share	1.13	(1.94)
	2016	2015
	\$'000	\$'000
Earnings used in calculating basic and diluted (loss) / earnings per share	<u>3,008</u>	<u>(5,036)</u>
	2016	2015
Weighted average number of ordinary shares used as the denominator	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and diluted earnings per share	<u>267,016,865</u>	<u>259,283,873</u>

7. CONTINGENT ASSETS AND LIABILITIES, COMMITMENTS

Guarantees

Cross guarantees under Class Order 98/1418 by Hudson Investment Group Limited and its wholly owned controlled entities exist in respect of loans. No deficiency of assets exists in the consolidated entity as a whole. No material losses are anticipated in respect of any of the above contingent liabilities.

Commitments

There are no material commitments as at the date of the report.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS continued**8. EVENTS OCCURRING AFTER BALANCE DATE**

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 31 December 2016 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2016 of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2016 of the Group.

9. SEGMENT INFORMATION

The Consolidated entity primary reporting format is business segments and its secondary reporting format is geographical segments.

Business segments

The Consolidated entity is organised into the following divisions by product and service type.

Property investment & development in Australia

Development and administration of industrial property in eastern Australia.

Geographical segments

All business segments operate principally within Australia.

Accounting policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

Inter-segment transfers

Segment revenues, expenses and results include transfers between segments. All other intersegment transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

For personal use only

NOTES TO THE FINANCIAL STATEMENTS continued

9. SEGMENT INFORMATION continued

	Property investment & development in Australia	Investment Services	Mining, processing & exploration	Inter segment eliminations/ unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
2016					
Sales to external customers	974	-	-	-	974
Intersegment sales	-	-	-	-	-
Total sales revenue	974	-	-	-	974
Other revenue	7	-	-	-	7
Total segment revenue	981	-	-	-	981
Segment result					
Profit/(loss) before income tax	3,008	-	-	-	3,008
Income tax expense	-	-	-	-	-
Net profit/(loss)	3,008	-	-	-	3,008
Segment assets	14,649	-	-	-	14,649
Segment liabilities	8,040	-	-	-	8,040
Acquisition of non-current assets	684	-	-	-	684
Depreciation and amortisation expense	-	-	-	-	-
2015					
Sales to external customers	2,015	544	2,223	-	4,782
Intersegment sales	161	227	-	(388)	-
Total sales revenue	2,176	771	2,223	(388)	4,782
Other revenue	-	845	-	-	845
Total segment revenue	2,176	1,616	2,223	(388)	5,627
Segment result					
Profit/(loss) before income tax	898	1,248	(556)	(6,626)	(5,036)
Income tax expense	-	-	-	-	-
Net profit/(loss)	898	1,248	(556)	(6,626)	(5,036)
Segment assets	10,764	-	-	(201)	10,563
Segment liabilities	7,422	-	-	28	7,450
Acquisition of non-current assets	65	-	-	-	65
Depreciation and amortisation expense	-	11	144	-	155

SUPPLEMENTARY APPENDIX 4E INFORMATION**NTA Backing**

	31/12/2016	31/12/2015
Net tangible asset backing per ordinary share	2.48 cents	1.20 cents

Controlled Entities Acquired during the Period

Hudson Land Pty Ltd, HSC Property Pty Ltd, Hudson Property Group Limited, Halloran Properties Pty Ltd and Halloran Properties Unit Trust have been acquired during the reporting period.

Loss of Control of Entities during the Period

No entities have been disposed during the reporting period.

Subsequent Events

There have been no other events subsequent to reporting date which affects the results contained in this report or the continuing operations of the Group. Please refer to Note to the financial statement.

Accounting Standards

Australian Accounting Standards have been used in the preparation of this report.

Other Significant Information

All significant information in relation to the financial performance and position of Hudson Investment Group Limited has been disclosed in the attached report.

Returns to Shareholders

No distribution/dividend paid this year. The Company does not have a dividend/distribution reinvestment plan.

Audit Report

This report is based on financial statements that are in the process of being audited; therefore no audit report has been attached.

For personal use only