



**HUDSON INVESTMENT GROUP LIMITED**

**ACN 004 683 729**

**APPENDIX 4E**

**ASX PRELIMINARY UNAUDITED FINAL REPORT – 31 DECEMBER 2012**

**(CORRESPONDING PERIOD – YEAR ENDED 31 DECEMBER 2011)**

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

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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 2011 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**

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

**Geraldton Office**

2 Kemp Street  
 Narngulu Geraldton WA 6530  
 Telephone: (08)9923 3604  
 Facsimile: (08)9923 3773

**Auditors**

K.S. Black & Co  
 Level 6  
 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

**Board of Directors**

John W Farey (Executive Chairman)  
 Juliana Tan  
 Peter J Meers

**Company Secretaries**

David L Hughes  
 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**

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 2012**  
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 31 December 2011)

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				<b>\$'000</b>
<b>Revenue</b> from continuing operations	Down	4.1%	to	15,190
<b>Profit /(loss)</b> after income tax from continuing operations	Up	185%	to	1,249
<b>Net profit/(loss)</b> for the period attributable to members	Up	185%	to	1,249

<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

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

The Company has recorded a consolidated net profit after tax of \$1.249 million for the year ended 31 December 2012 compared to a loss of \$1.472 million in the previous corresponding period.

This increase was due to changes in property values and investments.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2012**

		Consolidated	
	Notes	2012 \$'000	2011 \$'000
<b>Revenue from continuing operations</b>	<b>2</b>	<b>15,190</b>	15,853
Cost of sales		<b>(7,945)</b>	(9,859)
<b>Gross profit</b>		<b>7,245</b>	5,994
Other income	2	<b>1,548</b>	4,200
Change in fair value of investment properties		<b>(507)</b>	(4,963)
Administration expenses	3	<b>(5,285)</b>	(3,345)
<b>PROFIT/(LOSS) BEFORE TAX AND FINANCE INCOME AND EXPENSES</b>		<b>3,001</b>	1,886
Finance income	3	<b>905</b>	350
Finance expenses	3	<b>(3,257)</b>	(3,029)
Share of profit of equity accounted investee		<b>600</b>	(679)
<b>PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE</b>		<b>1,249</b>	(1,472)
Income tax (expense)/benefit		-	-
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>1,249</b>	(1,472)
<b>TOTAL COMPREHENSIVE INCOME</b>			
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		<b>1,249</b>	(1,472)
Profit attributable to minority equity interest		-	-
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>1,249</b>	(1,472)
		<b>Cents</b>	Cents
Basic earnings/(loss) per share (cents)	6	<b>0.48</b>	(0.57)
Diluted earnings/(loss) per share (cents)	6	<b>0.48</b>	(0.57)

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

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2012**

	Notes	Consolidated	
		2012	2011
		\$'000	\$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	235	466
Trade and other receivables		8,802	4,992
Financial assets		4,842	5,918
Inventories		3,448	1,192
Other current assets		220	294
<b>TOTAL CURRENT ASSETS</b>		<b>17,547</b>	<b>12,862</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		125	-
Property, plant and equipment		2,945	2,858
Investment properties		39,863	39,840
Financial assets		7,769	7,682
Other non current assets		92	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>50,794</b>	<b>50,380</b>
<b>TOTAL ASSETS</b>		<b>68,341</b>	<b>63,242</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,112	2,483
Financial liabilities		1,819	8,057
Employee benefits provision		408	322
Other liabilities		584	923
Provisions		-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,923</b>	<b>11,785</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables		4,196	-
Financial liabilities		25,792	20,265
Deferred tax liability		490	490
Other liabilities		3,509	3,558
Provisions		325	290
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>34,312</b>	<b>24,603</b>
<b>TOTAL LIABILITIES</b>		<b>40,235</b>	<b>36,388</b>
<b>NET ASSETS</b>		<b>28,106</b>	<b>26,854</b>
<b>EQUITY</b>			
Issued Capital		52,040	52,040
Reserves		5,627	5,624
Accumulated losses		(29,561)	(30,810)
Total equity attributable to equity holders of the parent entity		28,106	26,854
Minority interest		-	-
<b>TOTAL EQUITY</b>		<b>28,106</b>	<b>26,854</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2012**

