



HUDSON INVESTMENT GROUP LIMITED

ACN 004 683 729

APPENDIX 4E

ASX PRELIMINARY UNAUDITED FINAL REPORT– 31 DECEMBER 2018

(CORRESPONDING PERIOD – YEAR ENDED 31 DECEMBER 2017)

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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 2017 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*.

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)
John J Foley
Dr Cheng Fong Han
Warren Wen-Shih Choo (Alternate Director)

Joint Company Secretaries

Henry Kinstlinger
Mona Esapournoori

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 2018
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 31 December 2017)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from ordinary activities	Up	6.4%	to	1,044
Profit/(Loss) after income tax from ordinary activities	Down	59.1%	to	1,232
Net Profit)/Net Loss for the period attributable to members	Down	59.1%	to	1,232

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 after tax

The Company has recorded a consolidated net profit after tax of \$1.23 million for the year ended 31 December 2018 compared to a net profit of \$3.01 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 2018 is \$11.35 million (or 3.88 cents per share).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

		Consolidated	
		2018	2017
	Notes	\$'000	\$'000
Revenue	2	1,044	981
Cost of services		(118)	(125)
Other income and expenses	2	1,443	3,104
Cost of providing services and administration expenses	3	(701)	(551)
Finance income	3	4	22
Finance expenses	3	(440)	(418)
PROFIT BEFORE INCOME TAX EXPENSE		1,232	3,013
Income tax		-	-
PROFIT AFTER TAX FOR THE YEAR		1,232	3,013
 OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
Income tax		-	-
Other comprehensive income after tax		-	-
Total comprehensive income		1,232	3,013
Profit attributable to non-controlling interests		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		1,232	3,013
 Earnings per shares			
		Cents	Cents
Basic earnings per share (cents)	6	0.42	1.07
Diluted earnings per share (cents)	6	0.42	1.07

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

		Consolidated	
		2018	2017
	Notes	\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	150	82
Trade and other receivables		9	15
Other current assets		30	27
TOTAL CURRENT ASSETS		189	124
NON-CURRENT ASSETS			
Investment properties		19,723	16,821
Other assets		2	751
TOTAL NON-CURRENT ASSETS		19,725	17,572
TOTAL ASSETS		19,914	17,696
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		44	74
Financial liabilities		-	7,500
Convertible notes		520	500
TOTAL CURRENT LIABILITIES		564	8,074
NON-CURRENT LIABILITIES			
Financial liabilities		8,000	-
Convertible Notes		-	-
TOTAL NON-CURRENT LIABILITIES		8,000	-
TOTAL LIABILITIES		8,564	8,074
NET ASSETS		11,350	9,622
EQUITY			
Issued Capital		53,094	52,598
Reserves		5,626	5,626
Accumulated losses		(47,370)	(48,602)
Total equity attributable to equity holders of the parent entity		11,350	9,622
Non-controlling interest		-	-
TOTAL EQUITY		11,350	9,622

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

Consolidated	Notes	Issued Capital	Reserves	Accumulated Losses	Total Equity
		\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018		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
Balance at 31 December 2018		53,094	5,626	(47,370)	11,350
Balance at 1 January 2017		52,598	5,626	(51,615)	6,609
Share issued		-	-	-	-
Share issuing costs		-	-	-	-
Profit for the year		-	-	3,013	3,013
Balance at 31 December 2017		52,598	5,626	(48,602)	9,622

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

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Consolidated	
		2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts from customers		993	1,013
Payments to suppliers, employees and service providers		(914)	(643)
Interest received		4	23
Interest paid		(393)	(397)
Net cash (used in)/provided by operating activities		(310)	(4)
Cash flows from investing activities			
Repayment from/advance (to) other parties		106	194
Payments for investment properties improvements		(48)	(57)
Payments for purchases of investments		(696)	(357)
Payments for property, plant and equipment		-	-
Net cash (used in)/ provided by investing activities		(638)	(220)
Cash flows from financing activities			
Proceeds from share placement		-	-
Share issuing cost		(4)	-
Issued convertible notes		520	-
Drawdown from bank borrowings		500	-
Repayment of borrowings		-	-
Net cash provided by /(used in) financing activities		1,016	-
Net increase/(decrease) in cash and cash equivalents		68	(224)
Cash and cash equivalents at the beginning of the year	5	82	306
Cash and cash equivalents at the end of the year		150	82

