INVESTMENT GROUP LIMITED

ANNUAL REPORT 2015

ASX: HGL

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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

Auditors

K.S. Black & Co
ABN 48 117 620 556
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

Bankers

St George Bank Limited
Level 14, 182 George St
Sydney NSW 2000
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

Board of Directors

John W Farey (Executive Chairman)
Alan Beasley (Managing Director)
John J Foley

Joint Company Secretaries

Julian Rockett
Henry Kinstlinger

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.

CHAIRMAN'S REPORT 2015

On behalf of the Board of Directors, I present the Annual Report for Hudson Investment Group Limited **(the Company)** for the twelve months to 31 December 2015. The Company recorded a consolidated net loss of $5.03 million from operations compared to a net loss of $15.05 million in the previous corresponding period.

This loss resulted from an operating profit of $1.59 million however impacted by a one off loss of $6.6 million, being cost of the demerger of Hudson Pacific Group approved by shareholders at an extraordinary General Meeting in May 2015.

Shareholders will recall that the demerger resulted in shareholders receiving 1 direct share in Hudson Pacific Group Limited for every share held in HGL and retaining their shares in HGL.

Total shareholders' funds as at 31 December 2015 are $3.11 million and Net Tangible Asset backing per share is 1.2 cents.(Shareholders should be aware that the NTA per share of HPG should be added to this figure for comparative purposes.)

The Company's industrial property is located at Warnervale comprising a 44.5 hectare site along Sparks and Mountain Roads. Part of the site is leased to Bunnings Group Limited (which is 100% owned by Wesfarmers Limited) and to Better Concrete Products Pty Ltd. The Board of Directors are considering various options and business models to develop the surplus industrial land to enhance shareholder value.

As mentioned in our Review of Operations, our Warnervale Property was revalued subsequent to balance date 31/12/2015 and shows an increase of $2.20 million to $12.75 million. This increase in valuation will be taken up in the 2016 financial accounts.

We thank you for your loyal support and your continuing involvement as shareholders of the Company.

John W Farey
Executive Chairman
31 March 2016

REVIEW OF OPERATIONS

Corporate

On 14 March 2016 the Company announced that it had received an updated Warnervale property valuation conducted by an independent valuer increasing the value of the Warnervale property to $12.75 million, an increase of 21%.

On 11 March 2016 the Company announced that it was not proceeding with the proposed share sale and demerger of the Warnervale property through an in-specie distribution of shares to existing shareholders as the Australian Securities and Investments Commission did not grant relief from particular parts of the Corporations Act as the proposal required. The proposed share sale and demerger was initially announced on 3 December 2015 following an agreement between Hudson's majority shareholders RafflesCo Limited and Raffles Nominees Pty Ltd to sell their shares to Huahan International Holdings (Hong Kong) Co. Limited.

On 7 December 2015 the Company announced that Tan Sri Ibrahim Menudin, Dato' Mohd Zaid Ibrahim and John Dawkins had resigned as directors of the company.

On 2 July 2015 the Company issued 1,770,843 new shares at 2.4 cents each under a share purchase plan.

On 1 June 2015 Dato' Mohd. Zaid Ibrahim, Tan Sri Ibrahim Menudin and John Dawkins AO were appointed directors of the Company.

On 23 April 2015 the Company's shareholders approved the demerger and in-specie distribution of Hudson Pacific Group Limited to its existing shareholders. This demerger was completed in May 2015.

On 23 March 2015 the Company announced a proposed demerger and in-specie distribution of Hudson Pacific Group Limited with a proposed capital reduction of $4.365 million in the Company.

On 19 January 2015 Alan Beasley was appointed Managing Director of the Company. Juliana Tan resigned as a director.

Warnervale

A 44.5 hectare site, comprising a factory and office complex on 4.5 hectares of land along Sparks and Mountain Roads Warnervale on the NSW Central Coast is part leased to Bunnings Group Limited, 100% owned by Wesfarmers Limited. The other part is leased to Better Concrete Products Pty Ltd, part of the Tellam Group. The NSW Department of Planning in late 2008 rezoned part of this site. We have been discussing appropriate zoning for the industrial land which we trust will be clarified soon.

The site is located close to the Sydney – Newcastle Freeway, 100km north of Sydney and 60km south of Newcastle.

Located within proximity of existing and proposed local landmarks, including:

- Warnervale Town Centre
- Proposed $500 million China Theme Park development
- Warnervale Airport
- Woolworths Wyong Distribution Warehouse

Situated within the Warnervale Employment Zone, in which Wyong Council states they are aiming to create 6,000 jobs and $1.5 billion in investment.

The Property comprises approximately:

- 16.5 hectares of industrial land with a net 10.4 hectares currently undeveloped
- 7.6 hectares zoned SP2 for water management
- 20.4 hectares zoned E2 environment special use
- The Board of Directors are currently considering various options with interested parties to develop the Company's surplus industrial land.

Outlook for 2016

The management of Hudson is reviewing the Company's property at Warnervale to develop a strategic position to increase its value. The Warnervale area is experiencing a surge in development by government and the private sector with a number of projects completed, progressing, and proposed.

Wyong Council in August 2015 released a 25 year forward vision statement projecting significant ongoing development for the area.

Since balance date 31/12/2015, we have received an independent valuation for our Warnervale Property which shows an increase of $2.2 million to $12.75 million. This increased valuation will be taken up in the 2016 year financial accounts.

The Company plans to take advantage of the current situation and investment environment in the region to better enhance the property's value for shareholders.

Alan Beasley
Managing Director
31 March 2016

DIRECTORS' REPORT

Your Directors present their report together with the financial statements on the consolidated entity (referred to hereafter as the **Group**) consisting of Hudson Investment Group Limited (the **Company**) and the entities it controlled at the end of or during the year ended 31 December 2015.

Principal activities

The principal activities of the Group during the course of the financial year were as follows:

-Investment and development of properties in Australia

Operating results

The consolidated net loss after tax for the financial year ended 31 December 2015 was $5.03 million compared to a net loss after tax of $15.05 million for the previous corresponding financial year.

Total Shareholders' Funds as at 31 December 2015 are $3.11 million (2014: $8.1 million) and the Net Tangible Asset per share is 1.2 cents (2014: 3.1 cents).

Review of Operations

Information on the operations of the Group and its business strategies and prospects are disclosed in both the Chairman's Report 2015 and the Review of Operations contained on pages 6 to 7 of this Annual Report.

Dividends

The Directors of the Company do not recommend that any amount be paid by way of dividend (2014: nil).

Litigation

On 9 April 2015 the Company's application for special leave in its action against Atanaskovic Hartnell, the company's former solicitors was refused. A settlement has been reached in relation to legal costs. Hudson Pacific Group Limited will pay the costs under an agreed indemnity.

Meetings of Directors

The number of Directors' Meetings and Directors' Committee Meetings held, and the number of these meetings attended by each of the directors of the Company during the financial year were:

	Directors Meetings		Remuneration Committee Meetings		Audit Committee Meetings	
Director	**Attended**	**Held Whilst in Office**	**Attended**	**Held Whilst in Office**	**Attended**	**Held Whilst in Office**
A Beasley[1]	3	3	0	0	0	0
Tan Sri Ibrahim Menudin[2]	2	4	2	2	2	2
J Farey	3	4	2	2	2	2
J Foley	4	4	2	2	2	2
John Dawkins[2]	2	4	0	0	0	0
Dato Mohd Zaid Ibrahim[2]	2	4	0	0	0	0
J Tan[3]	1	1	0	0	0	0

[1]Alan Beasley appointed on 19 January 2015

[2]Tan Sri Ibrahim Menudin, John Dawkins and Dato Mohd Zaid Ibrahim were appointed on 1 June 2015 and retired on 7 December 2015

[3]Juliana Tan retired on 19 January 2015

INFORMATION ON DIRECTORS AND MANAGEMENT

DIRECTORS

The following persons held office as Directors of the Company at any time during or since the end of the financial year:

John W Farey	Executive Chairman	
Alan P Beasley	Managing Director	Appointed 19 Jan 2015
John J Foley	Non-Executive Director	
Dato Mohd Zaid Ibrahim	Non-Executive Chairman	Appointed 1 Jun 2015 and retired 7 Dec 2015
Tan Sri Ibrahim	Non-Executive Director	Appointed 1 Jun 2015 and retired 7 Dec 2015
John Dawkins	Non-Executive Director	Appointed 1 Jun 2015 and retired 7 Dec 2015
Juliana Tan	Executive Director	Retired 19 Jan 2015

All Directors have been in office since the commencement of the financial year unless otherwise stated.

John Farey, B.Com, FAIM, FAICD
Executive Chairman - appointed on 1 February 2002

Experience and Expertise	John W Farey has over 45 years' experience in financial services including merchant and investment banking.
Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	None
Special Responsibilities	Chairman of the Board Member of the Audit Committee
Interests in Shares and Options	Direct interest in 10,000 shares

Alan Beasley, B.Ec, CPA, FGIA, FAICD
Managing Director - appointed on 19 January 2015

Experience and Expertise	Mr Beasley is a Non-Executive Director and former Director of a number of publicly listed and unlisted companies. Mr Beasley was educated at the University of New England (BEc) and Stanford Graduate Business School, USA.
Other Current Directorships of Listed Companies	None
Former Directorships in the Last Three Years of Listed Companies	Non-Executive Chairman and Director – Admiralty Resources NL
Special Responsibilities	Managing Director
Interests in Shares and Options	Direct interest in 1,000,000 shares.

John Foley BD LLB BL (Dub) MAICD
Non-Executive Director - appointed on 6 August 2014

Experience and expertise	Mr Foley has wide-ranging experience in resources, industrial, manufacturing, legal, financial and investment related industries. His commercial and legal background provides knowledge and experience to the Company.
Other Current Directorships of Listed Companies	Citigold Corporation Limited
Former Directorships in the Last Three Years of Listed Companies	Non-Executive Director – Frontier Capital Group Limited
Special Responsibilities	Member of Audit Committee Chair of the Remuneration Committee
Interests in Shares and Options	Nil

MANAGEMENT

Julian Rockett, B.A., LL.B. GDLP
Joint Company Secretary

Experience and Expertise	Mr Rockett was appointed to the position of Company Secretary on 27 July 2012. His background is in government services and commercial law. Mr Rockett is the Company Secretary of Hudson Resources Limited. Mr Rockett also acts as in-house counsel and advises several other listed and non-listed entities in legal and corporate advisory matters and is a principal director of Karma Lawyers.

