

**HUDSON INVESTMENT GROUP LIMITED**  
**ABN 25 004 683 729**

**APPENDIX 4E**  
**ASX PRELIMINARY UNAUDITED FINAL REPORT– 31 DECEMBER 2008**  
**(CORRESPONDING PERIOD – PERIOD ENDED 31 DECEMBER 2007)**

**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 2007 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*.

**PRELIMINARY FINAL REPORT FOR THE  
YEAR ENDED 31 DECEMBER 2008  
(PREVIOUS CORRESPONDING PERIOD:  
YEAR ENDED 31 DECEMBER 2007)**

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

				<b>\$'000</b>
<b>Revenue</b> from continuing operations	Up	34.90%	to	12,950
<b>Profit</b> after income tax from continuing operations	Down	147.36%	to	(3,879)
<b>Net profit</b> for the period attributable to members	Down	144.11%	to	(3,877)

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

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

Resulting primarily from a revaluation of the Company's property assets, reflecting market sentiment regarding the global financial crisis, the Company and its controlled entities ('the consolidated entity') recorded a net loss after tax of \$3.877 million due to the yield being increased to a weighted average of the Company's property assets to 8.48%. On the positive side interest rates paid by the Company on its various loans have reduced to an average of around 5% p.a. (2007: 9% p.a.). Interest rates are anticipated to remain at this low level (and may even reduce further) and this has a positive impact on cash flows in the coming year.

Total shareholders funds as at 31 December, 2008 were \$28.941 million and the NTA was 10.25 cents per share.

**HUDSON INVESTMENT GROUP AND CONTROLLED ENTITIES**  
A.B.N. 25 004 683 729

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

		<b>Consolidated</b>	
		<b>2008</b>	<b>2007</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue from continuing operations</b>	2(a)	<b>12,950</b>	9,600
Cost of sales		<b>(9,010)</b>	(6,036)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>3,940</b>	3,564
Other income	2(b)	<b>2,801</b>	12,314
Administration expenses	3(a)	<b>(3,956)</b>	(4,270)
Write down of investment properties to fair value		<b>(2,181)</b>	-
Write down of asset to recoverable amount		<b>(124)</b>	-
Net loss on revaluation of financial assets at fair value through profit or loss		<b>(1,033)</b>	-
		<hr/>	<hr/>
<b>(LOSS)/PROFIT BEFORE TAX AND FINANCE INCOME AND EXPENSES</b>		<b>(553)</b>	11,608
Finance income	3(b)	<b>385</b>	402
Finance expenses	3(c)	<b>(3,575)</b>	(3,825)
		<hr/>	<hr/>
<b>(LOSS)/PROFIT BEFORE INCOME TAX EXPENSE</b>		<b>(3,743)</b>	8,185
Income tax (expense)/benefit		<b>(136)</b>	5
		<hr/>	<hr/>
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(3,879)</b>	8,190
Profit attributable to minority equity interest		<b>2</b>	600
		<hr/>	<hr/>
<b>PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>(3,877)</b>	8,790
		<hr/> <hr/>	<hr/> <hr/>
Basic (loss)/earnings per share (cents)	6	<b>(1.50)</b>	3.62
Diluted (loss)/earnings per share (cents)	6	<b>(1.50)</b>	3.62

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

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**HUDSON INVESTMENT GROUP AND CONTROLLED ENTITIES**  
A.B.N. 25 004 683 729

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2008**

	Note	Consolidated	
		2008 \$'000	2007 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,167	870
Trade and other receivables		5,019	2,315
Financial assets		933	1,294
Inventories		1,355	1,046
Other assets		280	106
<b>TOTAL CURRENT ASSETS</b>		<b>9,754</b>	<b>5,631</b>
<b>NON-CURRENT ASSETS</b>			
Receivables		4,758	3,569
Property, plant and equipment		4,505	3,018
Investment properties		58,385	61,204
Financial assets		450	1,075
Intangible assets		2,518	1,230
<b>TOTAL NON-CURRENT ASSETS</b>		<b>70,616</b>	<b>70,096</b>
<b>TOTAL ASSETS</b>		<b>80,370</b>	<b>75,727</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,151	1,063
Financial liabilities		24,558	140
Employee benefits		257	356
Current tax liabilities		136	-
Other liabilities		41	992
Provisions		286	235
<b>TOTAL CURRENT LIABILITIES</b>		<b>26,429</b>	<b>2,786</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables		588	-
Financial liabilities		20,436	38,937
Deferred tax liability		490	490
Other liabilities		3,124	3,857
Provisions		362	386
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>25,000</b>	<b>43,670</b>
<b>TOTAL LIABILITIES</b>		<b>51,429</b>	<b>46,456</b>
<b>NET ASSETS</b>		<b>28,941</b>	<b>29,271</b>
<b>EQUITY</b>			
Issued Capital		52,040	52,040
Reserves		6,935	6,186
Accumulated losses		(34,621)	(30,744)
<b>Total equity attributable to equity holders of the parent entity</b>		<b>24,354</b>	<b>27,482</b>
Minority interest		4,587	1,789
<b>TOTAL EQUITY</b>		<b>28,941</b>	<b>29,271</b>

