



HUDSON INVESTMENT GROUP LIMITED

ACN 004 683 729

APPENDIX 4E

ASX PRELIMINARY UNAUDITED FINAL REPORT– 31 DECEMBER 2014

(CORRESPONDING PERIOD – YEAR ENDED 31 DECEMBER 2013)

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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 2013 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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Board of Directors

John W Farey (Executive Chairman)
Alan Preston Beasley
John Foley

Company Secretary

Julian Rockett

Bankers

St George Bank Limited
Level 14, 182 George St
Sydney NSW 2200
Telephone: +61 2 9236 2230

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

Share Registry

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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 2014
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 31 December 2013)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from continuing operations	Down	1.5%	to	13,125
(Loss)/Profit after income tax from continuing operations	Down	203%	to	(15,059)
(Net Loss)/Net profit for the period attributable to members	Down	203%	to	(15,059)

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 loss after tax of \$15.0 million for the year ended 31 December 2014 compared to a net loss of \$4.96 million in the previous corresponding period.

The decrease in profit was principally due to receivable provision and the change in fair value of the Group's investments portfolio.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

		Consolidated	
	Notes	2014 \$'000	2013 \$'000
Revenue from continuing operations	2	13,125	13,333
Cost of sales of goods		(7,760)	(6,751)
Other income and expenses	2	(3,696)	(3,910)
Cost of providing services and administration expenses	3	(3,962)	(3,972)
Finance income	3	1,647	1,187
Finance expenses	3	(14,965)	(7,388)
Share of profit of equity accounted investee		62	2,534
PROFIT/(LOSS) BEFORE INCOME TAX		(15,549)	(4,967)
Income tax (expense)/benefit		490	-
PROFIT/(LOSS) FOR THE YEAR		(15,059)	(4,967)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		(15,059)	(4,967)
Non-controlling interest		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE COMPANY		(15,059)	(4,967)
		Cents	Cents
Basic earnings/(loss) per share (cents)	6	(5.84)	(1.93)
Diluted earnings/(loss) per share (cents)	6	(5.84)	(1.93)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		Consolidated	
	Notes	2014	2013
		\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	140	444
Trade and other receivables		1,644	8,598
Financial assets		1,637	3,928
Inventories		2,197	3,388
Other current assets		223	158
TOTAL CURRENT ASSETS		5,841	16,516
NON-CURRENT ASSETS			
Receivables		3,028	3,082
Property, plant and equipment		2,892	2,730
Investment properties		32,489	32,098
Financial assets		5,032	7,219
TOTAL NON-CURRENT ASSETS		43,441	45,129
TOTAL ASSETS		49,282	61,645
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,174	2,222
Financial liabilities		1,385	849
Employee benefits provision		420	406
Other liabilities		337	261
TOTAL CURRENT LIABILITIES		3,316	3,738
NON-CURRENT LIABILITIES			
Trade and other payables		13,236	10,241
Financial liabilities		20,825	20,221
Deferred tax liability		-	490
Other liabilities		3,409	3,458
Provisions		388	358
TOTAL NON-CURRENT LIABILITIES		37,858	34,768
TOTAL LIABILITIES		41,174	38,506
NET ASSETS		8,108	23,139
EQUITY			
Issued Capital		52,069	52,040
Reserves		5,626	5,627
Accumulated losses		(49,587)	(34,528)
Total equity attributable to equity holders of the parent entity		8,108	23,139
Non-controlling interest		-	-
TOTAL EQUITY		8,108	23,139

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

CONSOLIDATED	Issued Capital	Reserves	Accumulated Losses	Minority Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	52,040	5,627	(34,528)	-	23,139
Profit/(loss) for the year	-	-	(15,059)	-	(15,059)
Share placement	29	(1)	-	-	28
Balance at 31 December 2014	52,069	5,626	(49,587)	-	8,108
Balance at 1 January 2013	52,040	5,627	(29,561)	-	28,106
Profit/(loss) for the year	-	-	(4,967)	-	(4,967)
Currency translation	-	-	-	-	-
Balance at 31 December 2013	52,040	5,627	(34,528)	-	23,139

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

STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	Consolidated	
		2014	2013
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		12,834	13,558
Payments to suppliers and employees		(9,846)	(11,067)
Interest paid		(1,229)	(2,227)
Interest received		9	5
Net cash inflow/(outflow) from operating activities		1,768	269
Cash flows from investing activities			
Proceeds from sale of investments		12,758	4,034
Proceeds from sale of property		-	8,346
Advance to other parties		(1,362)	(1,209)
Payments for investment properties improvements		(20)	(58)
Payments for purchase of investments		(14,090)	(4,509)
Payments for property, plant and equipment		(525)	(123)
Net cash inflow/(outflow) from investing activities		(3,239)	6,481
Cash flows from financing activities			
Proceed from share placement		29	-
Share issuing cost		(2)	-
Drawdown from borrowings		1,841	360
Repayment of borrowings		(701)	(6,901)
Net cash (outflow)/inflow from financing activities		1,167	(6,541)
Net (decrease)/increase in cash and cash equivalents		(304)	209
Cash and cash equivalents at the beginning of the year		444	235
Cash and cash equivalents at the end of the year	5	140	444

