



HUDSON INVESTMENT GROUP LIMITED

ABN 25 004 683 729

HALF-YEAR REPORT

incorporating

APPENDIX 4D ASX HALF-YEAR INFORMATION

30 JUNE 2010

LODGED WITH THE ASX UNDER LISTING RULE 4.2A

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This 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 2009 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

Hudson House
Level 2
131 Macquarie Street
Sydney NSW 2000
Telephone: (02) 9251 7177
Facsimile: (02) 9251 7500
Website: www.higl.com.au

Hudson Marketing Pty Limited's Operations

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

Board of Directors

J W Farey, Chairman/Chief Executive Officer
J Tan
P J Meers

Company Secretary

D L Hughes

Share Registry

Computershare Investor Services Pty Ltd
Level 3
60 Carrington Street
Sydney NSW 2000
Telephone: 1300 137 328 (within Australia)

Auditor

K. S. Black & Co. Pty Ltd
Level 6
350 Kent Street
Sydney NSW 2000
Telephone: +612 8839 3000

Bankers

Australia & New Zealand Banking Group Limited
20 Martin Place
Sydney NSW 2000
Telephone: (02) 9227 1818

St George Bank Limited
Corporate & Business Bank
Level 5, 2-14 Meredith St
Bankstown NSW 2200
Telephone: (02) 8760 8100

Solicitor

Piper Alderman
Level 23 Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: (02) 9253 9999

ASX Code – HGL

Hudson Investment Group Limited shares are listed on the Australian Securities Exchange.

This financial report covers both Hudson Investment Group Limited as an individual entity and the Consolidated Entity consisting of Hudson Investment Group Limited and its consolidated entities.

Hudson Investment Group Limited is a company limited by shares, incorporated and domiciled in Australia.

HALF-YEAR ENDED 30 JUNE 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET

| | | | | \$'000 |
|--|----|---------|----|--------|
| Revenue from ordinary activities | Up | 18.08% | to | 7,562 |
| Profit from ordinary activities after tax | Up | 108.26% | to | 3,555 |
| Net Profit for the period attributable to members | Up | 94.16% | to | 3,555 |

| Dividends/distributions | Amount per security | Franked amount per security |
|--------------------------------|---------------------|-----------------------------|
| Final dividend | \$Nil | N/A |
| Interim dividend | \$Nil | N/A |

(Refer to the Directors' Report which follows on page 3).

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity consisting of Hudson Investment Group Limited and its controlled entities (the "Company") for the half-year ended 30 June 2010.

1. Directors

The directors of the Company at any time during or since the half-year are:

Mr J W Farey (Chairman/Chief Executive Officer)
 Ms J Tan
 Mr P J Meers (appointed 12 February 2010)
 Mr R T Carson (resigned 26 February 2010)

Directors were in office for the entire period unless otherwise stated.

INFORMATION ON DIRECTORS

John W Farey, B.Com, FAIM, FAICD Age 66

Chairman and Chief Executive Officer

Appointed a Director on 1 February 2002.

Experience and Expertise:

John Farey has over 35 years experience in financial services including merchant and investment banking.

Other Current Directorships

None

Former Directorships Last 3 years of listed companies

Non-Executive Director Hudson Resources Limited

Special Responsibilities

Chairman of the Board of Directors

Member of the Audit Committee

Member of the Remuneration Committee

Juliana Tan B.Com, CA

Age 31

Executive Director

Appointed a Director on 1 September 2006.

Experience and Expertise

Juliana Tan previously worked for PriceWaterhouseCoopers as a Chartered Accountant. She has been with the Company since 2003.

Other Current Directorships

None

Former Directorships in Last 3 years of listed companies

None

Special Responsibilities

Member of Remuneration Committee

Peter J Meers B.A (Economics) FAIB

Age 58

Non-Executive Director

Appointed a Director on 27 November 2003

Resigned 7 April 2009

Reappointed on 12 February 2010

Experience and expertise

Peter Meers has extensive commercial experience having been employed with the ANZ Banking Group Limited for 25 years in Australia and South East Asia.

