



**HUDSON INVESTMENT GROUP LIMITED**

**ACN 004 683 729**

**APPENDIX 4E**

**ASX PRELIMINARY UNAUDITED FINAL REPORT– 31 DECEMBER 2019**

**(CORRESPONDING PERIOD – YEAR ENDED 31 DECEMBER 2018)**

**LODGED WITH THE ASX UNDER LISTING RULE 4.3A**

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The preliminary 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 2018 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*.

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**CORPORATE DIRECTORY****Hudson Investment Group Limited**

ACN 004 683 729  
ABN 25 004 683 729

**Registered and Corporate Office**

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**Auditors**

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Level 1  
251 Elizabeth 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**

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

**Board of Directors**

John W Farey (Non-Executive Chairman)  
Alan Beasley (Managing Director)  
Wei Huang (Executive Director)  
John J Foley  
Dr Cheng Fong Han  
Warren Wen-Shih Choo (Alternate Director)

**Joint Company Secretaries**

Henry Kinstlinger  
Mona Esapournoori

**Chief Financial Officer**

Francis Choy

**Risk & Compliance**

Allan Scadden

**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.

**PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 December 2019**  
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 31 December 2018)

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				<b>\$'000</b>
<b>Revenue</b> from ordinary activities	Up	59%	to	1,660
<b>Profit/(Loss)</b> after income tax from ordinary activities attributable to members	Up	155%	to	3,150
<b>Net Profit/(Loss)</b> for the period attributable to members	Up	155%	to	3,150

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

Dividend record date: N/A

**Explanation of Profit after Tax from Ordinary Activities**

The Company has recorded a consolidated net profit after tax of \$3.15 million for the year ended 31 December 2019 compared to a net profit of \$1.23 million in the previous corresponding period. The profit was mainly attributable to a change in fair value of Investment properties.

The Company's current net tangible asset value as at 31 December 2019 is \$24.80 million (or 41.7 cents per share).

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### Results for 2019

The results for 2019 are reflective of

- steady operations from our Warnervale properties
- increased valuations commensurate with the improved state of the industrial property market
- falling interest rates generally, reflecting higher asset values and decreased capitalisation rates.

### Commentary

The improved results from the last financial year reflect our steady operational activities at Warnervale through the leasing of property to 2 tenants who are benefitting from the buoyant activity in their industries. Better Concrete Products (**BCP**) manufacture a significant number of different concrete products from small drainage housings, to mammoth structural supports for road freeways and bridges. The increased government spend in infrastructure, particularly highways and associated infrastructure has seen BCP benefit from increased activity and therefore revenue and profitability. BCP have been ongoing tenants for some 5 years.

Bunnings Frame and Truss business has leased the Warnervale site for some 20 years. While the boom times in house construction has slowed a little in the last 6 months, Bunnings have the products and reputation to maintain their dominance of this sector. Plans are afoot to expand operations and we have sufficient additional land to satisfy their growth ambitions.

The purchase of the Brisbane properties has been a good strategic move to diversify HGL in the property market sectors, rather than being wholly dependent on the industrial sector, we are now engaged in the residential and commercial market sectors. Additionally, we are now diversified geographically as well entering the Brisbane market for residential and commercial property development activities.

We see the Brisbane market being an ideal sector in which to invest going forward as the demographic research shows Brisbane is growing at a faster rate than other capital cities in Australia, it is priced significantly lower than Sydney and Melbourne equivalent market sectors and additional Government and corporate spending on infrastructure and developments will improve this property market for demand and value going forward.

Our Regent Street property is strategically located near hospitals, universities, new light rail projects, and close to the Brisbane CBD. Our Bowen Hills properties have already benefitted in value from a rezoning from 12 to 24 levels and a plot ratio increase from 3:1 to 6:1, since we acquired the property. The almost \$3 billion redevelopment projects being undertaken by Lend lease in the Bowen Hills area adjacent to our Brookes St site we believe will also benefit our property values going forward.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Consolidated	
		2019 \$'000	2018 \$'000
Revenue	2	1,660	1,044
Cost of services		(457)	(118)
Other income and expenses	2	3,067	1,443
Cost of providing services and administration expenses	3	(735)	(701)
Finance income	3	33	4
Finance expenses	3	(418)	(440)
<b>PROFIT BEFORE INCOME TAX</b>		<b>3,150</b>	<b>1,232</b>
Income tax		-	-
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>3,150</b>	<b>1,232</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income		-	-
Income tax		-	-
Other comprehensive income after tax		-	-
Total comprehensive income		3,150	1,232
Profit attributable to non-controlling interests		-	-
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>3,150</b>	<b>1,232</b>
<b>Earnings per shares</b>			
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share (cents)	8	5.31	0.42
Diluted earnings per share (cents)	8	5.31	0.42