Henry Kinstlinger
Joint Company Secretary

Experience and Expertise	Henry Kinstlinger has, for the past thirty years, been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations. He is currently the Company Secretary of Australian Bauxite Limited, Sovereign Gold Company Limited, Frontier Capital Group Limited and Raffles Capital Limited. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.

Francis Choy MCom MBA FCPA (HK) FCPA CA
Chief Financial Officer

Experience and Expertise	Francis Choy has held a number of senior positions in corporate financial management roles throughout Australia and South East Asia. He has extensive experience in project finance, compliance, acquisition and investment appraisals. He has been involved in project finance, financial management of property development and telecommunication projects in South East Asia. He held senior financial roles for numerous public listed companies both in Hong Kong and Australia.

LIKELY DEVELOPMENTS

Information on likely developments in the operations of the Group, known at the date of this report has been covered generally within the report. In the opinion of the Directors providing further information would prejudice the interests of the Group.

MATTERS SUBSEQUENT TO BALANCE DATE

Since balance date the Board of Directors instructed an Independent Valuer, JLL (Jones Lang LaSalle Advisory Services Pty Ltd) to provide a valuation for the Warnervale Property.
JLL have now provided a complete and comprehensive market valuation to the Board. The result is a valuation of $12.75 million, an increase of $2.2 million.
The increased valuation will be acknowledged in the 2016 financial accounts.

At the date of this report there are no other matters or circumstances that have arisen since 31 December 2015 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2015 of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2015 of the Group.

ENVIRONMENTAL REGULATIONS

There has been no breach of environmental regulations during the financial year or in the period subsequent to the end of the financial year and up to the date of this report.
The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

REMUNERATION REPORT - AUDITED

The information provided in this Remuneration Report has been audited as required by Section 308 (3c) of the *Corporations Act 2001*.

This report outlines the remuneration arrangements in place for Directors and Executives of the Company.

REMUNERATION COMMITTEE

The Remuneration Committee reviews and approves policy for determining Executives' remuneration and any amendments to that policy.

The whole board sits as the Remuneration Committee which makes recommendations to the Board on the remuneration of Executive Directors (including base salary, incentive payments, equity awards and service contracts) and remuneration issues for Non-Executive Directors.

The Committee meets as often as required but not less than once per year.

The Committee met once during the period and Committee members attendance record is disclosed in the table of Directors Meetings shown on page 7.

Options granted to directors and key management personnel do not have performance conditions. As such the Group does not have a policy for directors and key management personnel removing the "at risk" aspect of options granted to them as part of their remuneration.

DIRECTORS' AND OTHER KEY MANAGEMENT PERSONNEL REMUNERATION

The following persons were Directors of the Company during the financial year unless otherwise stated:

• John W Farey	Executive Chairman	
• Alan P Beasley	Managing Director	Appointed 19 Jan 2015
• John J Foley	Non-Executive Director	Appointed 6 Aug 2014
• Dato Mohd Zaid Ibrahim	Non-Executive Chairman	Appointed 1 Jun 2015 and retired 7 Dec 2015
• John Dawkins	Non-Executive Director	Appointed 1 Jun 2015 and retired 7 Dec 2015
• Tan Sri Ibrahim Menudin	Non-Executive Director	Appointed 1 Jun 2015 and retired 7 Dec 2015
• Juliana Tan	Executive Director	Retired 19 Jan 2015

The following persons were other key management personnel of Hudson Investment Group Limited during the financial year:

• Vincent Tan	CEO of Hudson Pacific Group Limited
• Luisa Tan	Consultant
• Venkata Kambala	Director of Ecofix Pty Ltd
• Julian Rockett	Company Secretary & In-house Counsel
• Francis Choy	Chief Financial Officer

Executives' remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation. Directors are also able to participate in an Employee Share Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations. Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

Remuneration of Non-Executive Directors is determined by the Board based on recommendations from the Remuneration Committee and the maximum amount approved by shareholders from time to time.

CASH BONUSES

No cash bonuses were granted during the financial year ended 31 December 2015. Cash bonuses granted to directors and officers are at the discretion of the Remuneration Committee.

PERFORMANCE CONDITIONS

The elements of remuneration as detailed within the Remuneration Report are dependent on the satisfaction of the individual's performance and Hudson Investment Group's financial performance.

The Board undertakes an annual review of its performance and the performance of the Board Committees.

Details of the nature and amount of each element of the remuneration of each Director of the Company and each specified executive of the Company are set out in the following tables. The remuneration amounts are the same for the Company and the Group.

Directors and Other Key Management Personnel of Hudson Investment Group Limited

	Short Term Employee Benefits		Post-Employment Benefits	Long Term Benefits	
	Salary and other fees	Travelling Allowance	Superannuation	Long Service Leave	Total
	$	$	$	$	$
Consolidated					
2015					
Directors					
Dato Mohd Zaid Ibrahim	-	-	-	-	-
Alan P Beasley*	**125,000**	**5,400**	-	-	**130,400**
John W Farey	**36,667**	**3,600**	**10,683**	**7,806**	**58,756**
Tan Sri Ibrahim Menudin	-	-	-	-	-
John Dawkins	-	-	-	-	-
John J Foley*	-	-	-	-	-
Juliana Tan**	**15,000**	-	**1,425**	**248**	**16,673**
Director - Total	**176,667**	**9,000**	**12,108**	**8,054**	**205,829**
KMP					
Vincent Tan	**80,000**	**3,600**	**5,700**	**992**	**90,292**
Luisa Tan	**50,000**	-	-	-	**50,000**
Venkata Kambala	**50,000**	**3,600**	**4,750**	**952**	**59,302**
Julian Rockett	**25,000**	-	**2,375**	**417**	**27,792**
Francis Choy	**75,148**	-	**7,600**	**1,324**	**84,072**
KMP - Total	**280,148**	**7,200**	**20,425**	**3,685**	**311,458**
	$	$	$	$	$
Consolidated					
2014					
Directors					
John W Farey	88,399	10,800	31,913	1,092	132,204
Alan P Beasley*	-	-	-	-	-
John J Foley*	-	-	-	-	-
Juliana Tan**	210,000	-	17,334	3,497	230,831
Peter J Meers**	-	-	-	-	-
Director - Total	298,399	10,800	49,247	4,589	363,035
KMP					
Vincent Tan	240,000	2,700	16,875	2,977	262,552
Venkata Kambala	150,665	10,800	14,116	1,543	177,124
Julian Rockett	73,115	-	6,852	1,514	81,481
Francis Choy	250,000	-	23,883	8,781	282,664
KMP - Total	713,780	13,500	61,726	14,815	803,821

* John J Foley was appointed on 6 August 2014, Alan P Beasley was appointed on 19 January 2015
** Peter J Meers retired on 26 August 2014, Juliana Tan retired on 19 January 2015
*** Dato Mohd Zaid Ibrahim, Tan Sri Ibrahim Menudin and John Dawkins appointed on 1 June 2015 and retired on 7 December 2015

The amounts reported represent the total remuneration paid by entities in the Group in relation to managing the affairs of all the entities within the Group. The remuneration has not been allocated between the individual entities within the Group as this would not be practicable.
There is no performance conditions related to any of the above payments.
There is no other element of Directors and other Key Management Personnel remuneration.

EXECUTIVE SERVICE AGREEMENTS

There was one service agreement in place formalising the terms of remuneration of Mr Beasley. The agreement has no specific term and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

SHARE OPTIONS GRANTED TO DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

There were no options granted during or since the end of the financial year to any of the Directors or other Key Management Personnel of the Company and the Group as part of their remuneration. At the date of this report there were no unissued shares under option to Directors or other Key Management Personnel of the Company.

End of Remuneration Report

DIRECTORS' INTEREST

The relevant interest of each Director in the share capital of the Company as shown in the Register of Directors' Shareholdings as at the date of this report is:

Particulars of Directors' Interest in the Issued Capital of the Company

Ordinary Shares (Number)	Direct Interest	Employee Share Plan	Indirect Interest	Total
Director				
John Farey	10,000	-	-	10,000
Alan Beasley	1,000,000	-	-	1,000,000
John J Foley	-	-	-	-

Please refer to Note 30 of the financial statements for details.

SHARES UNDER OPTION

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

LOANS TO DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL

Loans were made to Directors or specified Executives of the Company and the Group under the Employee Share Plan during the financial year and all loans were fully repaid at the date of this report. Please refer to Note 30 for details.

DIRECTORS' AND OFFICERS' INDEMNITIES AND INSURANCE

During the financial year the Company paid an insurance premium, insuring the Company's Directors, (as named in this report), Company Secretary, Executive officers and employees against liabilities not prohibited from insurance by the *Corporations Act 2001*.

A confidentiality clause in the insurance contract prohibits disclosure of the amount of the premium and the nature of insured liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

Other than the matter referred to in the Directors' Report no person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* has been received and is set out on page 16.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor K.S. Black & Co for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor’s independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

AUDITOR’S REMUNERATION

During the year the following fees were paid or payable for services provided by the Auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		**Parent Entity**	
	2015	2014	**2015**	2014
	$	$	**$**	$
Audit services:				
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group				
Audit and review services fees	**26,290**	25,750	**26,290**	25,750
Taxation and other advisory services:				
Amounts paid or payable to the Auditor for non-audit taxation services for the entity or any entity in the Group for review and lodgement of the income tax return				
Taxation services	**1,295**	1,150	**1,295**	1,150
Advisory services	**-**	-	**-**	-
Total	**27,585**	26,900	**27,585**	26,900

AUDITOR

K.S. Black & Co continues in office in accordance with Section 327 of the *Corporations Act 2001*.

This Directors’ Report, incorporating the Remuneration Report, is signed in accordance with a Resolution of the Board of Directors.

John W Farey
Executive Chairman

Alan Beasley
Managing Director

Signed at Sydney
31 March 2016

Level 6, 350 Kent Street
Sydney NSW 2000

75 Lyons Road
Drummoyne NSW 2047

K.S. Black & Co.
Chartered Accountants
ABN 48 117 620 556

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF HUDSON INVESTMENT GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015 there has been:

a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

b. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities are in respect of Hudson Investment Group Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants

Scott Bennison
Partner

Dated in Sydney on this 31 day of March 2016

Phone 02 8839 3000 Fax 02 8839 3055
www.ksblack.com.au

CORPORATE GOVERNANCE STATEMENT

The Company has adopted a Corporate Governance Plan, which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition ("**Principles and Recommendations**").

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate policies and practices as at the date of this Prospectus are outlined below and the Company's full Corporate Governance Plan is available in the corporate governance information section of the Company's website (http://www.higl.com.au/Corporate-Governance).