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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	
		2014	2013
		\$'000	\$'000
a	Revenue		
	Sale of goods	6,276	5,680
	Rendering of services	1,957	2,278
	Rent	1,131	1,814
	Fee income	3,761	3,561
		<u>13,125</u>	<u>13,333</u>
b	Other Income and expenses		
	Net gain on disposal of property, plant and equipment	-	523
	Net gain on disposal of investments	2,141	(1,366)
	Change in fair value of investment properties	371	15
	Change in fair value of financial asset	(7,415)	(3,082)
	Others	1,207	-
		<u>(3,696)</u>	<u>(3,910)</u>

3. PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES

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

a	Administration expenses		
	Consulting and professional fee	(539)	(478)
	Employee benefits	(2,122)	(2,103)
	Superannuation expenses	(267)	(278)
	Lease payment	(10)	(10)
	Legal expenses	(337)	(145)
b	Finance income		
	Interest income	1,647	1,187
c	Finance expenses		
	Interest paid	(2,221)	(2,517)
	Depreciation and amortisation	(363)	(352)
	Doubtful debts provision	(12,265)	(4,404)
	Others	(116)	(115)
		<u>(14,965)</u>	<u>(7,388)</u>

4. DIVIDENDS

The directors do not recommend a dividend relating to the year ended 31 December 2014(2013: Nil) to be paid.

NOTES TO THE FINANCIAL STATEMENTS continued

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	2014	2013
	\$'000	\$'000
Cash at bank and on hand	64	368
Cash held in trust accounts	76	76
	140	444

6. EARNINGS PER SHARE

	2014	2013
	Cents	Cents
Basic earnings/(loss) per share	(5.84)	(1.93)
Diluted earnings/(loss) per share	(5.84)	(1.93)
	2014	2013
	\$'000	\$'000
Earnings used in calculating basic and diluted (loss) / earnings per share	(15,059)	(4,967)
	2014	2013
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	257,881,439	257,821,022

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.

Litigation

On 8 June 2007 the Company obtained a settlement in its favour in an action concerning an entitlement deed between the company and Australian Hardboards Limited prepared by Atanaskovic Hartnell, the Company's former solicitors.

On 6 June 2007 the Company commenced action against Atanaskovic Hartnell claiming the shortfall between the amount of its claimed \$10 million entitlement and the settlement amount of \$6.1 million. The matter was initially heard in February 2012, and the claim made by the Company was dismissed in February 2013.

In April 2014, the Company's appeal was heard and in August 2014, the Court of Appeal dismissed the appeal and awarded costs against the Company.

The Company has applied to the High Court to seek special leave in the case against Atanaskovic Hartnell.

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**

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 31 December 2014 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2014 of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2014 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.

Exploration and processing of minerals

Processing and distribution of Attapulgit, (also known as Fuller's Earth) which is an industrial clay material used in the domestic and industrial absorbent, industrial oil refining, agricultural and horticultural industries. In addition, it is involved in the exploration and development of coal mining leases.

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	Mining, processing & exploration	Inter segment eliminations/ unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
2014					
Sales to external customers	3,196	3,543	6,386	-	13,125
Intersegment sales	1,914	290	-	(2,204)	-
Total sales revenue	5,110	3,833	6,386	(2,204)	13,125
Other revenue	-	-	-	-	-
Total segment revenue	5,110	3,833	6,386	(2,204)	13,125
Segment result					
Profit/(loss) before income tax expense	2,648	(15,687)	(203)	-	(13,242)
Income tax expense	-	-	-	(1,817)	(1,817)
Net profit/(loss)	2,648	(15,687)	(203)	(1,817)	(15,059)
Segment assets	87,849	13,462	24,620	(76,649)	49,282
Segment liabilities	49,092	75,042	13,539	(96,499)	41,174
Acquisition of non-current assets	20	6	519	-	545
Depreciation and amortisation expense	-	26	337	-	363
2013					
Sales to external customers	3,984	3,561	5,788	-	13,333
Intersegment sales	1,423	-	-	(1,423)	-
Total sales revenue	5,407	3,561	5,788	(1,423)	13,333
Other revenue	-	-	-	-	-
Total segment revenue	5,407	3,561	5,788	(1,423)	13,333
Segment result					
Profit/(loss) before income tax expense	2,629	(3,509)	(1,586)	-	(2,466)
Income tax expense	-	-	-	-	-
Net profit/(loss)	2,629	(3,509)	(1,586)	-	(2,466)
Segment assets	74,841	18,151	22,759	(51,605)	64,146
Segment liabilities	42,906	65,292	11,475	(81,167)	38,506
Acquisition of non-current assets	58	14	9	-	81
Depreciation and amortisation expense	-	27	325	-	352

SUPPLEMENTARY APPENDIX 4E INFORMATION**NTA Backing**

	31/12/2014	31/12/2013
Net tangible asset backing per ordinary share	3.10 cents	9.91 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 other entities were disposed of 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.