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

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

		<b>Consolidated</b>	
	Notes	<b>2019</b>	2018
		<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	245	150
Trade and other receivables		52	9
Other current assets		120	30
<b>TOTAL CURRENT ASSETS</b>		<b>417</b>	<b>189</b>
<b>NON-CURRENT ASSETS</b>			
Investment properties	6	33,843	19,723
Investment		2,082	-
Other assets		2	2
<b>TOTAL NON-CURRENT ASSETS</b>		<b>35,927</b>	<b>19,725</b>
<b>TOTAL ASSETS</b>		<b>36,344</b>	<b>19,914</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		181	44
Accrued payables		10	-
Convertible notes		-	520
<b>TOTAL CURRENT LIABILITIES</b>		<b>191</b>	<b>564</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities		11,350	8,000
Deferred tax liability		-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>11,350</b>	<b>8,000</b>
<b>TOTAL LIABILITIES</b>		<b>11,541</b>	<b>8,564</b>
<b>NET ASSETS</b>		<b>24,803</b>	<b>11,350</b>
<b>EQUITY</b>			
Issued Capital	7	63,397	53,094
Reserves		5,626	5,626
Accumulated losses		(44,220)	(47,370)
Total equity attributable to equity holders of the parent entity		24,803	11,350
Non-controlling interest		-	-
<b>TOTAL EQUITY</b>		<b>24,803</b>	<b>11,350</b>

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

Consolidated	Notes	Issued	Reserves	Accumulated	Total Equity
		Capital		Losses	
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2019</b>	7	53,094	5,626	(47,370)	11,350
Share issued		10,325	-	-	10,325
Share issuing costs		(22)	-	-	(22)
Profit for the year		-	-	3,150	3,150
<b>Balance at 31 December 2019</b>	7	<b>63,397</b>	<b>5,626</b>	<b>(44,220)</b>	<b>24,803</b>
<b>Balance at 1 January 2018</b>		52,598	5,626	(48,602)	9,622
Share issued		500	-	-	500
Share issuing costs		(4)	-	-	(4)
Profit for the year		-	-	1,232	1,232
<b>Balance at 31 December 2018</b>	7	<b>53,094</b>	<b>5,626</b>	<b>(47,370)</b>	<b>11,350</b>

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

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**CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Consolidated	
		2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		1,609	993
Payments to suppliers, employees and service providers		(1,146)	(914)
Interest received		11	4
Interest paid		(371)	(393)
<b>Net cash (used in)/provided by operating activities</b>		<b>103</b>	<b>(310)</b>
<b>Cash flows from investing activities</b>			
Payments for investment properties improvements		(451)	(48)
Payments for purchases of investments		(2,060)	(696)
Payments for property, plant and equipment		(10,630)	-
Repayment from/advance (to) other parties		-	106
<b>Net cash (used in)/ provided by investing activities</b>		<b>(13,141)</b>	<b>(638)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuing share		10,325	-
Share issuing cost		(22)	(4)
Issued /(retired) convertible notes		(520)	520
Bank borrowings		3,350	500
<b>Net cash provided by /(used in) financing activities</b>		<b>13,133</b>	<b>1,016</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>95</b>	<b>68</b>
Cash and cash equivalents at the beginning of the year		150	82
<b>Cash and cash equivalents at the end of the year</b>	5	<b>245</b>	<b>150</b>

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**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**

		<b>Consolidated</b>	
		<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>a</b>	<b>Revenue</b>		
	Rental Income	1,531	1,044
	Fee income	129	-
		<u>1,660</u>	<u>1,044</u>
<b>b</b>	<b>Other Income and expenses</b>		
	Change in fair value of investment properties	3,039	2,826
	Change in fair value of investment project	-	(1,385)
	Others	28	2
		<u>3,067</u>	<u>1,443</u>

**3. PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES**

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

<b>a</b>	<b>Cost of providing services and administration expenses</b>		
	Consulting and professional fee	(118)	(183)
	Directors fee and employee on costs	(202)	(153)
	Legal expenses	(44)	(58)
	Other administration expenses	(371)	(307)
		<u>(735)</u>	<u>(701)</u>
<b>b</b>	<b>Finance income</b>		
	Interest income	33	4
<b>c</b>	<b>Finance expenses</b>		
	Interest paid	(393)	(391)
	Others	(25)	(49)
		<u>(418)</u>	<u>(440)</u>

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## NOTES TO THE FINANCIAL STATEMENTS continued

## 4. DIVIDENDS

The directors do not recommend a dividend relating to the year ended 31 December 2019 (2018: Nil) to be paid.