(a) Board Responsibilities

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- maintain and increase Shareholder value;
- ensure a prudential and ethical basis for the Company's conduct and activities;
- ensure compliance with the Company's legal and regulatory objectives consistent with these goals, and to achieve this the Board assumes the following responsibilities:
    a. developing initiatives for profit and asset growth;
    b. reviewing the corporate, commercial and financial performance of the Company on a regular basis;
    c. acting on behalf of, and being accountable to, the Shareholders; and
    d. identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis;

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

However, subject thereto, the Company is committed to the following principles:

- the Board is to comprise of persons with the appropriate skills, experience and attributes for the Company and its business; and
- the principal criteria for the appointment of new Directors is their ability to add value to the Company and its business. All incumbent Directors bring an independent judgement to bear in deliberations and the current representation is considered adequate given the stage of the Company's development. The names, qualifications and relevant experience of each Director are set out on page 8.

(c) Code of Conduct

As part of its commitment to recognising the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the Company's integrity, the Company has an established Code of Conduct (**the Code**) to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code.

These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code governs all of the Company's commercial operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent the Company. This Code also governs the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices.

The Board, management and all employees of the Group are committed to implementing this Code and each individual is accountable for such compliance. A copy of the Code is given to all employees, contractors and relevant personnel, including directors, and is available on the Company's website (under "Corporate Governance").

(d) Diversity Policy

The Board has adopted a diversity policy which provides a framework for the Company to achieve, among other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

(e) Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The Board has established a written policy for ensuring compliance with ASX Listing Rule disclosure requirements and accountability at senior executive level for that compliance. A copy of the Company's continuous disclosure policy can be found on the Company's web site (under "Corporate Governance").

(f) Audit Committee and Management of Risk

The Company's directors comprise the audit and risk committee.

(g) Remuneration Arrangements

The Board will decide the remuneration of an executive Director, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed $200,000 per annum.

In addition, a Director may be paid fees or other amounts (subject to any necessary Shareholder approval) for example non-cash performance incentives such as Options as determined by the Board where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

(h) Shareholder Communications

The Board tries to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through:

- annual and half-yearly financial reports and quarterly reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and,
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

(i) Trading in the Company's Shares

The Company's Share Trading Policy prohibits Directors from taking advantage of their position or information acquired, in the course of their duties, and the misuse of information for personal gain or to cause detriment to the Group.

Directors, senior executives and employees are required to advise the Company Secretary of their intentions prior to undertaking any transaction in HIG securities.

If an employee, officer or director is considered to possess material non-public information, they will be precluded from making a Security transaction until after the time of public release of that information.

A copy of the Company's Share Trading Policy is available on the Company's website (under "Corporate Governance").

(j) Corporate Social Responsibility

The Company is committed to conducting its operations and activities in harmony with the environment and society, and wherever practicable to work in collaboration with communities and government institutions in decision-making and activities for effective, efficient and sustainable solutions.

Our aim is to minimize our environmental footprint and safeguard the environment while sharing the benefits of our business with our employees and the community and contribute to economic and social development, minimizing our environmental footprint and safeguarding the environment, now and for future generations.

(k) Departures from recommendations

The Company is required to report any departures from the recommendations in its annual financial report. The Company's compliance and departures from Recommendations as at the date of this Prospectus are set out in the following table:

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

PRINCIPLE	Response
PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT	
Recommendation 1.1	
The entity should have and disclose a charter, which sets out the the respective roles and responsibilities of the board, the Chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management	Complies. The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The responsibilities delegated to the senior management team are set out in the Board Charter. The Board Charter can be viewed at the Company's website http://www.higl.com.au
Recommendation 1.2	
The entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director. The entity should provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Complies. The Company has conducted appropriate checks for all current Directors. The Company will undertake appropriate checks described in Guidance Note 1, paragraph 3.15 issued by the ASX before appointing a person, or putting forward to Shareholders a candidate for election, as a Director.
Recommendation 1.3	
The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complies.
Recommendation 1.4	
The company secretary of the entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Complies. The Joint Company Secretaries have been appointed and are accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.
Recommendation 1.5	
The entity should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them.	Complies. The Board has established a Diversity Policy.
The entity should disclose in its annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and its progress towards achieving them.	The Diversity Policy is disclosed on the Company's website.
The entity should disclose in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Details of the Company's measurable objectives for achieving gender diversity and its progress towards achieving them and the entity's gender diversity figures are set out in the Company's annual report.

Recommendation 1.6	
The entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Will comply. The Company will disclose the process for evaluating the performance of the Board, its committees and individual directors in its future annual reports. Details of the performance evaluations undertaken will be set out in future annual reports.
Recommendation 1.7	
The entity should have and disclose a process for periodically evaluating the performance of its senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	Complies. Senior executive key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board. The internal review is to be conducted on an annual basis and if deemed necessary an independent third party will facilitate this internal review. Details of the performance evaluations undertaken will be set out in future annual reports.
PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE	
Recommendation 2.1	
The entity's board should have a nomination committee which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.	Does not comply. The Company does not have a nomination committee
The entity should disclose the charter of the committee, the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Currently the role of the nomination committee is undertaken by the full Board. The Company intends to establish a nomination committee once the Company's operations are of sufficient magnitude.
If the entity does not have a nomination committee, it should disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Company does not have a nomination committee. The Board evaluates the skills, experience of its members and then determines whether additional members should be invited to the Board to complement or replace the existing members.
Recommendation 2.2	
The entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Does not yet comply. The Company intends to develop a board skill matrix setting out the mix of skills and diversity the Board has and requires. The skill matrix will be available at the Company's website once finalised.

Recommendation 2.3	
The entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director.	Complies. John Foley is an independent director Alan Beasley was appointed a director on 19 January 2015
The entity should disclose if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd edition) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion	The independence of the directors and length of service of each director are set out in the Company's annual report. Details of any relevant interest, position, association or relationship impacting upon a director's independence are set out in the Company's annual report.
Recommendation 2.4	
A majority of the board of the entity should be independent directors.	Does not comply. The Company has three directors. One of these directors is an independent director.
Recommendation 2.5	
The chair of the board of the entity should be an independent director and, in particular, should not be the same person as the CEO / Managing Director of the entity.	Does not comply. The Chairman is not independent but is not the Managing Director. The Company currently does not have a separate CEO. The Board considers that given its current size and structure, it is neither appropriate nor cost effective to have a distinct CEO.
Recommendation 2.6	
The entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Does not yet comply. Currently the induction of new directors and plan for professional development is managed informally by the full Board. The Company intends to develop a formal program for inducting new directors and providing appropriate professional development opportunities consistent with the development of the Company.
PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY	
Recommendation 3.1	
The entity should establish a code of conduct for its directors, senior executives and employees and disclose the code or a summary of the code.	Complies. The Board has a Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Group's personnel for reporting and investigating unethical practices or circumstances where there are beaches of the Code. The Code of Conduct is available on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING	
Recommendation 4.1	
The board of the entity should have an audit committee, which consists only of non-executive directors, a majority of which are independent directors and is chaired by an independent chair that is not the chair of the board. The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Partially complies. The board has established an audit and risk committee Charter. Members of the committee comprise the whole board of directors who have appropriate and relevant financial experience to act in this capacity. A summary of the charter and details of the number of times the audit and risk committee met throughout the period and the individual attendances of the members at those meetings are set out in the Company's annual report. The full audit and risk committee charter is available on the Company's website
Recommendation 4.2	
The board should disclose whether it has, before approving the entity's financial statements for the financial period receive assurance from its Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks.	Complies. The Board requires the Managing Director and Chief Financial Officer to provide such a statement before approving the entity's financial statements for a financial period.
Recommendation 4.3	
A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complies. The external auditor attends AGMs and is available to answer questions from Security Holders relevant to the audit.
PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE	
Recommendation 5.1	
The entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Complies. The Company has a written policy on information disclosure. The focus of these policies and procedures is continuous disclosure and improving access to information for investors. The Company's continuous disclosure policy can be viewed at the Company's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS	
Recommendation 6.1	
The entity should provide information about itself and its governance to investors via its website.	Complies. The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan. Details can be found at the Company's website.
Recommendation 6.2	
The entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies. The Company has established a Shareholder's Communication Policy. The Company recognises the importance of forthright communications and aims to ensure that the shareholders are informed of all major developments affecting the Company. Details of the Shareholder's Communication Policy can be found on the Company's website.
Recommendation 6.3	
The entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies. The Shareholder's Communication Policy is available on the Company's website and details are set out in the Company's annual report.
Recommendation 6.4	
The entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies. The Company has provided the option to receive communications from, and send communications to, the entity and its security registry electronically.
PRINCIPLE 7: RECOGNISE AND MANAGE RISK	
Recommendation 7.1	
The board of a listed entity should have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors and is chaired by an independent director. The entity should disclose the charter of the committee, the members of the committee and at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Complies. The Board has established an audit and risk committee to oversee risk which is comprised of the whole Board. Complies The Company's charter for the audit and risk committee is available at the Company's website and the details of the number of times the committee met and the individual attendances is set out in the Company's annual report.

Recommendation 7.2	
The board or board committee should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risk the entity faces and to ensure that they remain with the risk appetite set by the board.	Complies.
The entity should also disclose in relation to each reporting period, whether such a review has taken place	The Company's Corporate Governance Plan includes a Risk Management Review Procedure and Compliance and Control policy. The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board has delegated to the audit and risk committee the responsibility for implementing the risk management system. Details of the number of times the committee conducted a risk management review in relation to each reporting period will be disclosed in its annual reports.
Recommendation 7.3	
The entity should disclose if it has an internal audit function, how the function is structured and what role it performs. If the entity does not have an internal audit function, the entity should disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Does not yet comply. The Board has delegated the internal audit function to the audit and risk committee and intends to establish and implement the structure and role of the internal audit function. The Company will disclose the details of the internal audit function in its future annual reports.
Recommendation 7.4	
The entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Complies. The Company has an Audit and Risk committee appointed to manage economic sustainability and risk.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY	
Recommendation 8.1	
The board should establish a remuneration committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director.	Does not yet comply due to the size of the Company. The entire board undertakes the functions normally delegated to a Remuneration Committee.
If the entity does not have a remuneration committee, the entity should disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	The Board has adopted a Remuneration Committee Charter. However, the Company is not of a size that justifies having a separate Remuneration Committee so matters typically considered by such a committee are dealt with by the full Board. The Board has reviewed, through independent sources, the level and composition of remuneration for Directors and senior executives to ensure that such remuneration is appropriate and not excessive.
Recommendation 8.2	
The entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complies. The Company distinguishes the structure of Non-executive Directors' remuneration from Executive Directors and senior executives. Details of the policies and practices regarding remuneration are set out in the Company's annual report. The Remuneration Committee Charter is disclosed on the Company's website.
Recommendation 8.3	
If the entity has an equity-based remuneration scheme it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and disclose that policy or a summary of it.	Complies. The Company's Share Trading Policy prohibits executive staff from undertaking hedging or other strategies that could limit the economic risk associated with Company Securities issued under any equity based remuneration scheme. The Share Trading Policy can be viewed on the Company's website