Other Current Directorships

Chairman and CEO of Hudson Resources Limited; Director and CEO of Tiaro Coal Limited; Chairman of Australian Bauxite Limited.

Former Directorships in Last 3 years of listed companies –

None

Special Responsibilities

Member of the Audit Committee

DIRECTORS' REPORT (continued)**COMPANY SECRETARY****DAVID L HUGHES**

Mr Hughes was appointed to the position of Company Secretary on 2 December 1997. Before joining the Company, he has held similar positions with other listed companies for over 20 years. He is currently acting as Company Secretary of the following other listed public companies: Latrobe Magnesium Limited, Hudson Resources Limited, Imperial Corporation Limited, Tiaro Coal Limited and joint secretary of Australian Bauxite Limited.

2. Review of Results of Operations

On behalf of your Board of Directors I advise that in the half year to 30 June 2010 the consolidated entity recorded a net profit after tax of \$3.55 million (30 June 2009: \$1.83 million).

The increase in net profit of 94% from the previous corresponding period in 2009 takes into account valuation adjustments and market conditions in the financial markets.

A summary of consolidated revenues and results for the half-year by significant industry segments is set out below:

| | Segment Revenues | | Segment Results | |
|---|------------------|----------------|-----------------|----------------|
| | 2010 \$'000 | 2009 \$'000 | 2010 \$'000 | 2009 \$'000 |
| Operations | | | | |
| Property investment and development in Australia | 2,783 | 3,492 | 47 | 1,265 |
| Property investment in New Zealand | 239 | 40 | (18) | (37) |
| Mining and exploration, processing & marketing of minerals | 4,223 | 4,005 | 95 | 268 |
| Unallocated/eliminated | 317 | (1,133) | (130) | (1,898) |
| | 7,562 | 6,404 | (6) | (402) |
| Change in fair value of investment properties | | | 3,966 | (579) |
| Change in fair value of investment | | | (1,900) | (384) |
| Profit on disposal of investment | | | 1,277 | - |
| Profit on disposal of Investment property | | | 218 | - |
| Profit on disposal of tenement | | | - | 3,196 |
| Profit from ordinary activities before income tax expense | | | 3,555 | 1,831 |
| Income tax (expense)/credit | | | - | - |
| Net profit | | | 3,555 | 1,831 |
| Net profit/(loss) attributable to outside equity interest | | | - | - |
| Net profit attributable to members of Hudson Investment Group Limited | | | 3,555 | 1,831 |

3. Dividend

No dividend has been declared.

DIRECTORS' REPORT (continued)**4. Business Review**

The business operations of the Company consist of:

A. Hudson Marketing Pty Limited (100% owned)

Hudson Marketing Pty Limited (**HMPL**) processes and markets attapulgit products. Attapulgit is used in the manufacture of pet litter and industrial absorbents.

Sales revenue for the six months to 30 June 2010 was in the order of \$4.5 million (ex GST).

B. Hudson Property Portfolio (100% owned)

The Company has investments in industrial properties and managed apartments in Australia and New Zealand.

During the reporting period, the sale of the Company's bulk goods centre located at 299 Pascoe Vale Road, Essendon, Victoria was completed on the 30 June 2010 for \$11.45 million in accordance with the terms of its contract for sale.

C. Mining and Exploration

The Company holds significant investments in the following:

- (i) Bundaberg Coal Pty Ltd;
- (ii) Hudson Resources Limited (Tiara Coal Limited and Australian Bauxite Limited)
- (iii) Archer Exploration Limited; and
- (iv) Savoy Equities Limited

These holdings are classified as investments and give the Company significant exposure to bulk commodities: bauxite and coal.

5. Asset Portfolio

The asset portfolio of the consolidated entity at 30 June 2010 includes:

Hudson House Naming Rights

Building and Rooftop Signage.

The Company owns the strata for the building naming rights for Hudson House and also the Hudson rooftop signage at the Company's head office at 131 Macquarie Street Sydney NSW.