<b>CONSOLIDATED</b>	<b>Issued Capital \$'000</b>	<b>Reserves \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Minority Interests \$'000</b>	<b>Total Equity \$'000</b>
<b>At 1 January 2012</b>	<b>52,040</b>	<b>5,624</b>	<b>(30,810)</b>	-	<b>26,854</b>
Profit/(loss) for the year	-	-	1,249	-	1,249
Currency translation difference	-	3	-	-	3
<b>At 31 December 2012</b>	<b>52,040</b>	<b>5,627</b>	<b>(29,561)</b>	-	<b>28,106</b>
<b>At 1 January 2011</b>	52,040	5,592	(29,338)	-	28,294
Profit for the year	-	-	(1,472)	-	(1,472)
Movement for the year	-	-	-	-	-
Currency translation difference	-	32	-	-	32
<b>At 31 December 2011</b>	<b>52,040</b>	<b>5,624</b>	<b>(30,810)</b>	-	<b>26,854</b>

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

**STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	Notes	Consolidated	
		2012 \$'000	2011 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		15,476	17,417
Payments to suppliers and employees		(12,312)	(13,291)
Interest paid		(2,435)	(2,565)
Interest received		7	350
<b>Net cash inflow/(outflow) from operating activities</b>		<b>736</b>	<b>1,911</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of investments		9,447	-
Proceeds from sale of property		-	2,227
Proceeds from sale of mining tenements		-	4,500
Advance to other parties		(772)	-
Payments for investment properties improvements		(43)	(47)
Payments for purchase of investments		(8,552)	(5,406)
Payments for property, plant and equipment		(336)	(224)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(256)</b>	<b>1,050</b>
<b>Cash flows from financing activities</b>			
Proceeds from/(repayment) of advances		-	373
Drawdown from borrowings		10,909	699
Repayment of borrowings		(11,620)	(4,112)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(711)</b>	<b>(3,040)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(231)</b>	<b>(79)</b>
Cash and cash equivalents at the beginning of the year		466	545
<b>Cash and cash equivalents at the end of the year</b>		<b>235</b>	<b>466</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

### 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	
	2012 \$'000	2011 \$'000
<b>a Revenue</b>		
Sale of goods	8,175	9,062
Rendering of services	2,363	2,240
Rent	2,028	2,196
Fee income	2,624	2,355
	15,190	15,853
<b>b Other Income and expenses</b>		
Net gain on disposal of mining tenements	-	4,500
Net gain on disposal of property, plant and equipment	17	(290)
Net gain on disposal of investments	3,130	131
Change in fair value of financial asset	(2,318)	(345)
Other	719	204
	1,548	4,200

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

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

<b>a Administration expenses</b>		
Employee benefits	(1,995)	(1,567)
Superannuation expenses	(256)	(236)
<b>b Finance income</b>		
Interest income	905	350
<b>c Finance expenses</b>		
Interest paid	(2,435)	(2,565)
Depreciation and amortisation	(407)	(373)
Others	(415)	(91)
	(3,257)	(3,029)

### 4. DIVIDENDS

The directors do not recommend a dividend relating to the year ended 31 December 2012 (2011: Nil) to be paid.



## NOTES TO THE FINANCIAL STATEMENTS continued

## 5. CASH AND CASH EQUIVALENTS

	Consolidated	
	2012	2011
	\$'000	\$'000
Cash at bank and on hand	160	391
Cash held in trust accounts	75	75
	<u>235</u>	<u>466</u>

## 6. EARNINGS PER SHARE

	2012	2011
	Cents	Cents
Basic earnings/(loss) per share	0.48	(0.57)
Diluted earnings/(loss) per share	0.48	(0.57)
	<u>2012</u>	<u>2011</u>
	\$'000	\$'000
Earnings used in calculating basic and diluted (loss) / earnings per share	<u>1,249</u>	<u>(1,472)</u>
	<u>2012</u>	<u>2012</u>
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	<u>257,821,022</u>	<u>257,821,022</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.