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

		Consolidated		Parent Entity	
		2015	2014	**2015**	2014
	Notes	**$'000**	$'000	**$'000**	$'000
Revenue	4	**4,782**	13,125	**-**	-
Cost of sales		**(2,858)**	(7,760)	**-**	-
Other income and expenses	5	**3,839**	(3,696)	**6,345**	(19,648)
Cost of providing services and administration expenses	6 (a)	**(3,247)**	(3,962)	**(273)**	(41)
Finance income	6 (b)	**847**	1,647	**-**	6
Finance expenses	6 (c)	**(1,823)**	(14,965)	**-**	(6,600)
Share of profit of equity accounted investee		**50**	62	**-**	-
PROFIT/(LOSS) BEFORE INCOME TAX		**1,590**	(15,549)	**6,072**	(26,283)
Income tax benefit/(expense)	7	**-**	490	**-**	-
PROFIT/(LOSS) AFTER TAX FOR THE YEAR		**1,590**	(15,059)	**6,072**	(26,283)
OTHER COMPREHENSIVE INCOME					
Demerger and distribution in specie	33(b)	**(6,626)**	-	**(8,459)**	-
Tax expenses		**-**	-	**-**	-
Other comprehensive income after tax		**(6,626)**	-	**(8,459)**	-
Total comprehensive income		**(5,036)**	(15,059)	**(2,387)**	(26,283)
Profit attributable to non-controlling interests		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**(5,036)**	(15,059)	**(2,387)**	(26,283)
Earnings/(Loss) per shares		**Cents**	**Cents**		
Basic earnings/(loss) per share (cents)	22	**(1.94)**	(5.84)		
Diluted earnings/(loss) per share (cents)	22	**(1.94)**	(5.84)		

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

		Consolidated		Parent Entity	
		2015	2014	**2015**	2014
	Notes	**$'000**	$'000	**$'000**	$'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	8	**93**	140	**1**	1
Trade and other receivables	9	**(97)**	1,644	**2**	-
Financial assets	10	**-**	1,637	**-**	-
Inventories	11	**-**	2,197	**-**	-
Other current assets	12	**13**	223	**10**	12
TOTAL CURRENT ASSETS		**9**	5,841	**13**	13
NON-CURRENT ASSETS					
Receivables	9	**-**	3,028	**-**	31
Property, plant and equipment	13	**-**	2,892	**-**	-
Investment properties	14	**10,554**	32,489	**-**	-
Financial assets	10	**-**	5,032	**5,718**	7,821
TOTAL NON-CURRENT ASSETS		**10,554**	43,441	**5,718**	7,852
TOTAL ASSETS		**10,563**	49,282	**5,731**	7,865
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	15	**108**	1,174	**24**	-
Financial liabilities	16	**-**	1,385	**-**	-
Employee benefits provision	17	**1**	420	**1**	-
Other liabilities	18	**-**	337	**-**	30
TOTAL CURRENT LIABILITIES		**109**	3,316	**25**	30
NON-CURRENT LIABILITIES					
Trade and other payables	15	**1,520**	13,236	**214**	-
Financial liabilities	16	**5,818**	20,825	**-**	-
Deferred tax liability	7	**-**	-	**-**	-
Other liabilities	18	**-**	3,409	**-**	-
Provisions	19	**3**	388	**3**	-
TOTAL NON-CURRENT LIABILITIES		**7,341**	37,858	**217**	-
TOTAL LIABILITIES		**7,450**	41,174	**242**	30
NET ASSETS		**3,113**	8,108	**5,489**	7,835
EQUITY					
Issued Capital	20	**52,110**	52,069	**52,110**	52,069
Reserves	21(a)	**5,626**	5,626	**-**	-
Accumulated losses	21(b)	**(54,623)**	(49,587)	**(46,621)**	(44,234)
Total equity attributable to equity holders of the parent entity		**3,113**	8,108	**5,489**	7,835
Non-controlling interest		**-**	-	**-**	-
TOTAL EQUITY		**3,113**	8,108	**5,489**	7,835

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

Consolidated	Notes	Issued Capital	Reserves	Accumulated Losses	Total Equity
		$'000	$'000	$'000	$'000
Balance at 1 January 2015	20	**52,069**	**5,626**	**(49,587)**	**8,108**
Share issued		**43**	**-**	**-**	**43**
Share issuing costs		**(2)**	**-**	**-**	**(2)**
Profit/(Loss) for the year		**-**	**-**	**(5,036)**	**(5,036)**
Balance at 31 December 2015	20	**52,110**	**5,626**	**(54,623)**	**3,113**
Balance at 1 January 2014		52,040	5,627	(34,528)	23,139
Profit/(Loss) for the year		-	-	(15,059)	(15,059)
Currency translation		29	(1)	-	28
Balance at 31 December 2014	20	52,069	5,626	(49,587)	8,108

Parent Entity	Notes	Issued Capital	Reserves	Accumulated Losses	Total Equity
		$'000	$'000	$'000	$'000
Balance at 1 January 2015	20	**52,069**	**-**	**(44,234)**	**7,835**
Share issued		**43**	**-**	**-**	**43**
Share issuing cost		**(2)**	**-**	**-**	**(2)**
Profit/(loss) for the year		**-**	**-**	**(2,387)**	**(2,387)**
Balance at 31 December 2015	20	**52,110**	**-**	**(46,621)**	**5,489**
Balance at 1 January 2014		52,040	-	(17,951)	34,089
Share issued		29	-	-	29
Profit/(loss) for the year		-	-	(26,283)	(26,283)
Balance at 31 December 2014	20	52,069	-	(44,234)	7,835

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

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Consolidated 2015 $'000	Consolidated 2014 $'000	Parent Entity 2015 $'000	Parent Entity 2014 $'000
Cash flows from operating activities					
Receipts from customers		**4,869**	12,834	**-**	**-**
Payments to suppliers and employees		**(5,332)**	(9,846)	**(257)**	(21)
Interest received		**2**	9	**2**	6
Interest paid		**(334)**	(1,229)	**-**	-
Net cash provided by/(used in) operating activities	24	**(795)**	1,768	**(255)**	(15)
Cash flows from investing activities					
Proceeds from sale of investments		**-**	12,758	**-**	2,000
Advance from/(to) other parties		**651**	(1,362)	**-**	-
Advance from/(to) controlled entities		**-**	-	**214**	(1,670)
Payments for investment properties improvements		**-**	(20)	**-**	-
Payments for purchases of investments		**-**	(14,090)	**-**	(354)
Payments for property, plant and equipment		**-**	(525)	**-**	-
Net cash (used in)/ provided by investing activities		**651**	(3,239)	**214**	(24)
Cash flows from financing activities					
Proceeds from share placement		**43**	29	**43**	29
Share issuing cost		**(2)**	(2)	**(2)**	-
Drawdown from bank borrowings		**56**	1,841	**-**	-
Repayment of bank borrowings		**-**	(701)	**-**	-
Net cash provided by /(used in) financing activities		**97**	1,167	**41**	29
Net (decrease)/ increase in cash and cash equivalents		**(47)**	(304)	**-**	(10)
Cash and cash equivalents at the beginning of the year		**140**	444	**1**	11
Cash and cash equivalents at the end of the year	8	**93**	140	**1**	1

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

1. CORPORATE INFORMATION

The consolidated financial statements and notes of the Company for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors and covers Hudson Investment Group Limited (the **Company)** as the parent entity as well as the group consisting of Hudson Investment Group Limited and its subsidiaries as required by the *Corporations Act 2001* (the **Group**).

The consolidated financial statements and notes are presented in Australian currency.

Hudson Investment Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accountancy Standards Board and the *Corporations Act 2001*.

Statement of Compliance

Australian Accounting Standards ('**AASBs**') include Australian equivalents to International Financial Reporting Standards (**AIFRS**). Compliance with AIFRS ensures that the financial report of Hudson Investment Group Limited also complies with International Financial Reporting Standards.

Critical accounting estimates and judgements

Details of critical accounting estimates and assumptions about the future made by management at reporting date are set out below:

– Impairment of assets

  The Company assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Critical judgements

Management have made the following judgements when applying the Group's accounting policies:

– Recognition of deferred tax assets

  In line with the Group's accounting policy (Note 2f) and as disclosed in Note 7, deferred tax assets have not been recognised.

– Measurement of financial assets

  If there is an active market for financial assets they have been fairly valued in line with market prices, if not they are carried at cost.

– Fair value of Hudson Pacific Group Limited shares on demerger. The fair value was determined as less than the Company value of net assets demerged based on the 2014 audited financial statements.

Going Concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except for where noted in these accounting policies.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

ASIC Class Order 98/100

The Company is of a kind referred to in ASIC Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

b. Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hudson Investment Group Limited ("**the parent entity**") as at the reporting date and the results of all subsidiaries for the year then ended. Hudson Investment Group Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The financial performance of those entities is included only for the period of the year that they were controlled.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Hudson Investment Group Limited.

c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

d. Foreign currency transactions and balances

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Hudson Investment Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- retained earnings are translated at the exchange rates prevailing at the date of transactions; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on the sale where applicable.

e. Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

Interest

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Rental Income

Rental income on investment properties is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

All revenue is stated net of the amount of goods and services tax (GST).

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

f. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. Hudson Investment Group Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries. These amounts are recognised as current inter-company receivables or payables.

g. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in Statement of Cash Flows on a gross basis except for the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

h. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents on hand and at call deposits with banks or financial institutions, investment in money market instruments maturing within less than 3 months, net of bank overdrafts.

i. Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

j. Inventories

Inventories include raw materials, work in progress and finished goods.

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

k. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

l. Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Amortised cost is calculated as:

(a) the amount at which the financial asset or financial liability is measured at initial recognition;

(b) less principal repayments;

(c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

m. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by entities in the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Entities in the Group use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to entities in the Group for similar financial instruments.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

n. Property, plant and equipment

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. A revaluation surplus is credited to the asset revaluation reserve included within shareholder's equity unless it reverses a revaluation decrease on the same asset previously recognised in the Statement of Profit or Loss and Other Comprehensive Income. A revaluation deficit is recognised in the Statement of Profit or Loss and Other Comprehensive Income unless it directly offsets a previous revaluation surplus on the same asset in the asset revaluation reserve. On disposal, any revaluation reserve relating to sold assets is transferred to retained earnings. Independent valuations are performed regularly to ensure the carrying amounts of land and buildings do not differ materially from the fair value at the Statement of Financial Position date.