Car Park

The Car Park at 131 Macquarie Street Sydney is 100% owned by Hudson Property Trust (a wholly owned subsidiary of Hudson), continues to generate good returns. The Car Park is managed by S&K Car Park Management Pty Ltd.



DIRECTORS' REPORT – Asset Portfolio (continued)

Warnervale

On a 44.5 hectare site, a 10,000m² factory and office complex on 6 hectares of land along Sparks Road/ Mountain Road Warnervale on the NSW Central Coast is leased to Bunnings Group Limited, 100% owned by Wesfarmers Limited.

The NSW Department of Planning in late 2008 rezoned part of this site as IN1 General Industrial. Part of the rezoned land is to be acquired by Wyong Shire Council and the Company will be compensated based on market rates for the best use of the land.



Rouse Hill

A 7,700m² building area on this 2.134 hectares site is partially leased to Hudson Building Supplies Pty Limited (not related to the Company).

The property, located in the rapidly expanding north-west corridor of Sydney, offers considerable growth potential. A Development Application to increase the car park area and provide an egress to Withers Road has been approved by the local Council which will add value to the site.



New Zealand

At the end of the reporting period the Company held 12 residential apartments in the Auckland CBD in New Zealand which are managed by Hyatt Hotels, Auckland.



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DIRECTORS' REPORT – Asset Portfolio (continued)**Hudson Marketing, Processing, Sales and Marketing**

Hudson Marketing Pty Limited (**HMPL**).

HMPL processes and markets attapulgite products.

Attapulgite is used in the manufacture of pet litter and industrial absorbents. HMPL has a supply agreement with Hudson Resources for the supply of the raw ore attapulgite.

HMPL currently contract packs pet litter for leading supermarket generic brands as well as Hudson Marketing brands such as Cat's Choice and Chandler.

HMPL also distributes attapulgite products throughout Australia, New Zealand and South East and Far East Asia.



Figure 1 – Hudson Marketing Despatch Dock



Figure 2 - Bundaberg Coal Tenements

Resources

Bundaberg Coal Pty Ltd (100% owned) - Coal interests in the Surat & Bowen Basins.

The Company has a 50% interest in 14 tenements, covering some 9,360 square kilometres over some of Queensland's highly productive coal basins, representing some of the largest coal reserves in Australia.

A joint venture agreement concluded during February 2009 with Queensland Thermal Coal Pty Limited incorporating the assignment of 50% interest in each of the tenements to Bundaberg Coal Pty Limited, a wholly owned subsidiary of the Company.

Hudson Investments and Corporate Finance

Hudson Corporate Limited (**Hudson Corporate**) (Hudson: 100%)

Hudson Corporate provides corporate finance including investment and financing activities.

Hudson Resources Limited (ASX: HRS)

(Hudson: 24 million shares)

- Hudson Resources Limited (Hudson Resources) is a mining and resource exploration company mining attapulgite and diatomite deposits.
- Other investment assets of Hudson Resources are properties totalling 14.51 hectares at Geraldton WA, rights to royalties and upstream benefits in the Vasse coal project in WA.
- Hudson Resources has 55 million shares in recently listed Australian Bauxite Limited with a bauxite strategy in NSW and Queensland to identify commercially viable bauxite mineralisation and the development of a mining operation leading to upstream production facilities.
- Hudson Resources has 31.8 million shares and 20 million options in Tiaro Coal that has coking thermal coal tenements in South East Queensland. Exploration programmes have been undertaken and further drilling is planned.
- Hudson Resources also has a strategic 22.5% share in Hudson MPA Sdn Bhd in Malaysia with Joint Venture partners Malaysian Phosphates Sdn Bhd of Malaysia, Ashapura Minechem Limited of India and Safico Sdn Bhd, supplying bleaching earth to the South East Asian markets, particularly Malaysia.