## 5. CASH AND CASH EQUIVALENTS

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Cash at bank and on hand	195	150
Cash held in trust account	50	-
	<u>245</u>	<u>150</u>

## 6. INVESTMENT PROPERTIES

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Non-current</b>		
Investment properties at fair value	<u>33,843</u>	19,723
	<u>33,843</u>	<u>19,723</u>

## a. Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The revaluations were based on independent assessments made by members of the Australian Property Institute valuations.

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Investment properties at fair value		
Independent valuation	34,475	14,200
Director valuation	-	5,476
Capital works and improvements	-	47
Accumulated depreciation and impairment	<u>(632)</u>	-
	<u>33,843</u>	<u>19,723</u>

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## NOTES TO THE FINANCIAL STATEMENTS continued

## 7. ISSUED CAPITAL

	Consolidated		Consolidated	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	Shares	Shares	\$'000	\$'000
<b>Ordinary shares</b>				
Issued	<b>59,359,935</b>	298,598,683	<b>63,397</b>	53,094
<b>Movements during the period</b>				
Balance at beginning of the period	<b>298,598,683</b>	280,416,865	<b>53,094</b>	52,598
Share issued	<b>295,000,000</b>	-	<b>10,325</b>	-
Share consolidation 10 to 1	<b>(534,238,748)</b>	-	-	-
Convertible note conversion	-	18,181,818	-	500
Share issuing costs	-	-	<b>(22)</b>	(4)
Balance at the end of the period	<b>59,359,935</b>	298,598,683	<b>63,397</b>	53,094

**Ordinary Shares**

Ordinary shares entitle the holders to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

**Option**

There are no unissued ordinary shares of the Company under option at the date of the report.

**Preference options**

No options were granted and issued during this year.

## 8. EARNINGS PER SHARE

	2019	2018
	Cents	Cents
Basic earnings/(loss) per share	<b>5.31</b>	0.42
Diluted earnings/(loss) per share	<b>5.31</b>	0.42
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Earnings used in calculating basic and diluted (loss) / earnings per share</b>	<b>3,150</b>	1,232
	<b>2019</b>	2018
<b>Weighted average number of ordinary shares used as the denominator</b>	<b>Number</b>	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and diluted earnings per share	<b>59,359,935</b>	292,538,077

**NOTES TO THE FINANCIAL STATEMENTS continued****9. CONTINGENT ASSETS AND LIABILITIES, COMMITMENTS****Guarantees**

Cross guarantees under Class Order 98/1418 by Hudson Investment Group Limited and its several 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.

**10. 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 2019 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2019 of the Group;
- The results of those operations; or
- The state of affairs in financial years subsequent to 31 December 2019 of the Group.

**11. 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 leasing industrial and residential properties 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.

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## NOTES TO THE FINANCIAL STATEMENTS continued

## 11. SEGMENT INFORMATION continued

	Property investment & development in Australia	Investment Services	Inter segment eliminations/ unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
<b>2019</b>				
Sales to external customers	1,660	-	-	1,660
Intersegment sales	-	-	-	-
Total sales revenue	1,660	-	-	1,660
Other revenue	-	-	-	-
<b>Total segment revenue</b>	<b>1,660</b>	<b>-</b>	<b>-</b>	<b>1,660</b>
<b>Segment result</b>				
Profit/(loss) before tax	3,150	-	-	3,150
Tax expense	-	-	-	-
<b>Net profit/(loss)</b>	<b>3,150</b>	<b>-</b>	<b>-</b>	<b>3,150</b>
Segment assets	36,344	-	-	36,344
Segment liabilities	11,541	-	-	11,541
Acquisition of non-current assets	11,508	-	-	11,508
Depreciation and amortisation expense	-	-	-	-
<b>2018</b>				
Sales to external customers	1,044	-	-	1,044
Intersegment sales	-	-	-	-
Total sales revenue	1,044	-	-	1,044
Other revenue	4	-	-	4
<b>Total segment revenue</b>	<b>1,048</b>	<b>-</b>	<b>-</b>	<b>1,048</b>
<b>Segment result</b>				
Profit/(loss) before tax	1,232	-	-	1,232
Income tax expense	-	-	-	-
<b>Net profit/(loss)</b>	<b>1,232</b>	<b>-</b>	<b>-</b>	<b>1,232</b>
Segment assets	19,914	-	-	19,914
Segment liabilities	8,564	-	-	8,564
Acquisition of non-current assets	47	-	-	47
Depreciation and amortisation expense	-	-	-	-

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**SUPPLEMENTARY APPENDIX 4E INFORMATION****NTA Backing**

	<b>31/12/2019</b>	31/12/2018
Net tangible asset per ordinary share	<b>41.78 cents</b>	3.88 cents

**Controlled Entities Acquired during the Period**

No controlled entity was acquired or incorporated 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 affect the results contained in this report or the continuing operations of the Group. Please refer to Note 10 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. No share buy back during the year.

**Audit Report**

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

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