Land is not depreciated. Depreciation on other assets is calculated using the straight line, over their estimated useful lives, as follows:

- Plant and equipment 5 – 15 years (depreciation rate 6.7% to 20%)
- Buildings 30 years (depreciation rate 3.4%)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2 (m)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

o. Investment property

Investment property is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually. Changes in fair values are recorded in the Statement of Profit or Loss and Other Comprehensive Income as part of other income.

p. Leases

Company as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership but not the legal ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit or Loss and Other Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Capitalised leased assets are depreciated on a straight line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

Company as lessor

Lease income from operating leases is recognised in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same bases as the lease income.

q. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

r. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and the outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

s. Other liabilities

Other liabilities comprise non-current amounts due to related parties that do not bear interest and are repayable within one year of Statement of Financial Position date.

Income received in advance relates to car park income that will be brought to account over the life of the car space contracts.

t. Employee benefits

Wages, Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within one year of Statement of Financial Position date are recognised in other liabilities in respect of employees' services rendered up to Statement of Financial Position date and are measured at amounts expected to be paid when the liabilities are settled.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy resting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

u. Issued capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

v. Share-based payments

Ownership-based remuneration is provided to employees via an employee share option plan and employee share plan.

Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each Statement of Financial Position date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

w. Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

x. New Accounting Standards for Application

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The group has decided against early adoption of these standards. We have reviewed these standards and interpretations and there are none having any material effect.

y. Discontinued operations

The trading results for business operations disposed during the year are disclosed separately as discontinued operations in the statement of profit or loss and other comprehensive income. The amount disclosed includes any related impairment losses recognised and any gains or losses arising on disposal.

3. FINANCIAL RISK MANAGEMENT

a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance function also review the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Further details regarding these policies are set out below.

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Financial assets				
Current				
Cash and cash equivalents	**93**	140	**1**	1
Trade and other receivables	**(97)**	1,644	**2**	-
Financial assets	**-**	1,637	**-**	-
Non-current				
Trade and other receivables	**-**	3,028	**-**	31
Financial assets	**-**	5,032	**5,718**	7,821
	(4)	11,481	**5,721**	7,853
Financial liabilities				
Current				
Trade and other payables	**108**	1,174	**24**	-
Financial liabilities	**-**	1,385	**-**	-
Non-current				
Trade and other payables	**1,520**	13,236	**214**	-
Financial liabilities	**5,818**	20,825	**-**	-
	7,446	36,620	**238**	-

3. FINANCIAL RISK MANAGEMENT continued

b. Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group excluding the available for sale financial assets.

The maximum exposure to credit risk at balance date is the carrying amount of the financial assets, excluding the available for sale financial assets, as summarised under note(a) above.

For banks and financial institutions, only independently rated parties are accepted and each deposit account is kept to under $1 million to ensure that it is covered by the Governments bank deposit guarantee scheme.

The maximum exposure to credit risk at balance date by country is as follows:

	Consolidated		**Parent Entity**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Australia	**-**	25,066	**2**	31
	-	25,066	**2**	31

c. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. Bank loans are detailed below. The funds were provided by bankers for the Group and the Parent Company. It is the policy of the Board of Directors that treasury reviews and maintains adequate committed credit facilities and the ability to close-out market positions.

3. FINANCIAL RISK MANAGEMENT continued

Maturity Analysis of financial liabilities

Consolidated 2015	Carrying Amount $'000	Contractual Cash flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Current						
Trade and other payables	**108**	**108**	**108**	**-**	**-**	**-**
Financial Liabilities	**-**	**-**	**-**	**-**	**-**	**-**
Non-current						
Trade and other payables	**1,520**	**1,520**	**-**	**-**	**1,520**	**-**
Financial Liabilities	**5,818**	**5,818**	**-**	**-**	**5,818**	**-**
Total financial liabilities at amortised cost	**7,446**	**7,446**	**108**	**-**	**7,338**	**-**
Consolidated 2014						
Current						
Trade and other payables	1,174	1,174	1,159	15	-	-
Financial Liabilities	1,385	1,385	1,069	316	-	-
Non-current						
Trade and other payables	13,236	13,236	-	-	13,236	-
Financial Liabilities	20,825	20,825	-	-	14,746	6,079
Total financial liabilities at amortised cost	36,620	36,620	2,228	331	27,982	6,079

Parent Entity 2015	Carrying Amount $'000	Contractual Cash flows $'000	< 6 mths $'000	6- 12 mths $'000	1-3 years $'000	> 3 years $'000
Current						
Trade and other payables	**24**	**24**	**24**	**-**	**-**	**-**
Non-current						
Other liabilities	**214**	**-**	**-**	**-**	**-**	**-**
Total financial liabilities at amortised cost	**238**	**24**	**24**	**-**	**-**	**-**
Parent Entity 2014						
Current						
Trade and other payables	-	-	-	-	-	-
Non-current						
Other liabilities	-	-	-	-	-	-
Total financial liabilities at amortised cost	-	-	-	-	-	-

3. FINANCIAL RISK MANAGEMENT continued

d. Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

(i) Interest rate risk

The Group does not apply hedge accounting.

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk.

For further details of exposure to interest rate risk refer Note 17 Financial Liabilities.

Sensitivity Analysis

The following tables demonstrate the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

		+1%	-1%
Consolidated	**Carrying Amount $'000**	**Interest Rate $'000**	**Interest Rate $'000**
2015			
Financial Liabilities	**5,818**	**(58)**	**58**
Tax charge of 30%	**-**	**18**	**(18)**
After tax increase/(decrease)	**5,818**	**40**	**40**
Consolidated			
2014			
Financial Liabilities	22,210	(222)	222
Tax charge of 30%		67	(67)
After tax increase/(decrease)	22,210	(155)	155

(ii) Currency risk

The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (AUD) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Group receives forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserve.

There is no foreign currency loan as at reporting date (2014: Nil).

(iii) Other price risk

The Group takes advice from professional advisers as to when to sell shares quoted at market value.

3. FINANCIAL RISK MANAGEMENT continued

	Carrying Amount	+10% Profit & Loss	-10% Profit & Loss
Consolidated 2015	**$'000**	**$'000**	**$'000**
Shares at fair value	-	-	-
Tax charge (30%)	-	-	-
After tax increase/(decrease)	-	-	-
Consolidated 2014			
Shares at fair value	6,669	667	(667)
Tax charge (30%)		(200)	200
After tax increase/(decrease)	6,669	467	(467)

There is no concentration of risk.

e. Capital risk management

In managing its capital, the Group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either of these objectives, or what is considered capital in the year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'Financial liabilities' and 'trade and other payables' as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position (including minority interest) plus net debt.

It is the Group's policy to maintain its gearing ratio at a healthy and manageable level. The Group's gearing ratio at the Statement of Financial Position date is as follows:

Gearing ratios	**Consolidated**		**Parent Entity**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Total borrowings	**5,818**	22,210	**-**	-
Less: cash and cash equivalents	**(93)**	(140)	**-**	(0)
Net debt	**5,725**	22,070	**-**	-
Total equity	**3,113**	8,108	**5,489**	7,835
Total capital	**8,838**	30,178	**5,489**	7,835
Gearing Ratio	**64%**	73%	**N/A**	N/A

There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

4. REVENUE

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Sale of goods	**2,222**	6,276	**-**	-
Rendering of services	**872**	1,956	**-**	-
Rental Income	**1,144**	1,131	**-**	-
Corporate services fee Income	**544**	3,762	**-**	-
	4,782	13,125	**-**	-

5. OTHER INCOME AND EXPENSES

	Consolidated		Parent Entity	
Net gain/(loss) on disposal of investments	**(2,434)**	2,141	**2,892**	141
Change in fair value of financial assets	**6,273**	(7,415)	**3,451**	(19,811)
Change in fair value of investment property	**-**	371	**-**	-
Others	**-**	1,207	**2**	22
	3,839	(3,696)	**6,345**	(19,648)

6. EXPENSES

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

	Consolidated		Parent Entity	
a. Cost of providing services and administration expenses	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Consulting and professional expenses	**(169)**	(539)	**(11)**	-
Superannuation contribution expenses	**(121)**	(267)	**(1)**	-
Employee expenses and on costs	**(1,011)**	(2,122)	**(10)**	-
Lease payment	**(5)**	(10)	**-**	-
Legal expenses	**(1,487)**	(337)	**-**	-
b. Finance income				
Interest received	**847**	1,647	**-**	6
c. Finance expenses				
Interest paid	**(793)**	(2,221)	**-**	-
Depreciation and amortisation	**(154)**	(363)	**-**	-
Doubtful debt provision	**(820)**	(12,265)	**-**	(6,600)
Others	**(56)**	(116)	**-**	-
	(1,823)	(14,965)	**-**	(6,600)
d. Other comprehensive income				
Demerger and distribution in specie	**(6,626)**	-	**(8,459)**	-

7. INCOME TAX

a. Income tax expense

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Income tax expense				
Current tax expense	**-**	-	**-**	-
Deferred tax expense	**-**	490	**-**	-
Total income tax expense/(benefit)	**-**	490	**-**	-
Deferred tax expense				
Increase in deferred tax expense/(benefit)	**-**	490	**-**	-

b. Numerical reconciliation of income tax to prima facie tax payable

	Consolidated 2015	Consolidated 2014	Parent Entity 2015	Parent Entity 2014
Profit/(loss) from continuing operations before income tax expense	**1,590**	(15,549)	**6,072**	(26,283)
Income tax expense (benefit) calculated @ 30% (2014:30%)	**477**	(4,665)	**1,822**	(7,885)
Deferred tax expenses relating to partly owned subsidiaries outside of the tax consolidated group				
Tax losses not brought to account				
Temporary differences not brought to account	**(1,875)**	-	**(963)**	-
Tax losses not brought to account	**(4,049)**	(4,094)	**-**	(2,284)
Recoupment of prior year tax losses not previously brought to account	**5,447**	8,269	**(859)**	10,169
Income tax expense/(benefit) at effective tax rate of 30% (2014: 30%)	**-**	(490)	**-**	-

c. Amounts recognised directly in equity

Aggregate current and deferred tax arising during the reporting period and not recognised in profit and loss but directly debited or credited to equity:

	Consolidated 2015	Consolidated 2014	Parent Entity 2015	Parent Entity 2014
Current income tax				
Current income tax on transaction costs of issuing equity instruments	**-**	-	**-**	-