Figure 3 – Australian Bauxite Tenements

DIRECTORS' REPORT – Asset Portfolio (continued)**Archer Exploration Limited (ASX: AXE)** (Hudson: 11.7 million shares)

Archer Exploration Limited (Archer) is a copper, gold and uranium explorer focused on the discovery of ore deposits. Archer owns a portfolio of projects, covering an area in excess of 7,000 km², in the highly prospective Gawler Craton and Adelaide Fold Belt regions of South Australia. It's Evelyn Dam prospect in the West Roxby Project is an iron ore-copper-gold-uranium (IOCG-U) target which has a gravity anomaly similar in size to the nearby Olympic Dam operations.

Savoy Equities Limited (6.6% owned)

Savoy Equities Limited, listed on the New Zealand Stock Exchange, is involved in the oils, resins and waste extraction business in New Zealand.

6. Litigation

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 has commenced action against Atanaskovic Hartnell claiming the shortfall between the amount of its claimed entitlement and the settlement amount of \$6.1 million. Further action is subject to direction in the Supreme Court of NSW to determine a hearing date.

7. Outlook for Second Half of 2010

Challenging times still lay ahead in view of the state of the global financial recovery and sovereign risk uncertainties.

Your Board continues to review all its assets and to investigate new investment opportunities including investments in resources to further add to the portfolio.

Total Shareholder Equity, as at 30 June 2010, is \$33.2 million and the NTA per share is 12.88 cents.

8. Rounding

The amounts contained in the half-year financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

9. Auditor's Independence Declaration

We have obtained an independence declaration from our auditors, K S Black & Co Pty Ltd which appears on page 9 of this report.

Signed in accordance with a resolution of the Directors:



J W Farey
Director



J Tan
Director

Sydney, 31 August 2010

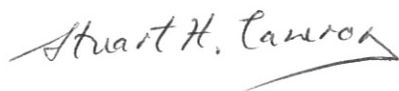
AUDITORS INDEPENDENCE DECLARATION TO THE DIRECTORS OF HUDSON INVESTMENT GROUP LIMITED

As lead auditor for the review of Hudson Investment Group Limited for the half-year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Hudson Investment Group Limited and the entities in controlled during the period.

KS Black & Co
Chartered Accountants



Stuart Cameron
Partner

Sydney; 30/8/10



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Hudson Investment Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Hudson Investment Group Limited, which comprises the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration (in order for the disclosing entity to lodge the half-year financial report with the Australian Securities and Investments Commission).

Directors' Responsibility for the Half-year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the disclosing entity's financial position as at 30 June 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Hudson Investment Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

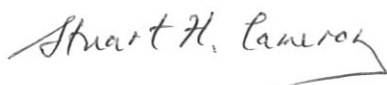
In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001 would be in the same terms if it had been given to the directors at the time that this auditor's review report was made.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Hudson Investment Group Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the disclosing entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial reporting and Corporations Regulation 2001.

KS Black & Co
Chartered Accountants



Stuart Cameron
Partner


Sydney; 30/8/10

DECLARATION BY DIRECTORS

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 13 to 20, are in accordance with the *Corporations Act 2001*, and:
 - i give a true and fair view of the financial position of the consolidated entity as at 30 June 2010 and of its performance for the half-year ended on that date; and
 - ii comply with Australian Accounting Standards AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



J W Farey
Director



J Tan
Director

Sydney
31 August, 2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2010

| | | Consolidated | |
|---|------|---------------------|---------------------|
| | Note | 30-Jun-10 \$'000 | 30-Jun-09 \$'000 |
| Revenue | 2 | 7,562 | 6,404 |
| Cost of sales | | (4,564) | (4,024) |
| Gross profit | | 2,998 | 2,380 |
| Other income | 2 | 3,610 | 2,238 |
| Administration expenses | | (1,346) | (1,679) |
| Finance expenses | 2 | (1,707) | (1,232) |
| PROFIT FROM OPERATIONS BEFORE INCOME TAX EXPENSE | | 3,555 | 1,707 |
| Income tax (expense)/credit | | - | 124 |
| PROFIT/(LOSS) AFTER TAX | | 3,555 | 1,831 |
| Other Comprehensive Income | | - | - |
| Other comprehensive income before income tax | | - | - |
| Income tax expenses | | - | - |
| Other comprehensive income for the period | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 3,555 | 1,831 |
| Comprehensive income attributable to outside equity interest | | - | - |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE PARENT | | 3,555 | 1,831 |
| | | Cents | Cents |
| Basic earnings per share | | 1.38 | 0.71 |
| Diluted earnings per share | | 1.38 | 0.71 |