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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	
	2018	2017
	\$'000	\$'000
a Revenue		
Rental Income	1,044	981
Fee income	-	-
	<u>1,044</u>	<u>981</u>
b Other Income and expenses		
Change in fair value of investment properties	2,826	3,092
Change in fair value of investment project	(1,385)	-
Others	2	12
	<u>1,443</u>	<u>3,104</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	(183)	(35)
Directors fee and employee on costs	(153)	(231)
Legal expenses	(58)	(5)
Other administration expenses	(307)	(280)
	<u>(701)</u>	<u>(551)</u>
b Finance income		
Interest income	4	22
c Finance expenses		
Interest paid	(391)	(397)
Others	(49)	(21)
	<u>(440)</u>	<u>(418)</u>

NOTES TO THE FINANCIAL STATEMENTS continued

4. DIVIDENDS

The directors do not recommend a dividend relating to the year ended 31 December 2018 (2017: Nil) to be paid.

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	2018	2017
	\$'000	\$'000
Cash at bank and on hand	150	82
Cash held in trust accounts	-	-
	<u>150</u>	<u>82</u>

6. EARNINGS PER SHARE

	2018	2017
	Cents	Cents
Basic earnings/(loss) per share	0.42	1.07
Diluted earnings/(loss) per share	0.42	1.07
	2018	2017
	\$'000	\$'000
Earnings used in calculating basic and diluted (loss) / earnings per share	<u>1,232</u>	<u>3,013</u>
	2018	2017
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>292,538,077</u>	<u>280,416,865</u>

7. CONTINGENT ASSETS AND LIABILITIES, COMMITMENTS

Guarantees

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

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

In January 2019, Company issued 175 million ordinary shares at \$0.035 per Share to non-related parties as part consideration for the purchase by the Company of the First Brookes Street Property. Company issued further 120 million ordinary shares at an issue price of \$0.035 per Share to raise \$4.2 million.

Pursuant to the resolutions passed at the Company General Meeting of shareholders held on 16 January 2019 with respect to the purchase of:

1. Units 1 and 2, 41-43 Brookes St, Bowen Hills QLD (First Brookes Street Property); and
2. 47 Brookes St, Bowen Hills QLD (Second Brookes Street Property);

Settlement of the First and Second Brookes Street Properties occurred on 31 January 2019.

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 31 December 2018 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2018 of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2018 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.

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
2018				
Sales to external customers	1,044	-	-	1,044
Intersegment sales	-	-	-	-
Total sales revenue	1,044	-	-	1,044
Other revenue	4	-	-	4
Total segment revenue	1,048	-	-	1,048
Segment result				
Profit/(loss) before income tax	1,232	-	-	1,232
-	-	-	-	-
Net profit/(loss)	1,232	-	-	1,232
Segment assets	19,914	-	-	19,914
Segment liabilities	8,564	-	-	8,564
Acquisition of non-current assets	47	-	-	47
Depreciation and amortisation expense	-	-	-	-
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	-	-	-	-

SUPPLEMENTARY APPENDIX 4E INFORMATION**NTA Backing**

	31/12/2018	31/12/2017
Net tangible asset per ordinary share	3.88 cents	3.43 cents

Controlled Entities Acquired during the Period

Hudson Bowen Hills Pty Ltd, Halloran Properties 1 Pty Ltd, Halloran Properties 1 Unit Trust and HSC Property 1 Pty Ltd were 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 8 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.