7. INCOME TAX continued

d. Unrecognised deferred tax assets and liabilities

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
The unrecognised deferred tax assets of the Group includes $xxx (2014: $2,493,085) in relation to carried forward tax losses and $xxx (2014: $5,719,998) in relation to carried forward capital losses.	-	-	-	-
Deferred tax assets and liabilities have not been recognised in the statement of financial position for the following items:				
Prior year unrecognised tax losses now ineligible due to change in tax consolidation group	-	-	-	-
Other deductible temporary differences and tax losses	**(6,248)**	(13,647)	**(3209)**	(7,612)
	(6,248)	(13,647)	**(963)**	(7,612)
Potential benefit/(expense) at 30% (2014: 30%)	**(1,875)**	(4,094)	**(963)**	(2,284)

e. Deferred tax assets

Deferred tax assets comprise temporary differences attributable to:				
Amounts recognised in profit and loss	-	-	-	-
Tax losses	-	-	-	-
Amounts recognised directly in equity	-	-	-	-
Share issue expenses	-	-	-	-
	-	-	**-**	-

f. Deferred tax liabilities

Deferred tax liabilities comprise temporary differences attributable to:				
Amounts recognised directly in equity	-	-	-	-
Revaluations of land and buildings	-	-	-	-
Amounts recognised in profit and loss	-	-	-	-
Capitalised exploration costs	-	-	-	-
	-	-	-	-

8. CASH & CASH EQUIVALENTS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at bank and on hand	**93**	64	**1**	1
Cash held in trust accounts	**-**	76	**-**	-
	93	140	**1**	1
Weighted average interest rates	**0.00%**	0.02%	**0.00%**	0.00%

9. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Trade receivables (note a)	**(87)**	2,055	-	-
Less: Provision for doubtful debts	**-**	(937)	-	-
	(87)	1,118	-	-
Advances to other entities (note b)	**-**	19,984	**-**	-
Less: Provision for doubtful debts	**-**	(19,269)	**-**	-
Other receivables (note c)	**(10)**	(189)	**2**	-
	(97)	1,644	**2**	-
Non-Current				
Advances to other entities (note b)	**-**	3,028	**-**	-
Advances to controlled entities (note d)	**-**	-	**-**	20,631
Less: Provision for doubtful debts	**-**	-	**-**	(20,600)
Employee share scheme (note e)	**-**	7,888	**-**	7,486
Less: Provision for employee share scheme	**-**	(7,888)	**-**	(7,486)
	-	3,028	**-**	31

a. Trade receivables past due but not impaired

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Up to 3 months	**-**	1,182	**-**	-
3 to 6 months	**-**	19	**-**	-
	-	1,201	**-**	-

b. Advances to other entities and parties

Current

Three interest bearing full recourse loans of $Nil were assigned and settled during the year. (2014:$1.46 million) Previously these loans were advanced to a consultant. The loans were secured against shares and have fixed repayment term. The loans are repayable should the consultant leave the Company. A provision of $900,000 was made in 2014. None were written down during the year. The loans, together with all right and entitlement, were assigned and transferred to Hudson Pacific Group under the demerger and distribution in specie process during the reporting year.

An interest bearing full recourse loan of $Nil (2014:$14.87 million) was advanced to one entity. The loan is secured against shares and has fixed repayment term. A provision of $12.2 million was made in 2014. None were written down during the year. The loans, together with all right and entitlement, are assigned and transferred to Hudson Pacific Group under the demerger and distribution in specie process during the reporting year.

9. TRADE & OTHER RECEIVABLES continued

Two interest bearing full recourse loans of $Nil (2014:$0.38 million) were advanced to two entities. The loans have no securities and have no repayment term. Provision of $0.38 million was made in 2014. None were written down during the year. The loans, together with all right and entitlement, were assigned and transferred to Hudson Pacific Group under the demerger and distribution in specie process during the reporting year.

Two non-interest bearing loans of $Nil (2014:$1.81 million) were advanced to two entities. The loans have no securities and have no repayment term. Provision of $1.81 million was made as at reporting date. None were written down during the year. The loans, together with all right and entitlement, were assigned and transferred to Hudson Pacific Group under the demerger and distribution in specie process during the reporting year.

Total provision for $Nil (2014: $19.2 million) was made at reporting date.

Non- Current

An interest bearing loan of Nil (2014: $1.18 million) was advanced to Frontier Capital Group (ASX: FCG). The loan is secured against shares. FCG converted the debt by issuing 5.5 million FCG shares to the Company. During the year none were written down. The remaining loans, together with all right and entitlement, were assigned and transferred to Hudson Pacific Group under the demerger and distribution in specie process during the reporting year.

An interest bearing secured loan of Nil (2014: $0.61 million) was advanced to Sovereign Gold Company Limited (ASX: SOC). The loan was secured by shares. None were written down during the year. The loans, together with all right and entitlement, were assigned and transferred to Hudson Pacific Group under the demerger and distribution in specie process during the reporting year.

An interest bearing secured loan of Nil (2014: $1.22 million) was advanced to Raffles Capital Limited (ASX: RAF). The loan was secured by shares. None were written down during the year. The loans, together with all right and entitlement, were assigned and transferred to Hudson Pacific Group under the demerger and distribution in specie process during the reporting year.

c. Other receivables

These amounts relate to receivables for GST paid, deposits paid and balances of tenement disposal proceeds.

d. Advances to controlled entities

There are no advances to controlled entities that are past due but not impaired as measurement is tied to recoverability. The advances are non-interest bearing and with no securities.

e. Employee share plan

There are no debts recoverable under the Employee Share Plan that are past due which have not been impaired. Refer to Note 29 and Note 30 for further details.

The total outstanding non-recourse loans are $nil (2014:$7,887,856). The full non-recourse loans are recognised as share payment cost expenses in the previous financial year. All loans under the Employee Share Plan were fully repaid during the year.

f. Fair value and credit risk

Current trade and other receivables

Due to the short term nature of these receivables their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Non-current receivables

All non-current receivables from other entities are interest bearing, and are repayable on demand. The fair value is approximately equivalent to the carrying value.

10. FINANCIAL ASSETS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Australian listed equity securities	**-**	5,758	**-**	-
Provision for diminution in value*	**-**	(4,121)	**-**	-
	-	1,637	**-**	-
Non-Current				
Investment-controlled entities	**-**	-	**5,718**	24,094
Investment-equity securities	**-**	11,644	**-**	6,488
Provision for diminution in value*	**-**	(6,612)	**-**	(22,761)
	-	5,032	**5,718**	7,821

*Financial assets are recorded by marking to market value. The fair value is approximately equivalent to market value.

11. INVENTORIES

Raw materials	**-**	1,584	-	-
Finished goods	**-**	613	-	-
	-	2,197	-	-

12. OTHER CURRENT ASSETS

Prepayments	**13**	103	**10**	12
Others	**-**	120	**-**	-
	13	223	**10**	12

13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Building naming rights				
At fair value (a)	**-**	900	**-**	-
Plant and equipment				
At cost	**-**	6,214	**-**	-
Accumulated depreciation	**-**	(5,181)	**-**	-
	-	1,033	**-**	-
Leased plant and equipment				
At cost	**-**	1,247	**-**	-
Accumulated depreciation	**-**	(288)	**-**	-
	-	959	**-**	-
Total property, plant and equipment	**-**	2,892	**-**	-

13. PROPERTY, PLANT AND EQUIPMENT CONTINUED

a. The valuation basis of building naming rights is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The revaluation was based on an independent assessment by a member of the Australian Property Institute.

b. Security

Refer to Note 16 for information on non-current assets pledged as security.

c. Reconciliations

Reconciliations of the carrying amounts of each class of property, plant & equipment at the beginning and end of the current and previous financial year are set out below:

	Building naming rights	Plant & equipment	Leased Plant & Equipment	Total
2015	**$'000**	**$'000**	**$'000**	**$'000**
Carrying amount at 1 January 2015	**900**	**1,033**	**959**	**2,892**
Transferred - demerger	**(900)**	**(930)**	**(907)**	**(2,737)**
Depreciation	**-**	**(103)**	**(52)**	**(155)**
Carrying amount at 31 December 2015	**-**	**-**	**-**	**-**
2014				
Carrying amount at 1 January 2014	900	1,165	665	2,730
Additions	-	125	400	525
Depreciation	-	(257)	(106)	(363)
Carrying amount at 31 December 2014	900	1,033	959	2,892

14. INVESTMENT PROPERTIES

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Non-current				
Investment properties at fair value	**10,554**	32,489	-	-
	10,554	32,489	-	-

a. Valuation basis

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The revaluations were based on a combination of independent assessments made by a member of the Australian Property Institute and directors' valuations.

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Investment properties at fair value				
Directors' valuation on capital works	**84**	19	**-**	-
Independent valuation	**10,470**	32,470	**-**	-
	10,554	32,489	**-**	-

b. Reconciliation

A reconciliation of the carrying amount of investment properties at the beginning and end of the current financial year is set out below:

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
At fair value				
Balance at beginning of year	**32,489**	32,098	**-**	-
Capital Works	**65**	19	**-**	-
Change in fair value	**-**	372	**-**	-
Transferred - demerger	**(22,000)**	-	**-**	-
Carrying amount at end of the year	**10,554**	32,489	**-**	-

c. Amounts recognised in profit and loss for investment properties

The following amounts have been recognised in the Statement of Profit or Loss and Other Comprehensive Income

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Rental and services income	**1,045**	3,087	**-**	**-**
Property running expenses	**285**	403	**-**	**-**

d. Non-current assets pledged as security

Refer to Note 16 for information on non-current assets pledged as security by the parent entity or its controlled entities.

15. TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
Current	**$'000**	$'000	**$'000**	$'000
Unsecured				
Trade and other creditors	**108**	939	**24**	**-**
Other payables	**-**	235	**-**	**-**
	108	1,174	**24**	**-**
Non-Current				
Unsecured				
Payable to related entities	**1,520**	13,236	**-**	**-**
Payable to controlled entities	**-**	-	**214**	**-**
	1,520	13,236	**214**	**-**

16. FINANCIAL LIABILITIES

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Secured				
Lease and hire purchase liabilities	**-**	358	**-**	-
Bank loans	**-**	1,027	**-**	-
Total current	**-**	1,385	**-**	-
Non-Current				
Secured				
Lease and hire purchase liabilities	**-**	594	**-**	-
Bank loans	**5,818**	20,231	**-**	-
Total non-current	**5,818**	20,825	**-**	-

Security for borrowings

Bank loan is secured by first mortgages over the Group's investment properties and fixed and floating charges over assets of the Group. The loans are repayable in 2018. The rate of interest paid is a variable rate of 4.75% (2014: 6.14%).