This Statement of Comprehensive Income is to be read in conjunction with the condensed notes to the consolidated financial report

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

| | | Consolidated | |
|--|-----------|---------------------|---------------------|
| | Notes | 30-Jun-10 \$'000 | 31-Dec-09 \$'000 |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 905 | 673 |
| Trade and other receivables | | 7,858 | 7,812 |
| Held for trading financial assets | | 1,411 | 1,775 |
| Investment properties - held for sale | 1 (d) & 3 | - | 10,857 |
| Inventories | | 981 | 1,240 |
| Other current assets | | 176 | 331 |
| TOTAL CURRENT ASSETS | | 11,331 | 22,688 |
| NON-CURRENT ASSETS | | | |
| Receivables | | 4,787 | 6,098 |
| Property, plant and equipment | | 3,086 | 2,884 |
| Investment properties | | 35,400 | 33,922 |
| Investment properties held for sale | 1 (d) | 13,243 | 10,685 |
| Other financial assets | | 5,517 | 2,538 |
| TOTAL NON-CURRENT ASSETS | | 62,033 | 56,127 |
| TOTAL ASSETS | | 73,364 | 78,815 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 2,096 | 2,687 |
| Borrowings - Investment property held for sale | 1 (d) | - | 9,082 |
| Financial liabilities | | 2,876 | 24,481 |
| Employee benefits | | 238 | 234 |
| Other liabilities | | 480 | 472 |
| Provisions | | 179 | 50 |
| TOTAL CURRENT LIABILITIES | | 5,869 | 37,006 |
| NON-CURRENT LIABILITIES | | | |
| Payables | | 1,016 | 685 |
| Borrowings - Investment property held for sale | 1 (d) | 8,338 | 7,275 |
| Financial liabilities | | 20,765 | 2,458 |
| Deferred tax liability | | 490 | 490 |
| Other liabilities | | 3,432 | 3,455 |
| Provisions | | 245 | 373 |
| TOTAL NON-CURRENT LIABILITIES | | 34,286 | 14,736 |
| TOTAL LIABILITIES | | 40,155 | 51,742 |
| NET ASSETS | | 33,209 | 27,073 |
| EQUITY | | | |
| Issued Capital | 4 | 52,040 | 52,040 |
| Reserves | | 5,924 | 3,111 |
| Accumulated losses | | (24,755) | (28,078) |
| Total equity attributable to equity holders of the parent entity | | 33,209 | 27,073 |
| Minority interest | | - | - |
| TOTAL EQUITY | | 33,209 | 27,073 |

This Statement of Financial Position is to be read in conjunction with the condensed notes to the consolidated financial report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2010

| | Issued Capital \$'000 | Capital Profit Reserves \$'000 | Accumulated Losses \$'000 | Minority Interests \$'000 | Total Equity \$'000 |
|----------------------------|--------------------------|--------------------------------------|---------------------------------|---------------------------------|------------------------|
| Consolidated | | | | | |
| At 31 December 2008 | 52,040 | 6,935 | (36,827) | 4,587 | 26,735 |
| Profit for the period | - | - | 1,831 | - | 1,831 |
| Movement during the period | - | (3,780) | 4,430 | (4,587) | (3,937) |
| Currency translation | - | (54) | - | - | (54) |
| At 30 June 2009 | 52,040 | 3,101 | (30,566) | - | 24,575 |
| Consolidated | | | | | |
| At 30 June 2009 | 52,040 | 3,101 | (30,566) | - | 24,575 |
| Profit for the period | - | - | 2,488 | - | 2,488 |
| Movement during the period | - | 10 | - | - | 10 |
| At 31 December 2009 | 52,040 | 3,111 | (28,078) | - | 27,073 |
| Consolidated | | | | | |
| At 31 December 2009 | 52,040 | 3,111 | (28,078) | - | 27,073 |
| Currency translation | - | 237 | (232) | - | 5 |
| Option issued | - | 2,576 | - | - | 2,576 |
| Profit for the period | - | - | 3,555 | - | 3,555 |
| At 30 June 2010 | 52,040 | 5,924 | (24,755) | - | 33,209 |