The above balance sheet 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 2008**

	Issued Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Minority Interests \$'000	Total Equity \$'000
<b>At 1 January 2007</b>	52,040	5,007	(38,245)	2,108	20,910
Profit for the period	-		8,790	600	9,390
Revaluation movement	-	381	-	-	381
Currency translation difference	-	798	-	-	798
Minority interest movement	-	-	-	(919)	(919)
Option reserves	-	-	-	-	-
Dividends paid	-	-	(1,289)	-	(1,289)
<b>At 31 December 2007</b>	<b>52,040</b>	<b>6,186</b>	<b>(30,744)</b>	<b>1,789</b>	<b>29,271</b>
<b>At 1 January 2008</b>	52,040	6,186	(30,744)	1,789	29,271
Loss for the period	-	-	(3,877)	-	(3,877)
Revaluation movement	-	207	-	-	207
Currency translation difference	-	(162)	-	-	(162)
Minority interest movement	-	-	-	2,798	2,798
Business combination movement	-	704	-	-	704
<b>At 31 December 2008</b>	<b>52,040</b>	<b>6,935</b>	<b>(34,621)</b>	<b>4,587</b>	<b>28,941</b>

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

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**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Notes	<b>Consolidated</b>	
		<b>2008</b>	2007
		<b>\$'000</b>	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		13,084	10,560
Proceeds from litigation settlement		-	6,100
Payments to suppliers and employees		(15,698)	(9,395)
Dividends received		-	4
Interest paid		(3,575)	(3,003)
Interest received		385	409
		<b>(5,804)</b>	4,675
<b>Net cash (outflow) inflow from operating activities</b>			
<b>Cash flows from investing activities</b>			
Contributions to joint venture		(2,310)	(790)
Payments for purchases of investments		(1,789)	(1,808)
Deposits on mining tenements		(89)	-
Proceeds from sale of mining tenements		1,503	-
Payments for improvements to investment properties		(262)	-
Proceeds from sale of held for trading investments		970	275
Payments for property, plant and equipment		(346)	(691)
		<b>(2,323)</b>	(3,014)
<b>Net cash (outflow) from investing activities</b>			
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities		5,553	375
Interest bearing loans issued		(1,945)	-
Dividend paid		-	(1,289)
Proceeds from borrowing		6,787	2,720
Repayment of borrowings		(971)	(3,111)
		<b>9,424</b>	(1,305)
<b>Net cash inflow (outflow) from financing activities</b>			
<b>Net increase in cash held</b>			
		<b>1,297</b>	356
Cash and cash equivalents at the beginning of the year		<b>870</b>	514
<b>Cash and cash equivalents at the end of the year</b>	5	<b>2,167</b>	870

The above cash flow 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 2008**

**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.

		<b>Consolidated</b>	
		<b>2008</b>	2007
		<b>\$'000</b>	\$'000
<b>2</b>	<b>REVENUE</b>		
<b>a</b>	<b>Revenue</b>		
	Sale of goods	<b>8,747</b>	5,559
	Rendering of services	<b>2,022</b>	2,192
	Rent	<b>2,181</b>	1,849
		<b>12,950</b>	9,600
<b>b</b>	<b>Other Income</b>		
	Other	<b>433</b>	79
	Litigation settlement	-	6,100
	Reversal of provisions due to litigation settlement	-	1,349
	Change in fair value of investment properties	-	4,511
	Net gain on disposal of mining tenements	<b>267</b>	-
	Income from option issued to dispose of interest in tenement	<b>750</b>	-
	Net gain on disposal of property, plant and equipment	<b>86</b>	-
	Net gain on disposal of held for trading investments	<b>76</b>	275
	Reversal of impairment of non-current receivables	<b>1,189</b>	-
		<b>2,801</b>	12,314
<b>3</b>	<b>(LOSS)/PROFIT FROM ORDINARY ACTIVITIES</b>		
<b>a</b>	<b>Administration expenses</b>		
	Employee benefits	<b>1,594</b>	1,183
	Bad debts, option costs and others	<b>2</b>	733
	Depreciation and amortisation	<b>(349)</b>	226
	Rental expense on operating lease	-	5
<b>b</b>	<b>Finance income</b>		
	Interest income	<b>385</b>	402
<b>c</b>	<b>Finance expenses</b>		
	Interest paid	<b>(3,575)</b>	(3,738)
<b>4</b>	<b>DIVIDENDS</b>		

The directors do not recommend a dividend relating to the year ended 31 December 2008 to be paid.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**5 CASH AND CASH EQUIVALENTS**