The facilities are subject to an annual review and compliance of financial covenants.

Assets pledged as security

The carrying amounts of non-current assets pledged as security are:

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Investment Property	**10,554**	32,489	**-**	-
Land and buildings	**-**	900	**-**	-
Plant and equipment	**-**	1,992	**-**	-
	10,554	35,381	**-**	-

The fair value of borrowings is equivalent to the carrying amounts of loans and lease and hire purchase liabilities.

Risk exposure

Information about the Group's exposure to interest rate changes is provided in Note 3.

17. EMPLOYEE BENEFITS PROVISION

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Employee leave entitlements	**1**	420	**1**	-

18. OTHER LIABILITIES

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Income received in advance	**-**	49	**-**	-
Accrued payable	**-**	288	**-**	30
	-	337	**-**	30
Non-Current				
Income received in advance	**-**	3,409	**-**	-
	-	3,409	**-**	-

Income received in advance represents income received up front for the user using the car park. Income is allocated to the Statement of Profit or Loss and Other Comprehensive Income on equal apportionment basis over the term of the agreements.

19. PROVISIONS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
Non-Current	**$'000**	$'000	**$'000**	$'000
Restoration provision	**-**	50	**-**	-
Employee leave entitlements	**3**	338	**3**	-
	3	388	**3**	-

20. ISSUED CAPITAL

	Consolidated and Parent Entity		Consolidated and Parent Entity	
	2015 Shares Number	2014 Shares Number	**2015 $'000**	2014 $'000
Share capital				
Ordinary shares	**260,316,865**	258,546,022	**52,110**	52,069
a. Movement during the period				
Balance at beginning of the period	**258,546,022**	257,821,022	**52,069**	52,040
Share Issued	**1,770,843**	725,000	**43**	29
Share issuing cost	**-**	-	**(2)**	-
Balance at the end of the period	**260,316,865**	258,546,022	**52,110**	52,069

20 ISSUED CAPITAL CONTINUED

b. Terms and conditions

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.

c. Options

There are no unissued ordinary shares of the Company under option at the date of this report.

d. Performance Options

No options were granted and issued during this year.

21 RESERVES AND ACCUMULATED LOSSES

a. Reserves

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Asset revaluation reserve	**1,141**	1,141	**-**	-
Capital reserve	**5,751**	5,751	**-**	-
Foreign currency translation reserve	**(1,266)**	(1,266)	**-**	-
	5,626	5,626	**-**	-
Movements in reserves				
Asset revaluation reserve				
Balance at start of period	**1,141**	1,141	**-**	-
Business combination movement	**-**	-	**-**	-
Balance at the end of period	**1,141**	1,141	**-**	-
Capital Profits Reserve				
Balance at start of period	**5,751**	5,752	**-**	-
Business combination movement	**-**	(1)	**-**	-
Balance at the end of period	**5,751**	5,751	**-**	-
Foreign currency translation reserve				
Balance at start of period	**(1,266)**	(1,266)	**-**	-
Currency translation differences	**-**	-	**-**	-
Balance at the end of period	**(1,266)**	(1,266)	**-**	-

The asset revaluation reserve records increments and decrements on the revaluation of individual parcels of land and buildings. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law, net of capital gains tax payable.

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. The reserve is recognised in the Statement of Profit or Loss and Other Comprehensive Income when the investment is disposed of.

b. Accumulated losses

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Balance at the beginning of the year	**(49,587)**	(34,528)	**(44,234)**	(17,951)
Profit/(loss) for the year	**(5,036)**	(15,059)	**(2,387)**	(26,283)
Balance at the end of the year	**(54,623)**	(49,587)	**(46,621)**	(44,234)

22 EARNINGS / (LOSS) PER SHARE

	2015 Cents	2014 Cents
Basic earnings/(loss) per share	**(1.94)**	(5.84)
Diluted earnings/(loss) per share	**(1.94)**	(5.84)

	2015 $'000	2014 $'000
Profit/(Loss) used in calculating basic and diluted earnings/(loss) per share	**(5,036)**	(15,059)

	2015 Shares	2014 Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**259,283,873**	257,881,439
Adjustments for calculation of diluted earnings per share	**-**	-
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share.	**259,283,873**	257,881,439

23 OPERATING SEGMENTS

The Consolidated Entity's 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
Development and administration of industrial property in eastern Australia.

Investment services
Equity investment in listed entities and providing corporate finance services.

Exploration and processing of minerals
Processing and distribution of attapulgite, (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.

23. OPERATING SEGMENTS continued

Primary reporting – business segments

	Property investment & development	Investment Services	Mineral, processing & exploration	Intersegment eliminations/ unallocated	Consolidated
	$'000	$'000	$'000	$'000	$'000
2015					
Sales to external customers	**2,015**	**544**	**2,223**	**-**	**4,782**
Intersegment sales	**161**	**227**	**-**	**(388)**	**-**
Total sales revenue	**2,176**	**771**	**2,223**	**(388)**	**4,782**
Other revenue	**-**	**845**	**-**	**-**	**845**
Total segment revenue	**2,176**	**1,616**	**2,223**	**(388)**	**5,627**
Segment result					
Profit/(loss) before income tax expense	**898**	**1,248**	**(556)**	**(6,626)**	**(5,036)**
Income tax expense	**-**	**-**	**-**	**-**	**-**
Net profit/(loss)	**898**	**1,248**	**(556)**	**(6,626)**	**(5,036)**
Segment assets	**10,764**	**-**	**-**	**(201)**	**10,563**
Segment liabilities	**7,422**	**-**	**-**	**28**	**7,450**
Acquisition of non-current assets	**65**	**-**	**-**	**-**	**65**
Depreciation and amortisation expense	**-**	**11**	**144**	**-**	**155**
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

24. CASH FLOW INFORMATION

a. Reconciliation of net cash provided by/(used in) from operating activities to profit/(loss)

	Consolidated		Parent Entity	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Profit/(Loss) for the year	**(5,036)**	(15,059)	**(2,387)**	(26,283)
Gain on disposal of financial assets	**2,434**	(2,141)	**(2,892)**	(141)
Demerger	**6,626**	-	**8,459**	-
Depreciation and amortisation	**154**	363	**-**	-
Provision for doubtful debt	**820**	12,265	**-**	6,600
Change in fair value of investment properties	**-**	(371)	**-**	-
Change in fair value of financial assets	**(6,273)**	7,415	**(3,451)**	19,810
Change in operating assets and liabilities:				
(Increase)/decrease in trade and other receivables	**(849)**	(382)	**4**	-
(Increase)/decrease in inventories	**2,197**	1,191	**-**	-
(Increase)/decrease in other current assets	**213**	(65)	**2**	(1)
Increase/(decrease) in trade and other creditors	**(1,081)**	(958)	**10**	-
(Increase) in deferred tax assets	**-**	-	**-**	-
Increase in deferred tax liabilities	**-**	(490)	**-**	-
Net cash provided by/(used in) operating activities	**(795)**	1,768	**(255)**	(15)

b. Significant non-cash transactions

No other significant non-cash transactions occurred during the year.

25. CONTROLLED ENTITIES

Name of entity	Class of Share	Equity Holding		Country of formation or incorporation
		2015 %	2014 %	
Hudson Imports Pty Limited*	Ordinary	**0**	100	Australia
Hudson Marketing Pty Limited*	Ordinary	**0**	100	Australia
Hudson Pacific Group Limited*	Ordinary	**0**	100	Australia
Raffles Equities Limited*	Ordinary	**0**	100	Australia
Hudson Property Trust*	Ordinary	**0**	100	Australia
Bundaberg Coal Pty Ltd*	Ordinary	**0**	100	Australia
HSC Property Pty Limited*	Ordinary	**0**	100	Australia
Hudson Underwriting Limited*	Ordinary	**0**	100	Australia
Hudson Corporate Limited*	Ordinary	**0**	100	Australia
Hudson Asset Management Pty Limited*	Ordinary	**0**	100	Australia
Hudson Capital Corporation Pty Limited*	Ordinary	**0**	100	Australia
Sorbent Minerals Pty Ltd*	Ordinary	**0**	100	Australia
Ecofix Pty Ltd*	Ordinary	**0**	100	Australia
HTH Holdings Pty Limited*	Ordinary	**100**	100	Australia
EPC 1262 Pty Ltd*	Ordinary	**0**	100	Australia
Hudson Property Group Limited	Ordinary	**100**	-	Australia

*Entities were transferred to Hudson Pacific Group Limited under the process of demerger and distribution in specie.

26. CONTINGENT ASSETS AND LIABILITIES

Guarantees

Cross guarantees under Class Order 98/1418 by Hudson Investment Group Limited, Hudson Property Group Limited and its wholly owned controlled entities exist in respect of loans.

Deed Of Cross Guarantee

As at 31 December 2015, Hudson Investment Group Limited and HTH Holdings Pty Ltd entered a Deed of Cross Guarantee under which each Company guarantees the debts of the others.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended by Class Order 98/2017) issued by the Australian Securities & Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Hudson Investment Group Limited, they also represent the 'Extended Closed Group'. These consolidated financial statements for the year ended 31 December 2015 represent those of the "Closed Group".

26 CONTINGENT ASSETS AND LIABILITIES continued

Litigation

On 9 April 2015 the Company's application for special leave in its action against Atanaskovic Hartnell, the company's former solicitors was refused. A settlement has been reached in relation to legal costs. Hudson Pacific Group Limited will pay the costs under an agreed indemnity.

27 COMMITMENTS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Lease commitments				
Non-cancellable operating leases - future minimum lease payments				
Within one year	-	11	-	-
Later than one year but not later than 5 years	-	34	-	-
Later than 5 years	-	-	-	-
	-	45	-	-
Finance lease - non-cancellable				
Within one year	-	358	-	-
Later than one year but not later than 5 years	-	594	-	-
Later than 5 years	-	-	-	-
Total future minimum lease payments	-	952	-	-
Total future finance charges	-	(120)	-	-
Lease liabilities	-	832	-	-
			-	
Lease liabilities are represented in the financial statements as follows:				
Current	-	358	-	-
Non-current	-	594	-	-
	-	952	-	-

The Group leases various copiers under non-cancellable operating leases expiring between 1 and 3 years. Nor do they include commitments for any renewal options on leases. Lease conditions do not impose any restrictions on the ability of Hudson Investment Group Limited and its controlled entities from borrowing further funds or paying dividends. The operating lease was assigned during the year.