This Consolidated Statement of Changes in Equity is to be read in conjunction with the condensed notes to the consolidated interim financial report.

CONSOLIDATED STATEMENT OF CASHFLOW FOR THE HALF-YEAR ENDED 30 JUNE 2010

| | Consolidated | |
|---|---------------------|------------------|
| | 30-Jun-10 | 30-Jun-09 |
| | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 6,236 | 5,706 |
| Payments to suppliers and employees | (4,331) | (5,388) |
| Interest received | 436 | 197 |
| Interest paid | (1,406) | (1,048) |
| NET CASH (OUTFLOWS) FROM OPERATING ACTIVITIES | 935 | (533) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payments for property, plant and equipment | (367) | (411) |
| Additional investment | (471) | (258) |
| Proceeds from disposal | 11,450 | 400 |
| NET CASH (OUTFLOWS)/INFLOWS FROM INVESTING ACTIVITIES | 10,612 | (269) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of borrowings | (11,767) | (416) |
| Proceeds from borrowings | 449 | 380 |
| Payment of liabilities | 3 | (784) |
| NET CASH INFLOWS FROM FINANCING ACTIVITIES | (11,315) | (820) |
| NET INCREASE IN CASH HELD | 232 | (1,622) |
| Cash and cash equivalents at the beginning of the reporting period | 673 | 2,167 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD | 905 | 545 |

This Consolidated Statement of Cashflow is to be read in conjunction with the condensed notes to the consolidated financial report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2010

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

(a) Reporting Entity

Hudson Investment Group Limited (the "Company") is domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2010 comprises the Company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated annual financial report of the consolidated entity as at and for the year ended 31 December 2009 is available upon request from the Company's registered office.

(b) Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 31 December 2009.

This consolidated interim financial report was approved by your Board of Directors on 24 August 2010.

The consolidated entity is of a kind referred to in ASIC Class order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(c) Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgement made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2009.

(d) Change in Accounting Policies

The Company engaged in a re-assessment of classification of investment property held for sale after a review of the criteria of AASB5.

After that review, it would be more appropriate to classify some property held for sale as non-current.

As a result, investment property held for sale of \$10,685,000 which had been classified as current as at 31 December 2009 has been reclassified as non-current, both as at 30 June 2010 and 31 December 2009 in the Statement of Financial Position.

Associated borrowings of \$7,275,000 have been similarly reclassified as non-current.

Other than noted above, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2010 (continued)

2. REVENUE AND EXPENSES

Specific Items

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity.

| | Consolidated | |
|--|---------------------|------------------|
| | 30-Jun-10 | 30-Jun-09 |
| | \$'000 | \$'000 |
| (i) Revenue | | |
| Sale of Goods | 4,122 | 4,006 |
| Services rendered | 1,426 | 932 |
| Interest income | 436 | 197 |
| Rental Income | 1,578 | 1,269 |
| | 7,562 | 6,404 |
| (ii) Other Income | | |
| Profit on disposal of investments and property | 1,495 | 3,196 |
| Change in fair value of investment properties | 3,966 | (579) |
| Change in fair value of investments | (1,900) | (384) |
| Other income | 49 | 5 |
| | 3,610 | 2,238 |
| (iii) Financial Expenses | | |
| Interest paid | 1,406 | 1,048 |
| Depreciation and amortisation | 177 | 129 |
| Other | 124 | 55 |
| | 1,707 | 1,232 |

3. INVESTMENT PROPERTY - HELD FOR SALE

| | Consolidated | |
|------------------------------|---------------------|------------------|
| | 30-Jun-10 | 31-Dec-09 |
| | '000 | '000 |
| Current | | |
| Property located in Essendon | - | 10,857 |

In view of the improved property market, the Company sought to dispose its fully leased Essendon property thereby strengthening the Company's financial position.