**Litigation**

Atanaskovic Hartnell

The Company obtained judgement in its favour on 8 June 2007 in an action in respect to an Entitlement Deed between the Company and Australian Hardboards Limited prepared by Atanaskovic Hartnell, the Company's former solicitors.

The Company commenced action against Atanaskovic Hartnell claiming the shortfall between the amount of its claimed entitlement and the settlement amount of \$6.1 million.

The matter was heard in February 2012 and on 11 February 2013 we were advised by the Court that the Company's claim against Atanaskovic Hartnell was dismissed.

The Company and its legal advisors are reviewing the judgement.

**Commitments**

There are no material commitments as at the date of the report other than minimum exploration expenditure commitments and lease payments on the Company's exploration tenements totalling approximately \$651,000 over the remaining term.

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

On 11 February 2013 the Supreme Court dismissed the claim brought by the Company against its former solicitors Atanaskovic Hartnell. The Company and its legal advisors are reviewing that judgement.

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 31 December 2012 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2012 of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2012 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 Attapulgitite, (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, with the exception of property investment in New Zealand, 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 \$'000	Property investment in New Zealand \$'000	Mining, processing & exploration \$'000	Inter segment eliminations/ unallocated \$'000	Consolidated \$'000
<b>2012</b>					
Sales to external customers					
Intersegment sales					
Total sales revenue	4,286	-	8,280	2,624	15,190
Other revenue	1,289	-	-	(1,289)	-
<b>Total segment revenue</b>	<b>5,575</b>	<b>-</b>	<b>8,280</b>	<b>1,335</b>	<b>15,190</b>
<b>Segment result</b>					
Profit/(loss) before income tax expense	265	-	1,085	(101)	1,249
Income tax expense	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>265</b>	<b>-</b>	<b>1,085</b>	<b>(101)</b>	<b>1,249</b>
Segment assets	79,771	-	13,746	(25,175)	68,342
Segment liabilities	49,460	-	5,876	(15,101)	40,235
Acquisition of non current assets	-	-	336	-	336
Depreciation and amortisation expense	-	-	407	-	407
<b>2011</b>					
Sales to external customers	4,217	122	9,062	-	13,401
Intersegment sales	1,125	-	-	(1,125)	-
Total sales revenue	5,342	122	9,062	(1,125)	13,401
Other revenue	2,352	-	100	-	2,452
<b>Total segment revenue</b>	<b>7,694</b>	<b>122</b>	<b>9,162</b>	<b>(1,125)</b>	<b>15,853</b>
<b>Segment result</b>					
Profit/(loss) before income tax expense	(4,573)	(473)	3,857	(283)	(1,472)
Income tax expense	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>(4,573)</b>	<b>(473)</b>	<b>3,857</b>	<b>(283)</b>	<b>(1,472)</b>
Segment assets	72,962	30	10,347	(20,097)	63,242
Segment liabilities	49,581	2,919	3,562	(19,674)	36,388
Acquisition of non current assets	73	-	151	-	224
Depreciation and amortisation expense	18	355	-	-	373

## SUPPLEMENTARY APPENDIX 4E INFORMATION

### NTA Backing

	31/12/2012	31/12/2011
Net tangible asset backing per ordinary share	10.83 cents	10.36 cents

### Controlled Entities Acquired during the Period

No entities have been acquired during the reporting period

### Loss of Control of Entities during the Period

Inactive companies, Mile Investments Limited and Ruahine Investment Limited were de-registered from the New Zealand Companies Registry.

Inactive companies, Ozberg Pty Ltd and Raffles Nominees Pty Ltd were disposed of at nominal value.

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 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.