	<b>Consolidated</b>	
	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
Cash at bank and on hand	1,828	681
Cash held in trust accounts	339	189
	<b>2,167</b>	870
	<b>2,167</b>	870

**6 EARNINGS PER SHARE**

	<b>2008</b>	2007
	<b>Cents</b>	Cents
Basic earnings/(loss) per share	<b>(1.50)</b>	3.62
Diluted earnings/(loss) per share	<b>(1.50)</b>	3.62
<b>Weighted average number of ordinary shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	<b>257,821,022</b>	257,821,022
	<b>257,821,022</b>	257,821,022
	<b>2008</b>	2007
	<b>\$'000</b>	\$'000
<b>Earnings used in calculating basic and diluted (loss)/earnings per share</b>	<b>(3,877)</b>	8,790
	<b>(3,877)</b>	8,790

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**7 DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES**

**7.1 Proportionately Consolidated Joint Venture**

	%Ownership Interest	
	Current Period %	Previous Corresponding Period %
<i>Tiaro Coal Joint Venture</i>	56.67%	33.33%

**7.2 Aggregate Share of Assets, Liabilities and Profits(Losses) of Joint Venture Entities**

**Group's Share of proportionately consolidated Joint Venture Entities:**

	Current Period A\$ '000	Previous Corresponding Period A\$ '000
Current assets	434	-
Long term assets	-	-
Current liabilities	19	-
Long term liabilities	-	-
Revenue	-	-
Other Income	14	-
Expenses	(990)	-
Share of net profit/(loss) of joint venture entities	(976)	-

**8 SEGMENT INFORMATION**

**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 commercial property in eastern Australia for resale or rental.

***Property investment in New Zealand***

Management of investment properties in Auckland.

***Mining, manufacturing & exploration***

Mining, processing and marketing of attapulgit, which is used in pet litter and industrial products. In addition, it is involved in the exploration and development of 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**

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Segment revenues, expenses and results include transfers between segments. All other intersegment transfers are priced on an "arms-length" basis and are eliminated on consolidation.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

**8 SEGMENT INFORMATION (CONTINUED)**

**Primary reporting – business segments**

	Property investment & development in Australia \$'000	Property investment in New Zealand \$'000	Mining, manufacturing & exploration \$'000	Inter segment eliminations/ unallocated \$'000	Consolidated \$'000
<b>2008</b>					
Sales to external customers	4,274	143	8,748	(215)	12,950
Inter segment sales	361	-	545	(906)	-
Total sales revenue	4,635	143	9,293	(1,121)	12,950
Other revenue	-	-	-	-	-
Total segment revenue	<b>4,635</b>	<b>143</b>	<b>9,293</b>	<b>(1,121)</b>	<b>12,950</b>
Segment result					
Profit/(loss) before income tax expense	(800)	(981)	650	(2,612)	(3,743)
Income tax expense	-	-	(136)	-	(136)
Net profit/(loss)	<b>(800)</b>	<b>(981)</b>	<b>514</b>	<b>(2,612)</b>	<b>(3,879)</b>
Segment assets	<b>93,315</b>	<b>3,808</b>	<b>15,340</b>	<b>(32,093)</b>	<b>80,370</b>
Segment liabilities	<b>61,189</b>	<b>6,581</b>	<b>4,452</b>	<b>(20,793)</b>	<b>51,429</b>
Acquisition of non current assets	<b>262</b>	-	<b>346</b>	-	<b>608</b>
Depreciation and amortisation expense	<b>127</b>	-	<b>222</b>	-	<b>349</b>
<b>2007</b>					
Sales to external customers	3,831	120	5,649	-	9,600
Inter segment sales	583	-	-	(583)	-
Total sales revenue	4,414	120	5,649	(583)	9,600
Other revenue	12,806	158	657	(1,307)	12,314
Total segment revenue	17,220	278	6,306	(1,890)	21,914
<b>Segment result</b>					
Profit before income tax expense	9,485	167	(916)	(551)	8,185
Income tax benefit	-	5	-	-	5
Net profit	9,485	172	(916)	(551)	8,190
Segment assets	128,489	4,081	7,073	(63,916)	75,727
Segment liabilities	103,446	5,965	1,901	(64,856)	46,456
Acquisition of non current assets	-	396	305	-	701
Impairment loss	-	-	966	-	966
Depreciation and amortisation expense	8	-	218	-	226
Other non-cash expenses	-	-	366	-	366

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SUPPLEMENTARY APPENDIX 4E INFORMATION

**NTA Backing**

	2008	2007
Net tangible asset backing per ordinary share	10.25 cents	11.5 cents

**Controlled Entities Acquired**

N/A

**Loss of Control of Entities During the Period**

N/A

**Subsequent Events**

There have been no events subsequent to reporting date which affects the results contained in this report or the continuing operations of the Group.

**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.

**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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