The property was sold and settlement took place in June 2010 with a recorded profit of \$218,000 after deducting selling and related expenses.

4 ISSUED CAPITAL

| | Consolidated | | Consolidated | |
|------------------------------------|---------------------|----------------|---------------------|---------------|
| | Jun-10 | Dec-09 | Jun-10 | Dec-09 |
| | Shares | Shares | | |
| | '000 | '000 | \$'000 | \$'000 |
| Ordinary shares | | | | |
| Issued | 257,821 | 257,821 | 52,040 | 52,040 |
| Movements during the year | | | | |
| Balance at beginning of the period | 257,821 | 257,821 | 52,040 | 52,040 |
| Movement during the period | - | - | - | - |
| | 257,821 | 257,821 | 52,040 | 52,040 |

No ordinary shares were issued during the report period (2009: Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2010 (continued)

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

5 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.

Litigation

Please refer to Directors' Report for details.

There are no material contingent assets and liabilities as at the date of the report other than state above.

There are no material commitments as at the date of the report.

6 SEGMENT INFORMATION

Business segments

The consolidated entity is organised into the following divisions by product and service type.

- **Property investment & development in Australia**
Development of commercial property in eastern Australia for rental. Properties are held in Warnervale, Rouse Hill, Essendon and Sydney.
- **Property investment in New Zealand**
Investment properties in Auckland, New Zealand that derive rental income.
- **Mining, Exploration, Processing and Marketing**
Processing and marketing of attapulgite based products, which is essentially used for pet litter and industrial products.
- **Geographical segments**
All business segments, with the exception of property investment and development in New Zealand, operate principally within Australia.

Hudson Investment Group Limited and Controlled Entities

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| | Property investment & development in Australia | Property investment in New Zealand | Mining, Exploration, Processing & Marketing | Unallocated/ eliminated | Consolidated |
|---|---|--|--|----------------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Primary reporting business Segments Half Year 2010 | | | | | |
| Total segment revenue | 2,783 | 239 | 4,223 | 317 | 7,562 |
| Segment result | | | | | |
| Profit from operations before income tax expense | 4,541 | (53) | 95 | (1,028) | 3,555 |
| Primary reporting business Segments Half Year 2009 | | | | | |
| Total segment revenue | 3,492 | 40 | 4,005 | (1,133) | 6,404 |
| Segment result | | | | | |
| Profit from operations before income tax expense | 1,265 | (37) | 268 | 335 | 1,831 |

7 EVENTS SUBSEQUENT TO BALANCE DATE

On 19 July 2010 Raffles Capital Limited and the Company advised that they had agreed that the proposed acquisition of Hudson Marketing Pty Ltd will not proceed and the Company will refund the deposit monies paid as provided for in the Acquisition Agreement.

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 30 June 2010 that have significantly affected or may significantly affect:

- the operations, in the half financial year subsequent to 30 June 2010, of the Group;
- the results of those operations; or
- the state of affairs, in the half financial year subsequent to 30 June 2010, of the Group.

SUPPLEMENTARY APPENDIX 4D INFORMATION**NTA Backing**

| | 30.06.2010 | 31.12.2009 |
|---|-------------|-------------|
| Net tangible asset backing per ordinary share | 12.88 cents | 10.41 cents |

Controlled Entities Acquired

No entities have been acquired during the reporting period.

Loss of Control of Entities during the Period

No 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 Company. Please refer to Note 7 to the financial statements.

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.

Associated and Joint Venture Entities

None during the reporting period.

Audit Alert

The Auditor's review report is included in the financial statements.