



HUDSON INVESTMENT GROUP LIMITED

ACN 004 683 729

APPENDIX 4E

ASX PRELIMINARY UNAUDITED FINAL REPORT– 31 DECEMBER 2017

(CORRESPONDING PERIOD – YEAR ENDED 31 DECEMBER 2016)

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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 2016 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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Telephone: +61 2 8839 3000

Lawyers

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

Company Secretary

Henry Kinstlinger

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.

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PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 December 2017
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 31 December 2016)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from continuing operations	Up	0.7%	to	981
Profit/(Loss) after income tax from continuing operations	Up	0.1%	to	3,013
Net Profit)/Net Loss for the period attributable to members	Up	0.1%	to	3,013

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 \$3.01 million for the year ended 31 December 2017 compared to a net profit of \$3.0 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 2017 is \$9.6 million (or 3.4 cents per share).

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Consolidated 2017 \$'000	2016 \$'000
Revenue from continuing operations	2	981	974
Cost of property outgoings		(125)	(117)
Other income and expenses	2	3,104	3,018
Cost of providing services and administration expenses	3	(551)	(419)
Finance income	3	22	7
Finance expenses	3	(418)	(455)
PROFIT/(LOSS) BEFORE INCOME TAX		3,013	3,008
Income tax (expense)/benefit		-	-
PROFIT/(LOSS) FOR THE YEAR		3,013	3,008
OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
Tax expenses		-	-
		-	-
Total comprehensive income for the year		3,013	3,008
Non-controlling interest		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE COMPANY		3,013	3,008
		Cents	Cents
Basic earnings/(loss) per share (cents)	6	1.07	1.13
Diluted earnings/(loss) per share (cents)	6	1.07	1.13

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 2017

	Notes	Consolidated 2017 \$'000	2016 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	82	306
Trade and other receivables		15	263
Other current assets		27	12
TOTAL CURRENT ASSETS		124	581
NON-CURRENT ASSETS			
Investment properties		16,821	13,673
Development costs		751	395
TOTAL NON-CURRENT ASSETS		17,572	14,068
TOTAL ASSETS		17,696	14,649
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		74	40
Financial liabilities		7,500	-
Convertible notes		500	-
TOTAL CURRENT LIABILITIES		8,074	40
NON-CURRENT LIABILITIES			
Financial liabilities		-	7,500
Convertible notes		-	500
TOTAL NON-CURRENT LIABILITIES		-	8,000
TOTAL LIABILITIES		8,074	8,040
NET ASSETS		9,622	6,609
EQUITY			
Issued Capital		52,598	52,598
Reserves		5,626	5,626
Accumulated losses		(48,602)	(51,615)
Total equity attributable to equity holders of the parent entity		9,622	6,609
Non-controlling interest		-	-
TOTAL EQUITY		9,622	6,609

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 2017**

CONSOLIDATED	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	52,598	5,626	(51,615)	6,609
Share issued	-	-	-	-
Share issuing costs	-	-	-	-
Profit/(loss) for the year	-	-	3,013	3,013
Balance at 31 December 2017	52,598	5,626	(48,602)	9,622
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

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 2017

	Notes	Consolidated	
		2017	2016
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		1,013	948
Payments to suppliers and employees		(642)	(477)
Interest paid		(397)	(432)
Interest received		22	7
Net cash (outflow)/ inflow from operating activities		(4)	46
Cash flows from investing activities			
Advance from/(to) other parties		194	(300)
Payments for investment properties improvements		(57)	(289)
Payments for developing property project		(357)	(395)
Net cash (outflow)/ inflow from investing activities		(220)	(984)
Cash flows from financing activities			
Proceed from share placement		-	503
Share issuing cost		-	(15)
Issue convertible note		-	500
Drawdown from borrowings		-	1,683
Repayment of borrowings		-	(1,520)
Net cash inflow/(outflow) from financing activities		-	1,151
Net (decrease)/increase in cash and cash equivalents		(224)	213
Cash and cash equivalents at the beginning of the year		306	93
Cash and cash equivalents at the end of the year	5	82	306

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 2017

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	
		2017	2016
		\$'000	\$'000
a	Revenue		
	Rental Income	981	962
	Fee income	-	12
		<u>981</u>	<u>974</u>
b	Other Income and expenses		
	Change in fair value of investment properties	3,092	2,830
	Others	12	188
		<u>3,104</u>	<u>3,018</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	(35)	(83)
	Directors fee and employee on costs	(231)	(144)
	Superannuation expenses	-	(1)
	Legal expenses	(5)	-
	Other administration expenses	(280)	(191)
		<u>(551)</u>	<u>(419)</u>
b	Finance income		
	Interest income	22	7
c	Finance expenses		
	Interest paid	(397)	(433)
	Others	(21)	(22)
		<u>(418)</u>	<u>(455)</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 2017 (2016: Nil) to be paid.

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	2017	2016
	\$'000	\$'000
Cash at bank and on hand	82	306
Cash held in trust accounts	-	-
	<u>82</u>	<u>306</u>

6. EARNINGS PER SHARE

	2017	2016
	Cents	Cents
Basic earnings/(loss) per share	1.07	1.13
Diluted earnings/(loss) per share	1.07	1.13
	2017	2016
	\$'000	\$'000
Earnings used in calculating basic and diluted (loss) / earnings per share	<u>3,013</u>	<u>3,008</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>280,416,865</u>	<u>267,016,865</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.

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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 2017 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2017 of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2017 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 leasing 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.

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NOTES TO THE FINANCIAL STATEMENTS continued

9. SEGMENT INFORMATION continued

	Property investment & development in Australia	Investment Services	Inter segment eliminations/ unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
2017				
Sales to external customers	981	-	-	981
Intersegment sales	-	-	-	-
Total sales revenue	981	-	-	981
Other revenue	22	-	-	22
Total segment revenue	1,003	-	-	1,003
Segment result				
Profit/(loss) before income tax	3,013	-	-	3,013
Income tax expense	-	-	-	-
Net profit/(loss)	3,013	-	-	3,013
Segment assets	17,696	-	-	17,696
Segment liabilities	8,074	-	-	8,074
Acquisition of non-current assets	414	-	-	414
Depreciation and amortisation expense	-	-	-	-
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	-	-	-	-

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SUPPLEMENTARY APPENDIX 4E INFORMATION**NTA Backing**

	31/12/2017	31/12/2016
Net tangible asset backing per ordinary share	3.43 cents	2.48 cents

Controlled Entities Acquired during the Period

No entities 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 affect 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.

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