The Group leases machinery at a carrying value of Nil (2014: $952,000) by way of finance leases expiring within 4 years. The Group has the option to acquire the machinery on expiry at a nominal value. There are no contingent rentals as part of finance lease arrangements and no restrictions on the ability of Hudson Investment Group Limited and its controlled entities from borrowing further funds (but not able to borrow for machine purchases) or paying dividends.

28. EVENTS OCCURRING AFTER BALANCE DATE

Since balance date the Board of Directors instructed an Independent Valuer, JLL (Jones Lang LaSalle Advisory Services Pty Ltd) to provide a valuation for the Warnervale Property.
JLL have now provided a complete and comprehensive market valuation to the Board. The result is a valuation of $12.75 million, an increase of $2.2 million.
The increased valuation will be acknowledged in the 2016 financial accounts.
At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 31 December 2015 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2015 of the Group;
- The results of those operations; or
- The state of affairs in financial years subsequent to 31 December 2015 of the Group.

29. SUPERANNUATION AND SHARE OWNERSHIP PLANS

Superannuation

Entities in the Group contribute to an accumulation fund, administered by a third party, to which all full time and certain part time employees are invited to join.

Share ownership plans

Share ownership plans operated by the parent company and its controlled entities are detailed below.

Hudson Investment Group Employee Share Plan (ESP)

All employees of the Company and its controlled entities may participate in the ESP. Under the ESP, monies are advanced to the participants to enable them to purchase ordinary shares of the Company on the market. The non-recourse loans to participants bear interest at an amount equivalent to the dividend paid on the shares and are repayable no later than ten years from the date of the loan. Participants terminating their employment prior to the expiry date must sell their shares to the Company at their original purchase price. Participants have the option of selling back shares in accordance with certain conditions under the ESP rules. There are no limits to the amounts that might be advanced under the ESP.

The net amount advanced under the plan during the year amounted to $Nil (2014: $Nil). The aggregate number of shares purchased under the ESP by employees is Nil (2014: 59,473,000). At year- end, the total non-recourse loans outstanding are Nil (2014: $7,887,856). The full amount of non-recourse loans is recognised as an expense in previous years. All employee loans were settled during the reporting year.

30. KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Directors

The following persons were Directors of Hudson Investment Group Limited during the financial year unless otherwise stated:

John W Farey	Executive Director	appointed 1 Feb 2002
Alan P Beasley	Managing Director	appointed 19 Jan 2015
John J Foley	Non-Executive Director	appointed 6 Aug 2014
Dato Mohd Zaid Ibrahim	Non-Executive Chairman	appointed 1 Jun 2015, retired 7 Dec 2015
Tan Sri Ibrahim	Non-Executive Director	appointed 1 Jun 2015, retired 7 Dec 2015
John Dawkins	Non-Executive Director	appointed 1 Jun 2015, retired 7 Dec 2015
Juliana Tan	Executive Director	retired 19 Jan 2015

b. Other key management personnel

The following persons were key management personnel of Hudson Investment Group Limited during the financial year:

Vincent Tan	CEO Hudson Pacific Group Limited	appointed 1 February 2002
Luisa Tan	Consultant	
Venkata Kambla	Director of Ecofix Pty Ltd	
Julian Rockett	Company Secretary and In-house Counsel	appointed 27 July 2012
Francis Choy	Chief Financial Officer	

30. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

c. Compensation of Directors and other key management personnel

	Short Term Employee Benefits		Post-Employment Benefits	Long Term Benefits	
	Salary and other fees	Travelling Allowance	Superannuation	Long Service Leave	Total
	$	$	$	$	$
Consolidated					
2015					
Directors					
Dato Mohd Zaid Ibrahim***	-	-	-	-	-
John W Farey	**36,667**	**3,600**	**10,683**	**7,806**	**58,756**
Alan P Beasley*	**125,000**	**5,400**	-	-	**130,400**
Tan Sri Ibrahim Menudin***					
John Dawkins***					
John J Foley*	-	-	-	-	-
Juliana Tan**	**15,000**	-	**1,425**	**248**	**16,673**
Director - Total	**176,667**	**9,000**	**12,108**	**8,054**	**205,829**
KMP					
Vincent Tan	**80,000**	**3,600**	**5,700**	**992**	**90,292**
Luisa Tan	**50,000**	-	-	-	**50,000**
Venkata Kambala	**50,000**	**3,600**	**4,750**	**952**	**59,302**
Julian Rockett	**25,000**	-	**2,375**	**417**	**27,792**
Francis Choy	**75,148**	-	**7,600**	**1,324**	**84,072**
KMP - Total	**280,148**	**7,200**	**20,425**	**3,685**	**311,458**
	$	$	$	$	$
Consolidated					
2014					
Directors					
John W Farey	88,399	10,800	31,913	1,092	132,204
Alan P Beasley*	-	-	-	-	-
John J Foley*	-	-	-	-	-
Juliana Tan**	210,000	-	17,334	3,497	230,831
Peter J Meers**	-	-	-	-	-
Director - Total	298,399	10,800	49,247	4,589	363,035
KMP					
Vincent Tan	240,000	2,700	16,875	2,977	262,552
Venkata Kambala	150,665	10,800	14,116	1,543	177,124
Julian Rockett	73,115	-	6,852	1,514	81,481
Francis Choy	250,000	-	23,883	8,781	282,664
KMP - Total	713,780	13,500	61,726	14,815	803,821

* John J Foley was appointed on 6 August 2014, Alan P Beasley was appointed on 19 January 2015
** Peter J Meers retired on 26 August 2014, Juliana Tan retired on 19 January 2015
*** Dato Mohd Zaid Ibrahim, Tan Sri Ibrahim Menudin and John Dawkins appointed on 1 June 2015 and retired on 7 December 2015

The amounts reported represent the total remuneration paid by entities in the Group in relation to managing the affairs of all the entities within the Group. The remuneration has not been allocated between the individual entities within the Group as this would not be practicable.

There is no performance conditions related to any of the above payments.

There is no other element of Directors and other Key Management Personnel remuneration.

30. KEY MANAGEMENT PERSONNEL DISCLOSOURES continued

d. Shareholdings and option holdings of key management personnel

Shares held in Hudson Investment Group Limited

The numbers of shares in the Company held during the financial year by each director of Hudson Investment Group Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Direct and indirect interest in ordinary shares

Ordinary Shares - Direct Interest	Balance at start of year shares	Changes during the year shares	Balance at end of year shares
2015			
Directors			
John W Farey	**6,728,032**	**(6,718,032)**	**10,000**
Alan P Beasley	**-**	**1,000,000**	**1,000,000**
John J Foley	**-**	**-**	**-**
Key Management Personnel			
Vincent Tan	**264,362**	**-**	**264,362**
Francis Choy	**11,866,084**	**12,800,000** **(11,866,084)**	**12,800,000**
2014			
Directors			
John W Farey	6,738,032	-	6,738,032
Alan P Beasley	-	-	-
John J Foley	-	-	-
Juliana Tan	-	-	-
Key Management Personnel			
Vincent Tan	4,294,362	(4,030,000)	264,362

Ordinary Shares - Indirect Interest	Balance at start of year shares	Changes during the year shares	Balance at end of year shares
2015			
Directors			
John W Farey	**-**	**-**	**-**
Alan P Beasley	**-**	**-**	**-**
John J Foley	**-**	**-**	**-**
Key Management Personnel			
Vincent Tan	**30,000**	**-**	**30,000**
2014			
Directors			
John W Farey	-	-	-
Alan P Beasley	-	-	-
John J Foley	-	-	-
Juliana Tan	4,294,362	(4,030,000)	264,362
Key Management Personnel			
Vincent Tan	30,000	-	30,000

No options over unissued shares were granted during the year and no options have been granted in the period since the end of the financial year and to the date of this report. At the date of this report there were no unissued shares in the capital of the Company under option.

30. KEY MANAGEMENT PERSONNEL DISCLOSURES continued

e. Loans to key management personnel

Details of loans made to Directors and other Key Management Personnel (**KMP**) of Hudson Investment Group Limited are set out below:

(i). Aggregates for key management personnel

Consolidated and Parent Entity	Balance at the start of the year	Advance/ (Repayments) / (Transfers)	Interest payable for the year	Balance at the end of the year	Number in Group at end of year	Additional interest otherwise payable
	$	$	$	$		$
2015	**5,313,188**	**(5,313,188)**	**-**	**-**	**-**	**318,790**
2014	5,313,188	-	-	5,313,188	4	318,790

(ii). Details of individuals with loans above $100,000 during the year are set out below.

	Balance at the start of the year	Advance/ (Repayment) / (Transfer)	Interest payable for the year	Balance as at the end of the year	Highest indebtedness during the year	Additional interest otherwise payable*
2015	$	$	$	$	$	$
Directors						
John W Farey (ESP)	**1,560,459**	**(1,560,459)**	**-**	**-**	**1,560,459**	**93,627**
KMP						
Vincent Tan (ESP)	**900,000**	**(900,000)**	**-**	**-**	**900,000**	**54,000**
Francis Choy (ESP)	**1,184,988**	**(1,184,988)**	**-**	**-**	**1,184,988**	**71,099**
David L Hughes (ESP)	**1,667,741**	**(1,667,741)**	**-**	**-**	**1,667,741**	**100,064**
	5,313,188	**(5,313,188)**	-	**-**	**5,313,188**	**318,790**
2014						
Directors						
John W Farey (ESP)	1,560,459	-	-	1,560,459	1,560,459	93,627
KMP						
Vincent Tan (ESP)	900,000	-	-	900,000	900,000	54,000
Francis Choy (ESP)	1,184,988	-	-	1,184,988	1,184,988	71,099
David L Hughes (ESP)	1,667,741	-	-	1,667,741	1,667,741	100,064
	5,313,188	-	-	5,313,188	5,313,188	318,790

* *Market interest rate 6% (2014: 6%)*
This represents the difference between interest charged at the latter and interest paid.

Terms and conditions of loans

All non-recourse loans relate to the individual's participation in the Company's ESP. Interest is paid only from dividends paid by the Company during the year. Loans are secured against the Employee Share Option Plan shares only. Loans are repayable should employees leave the Company. If an employee leave the Company, all ESP plan shares will be returned to the Company within a specified period. None were written down during the year. Full provision was made at the reporting date.

31. RELATED PARTY DISCLOSURES

a. Parent entities

The parent entity and ultimate Australian parent entity is Hudson Investment Group Limited (the Company).

b. Subsidiaries

Interests in subsidiaries are disclosed in Note 25.

c. Key management personnel compensation

Key management personnel compensation information is disclosed in Note 30.

d. Transactions with related parties

The following transactions occurred with related parties during the year

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Corporate services fee received				
- From Hudson Resources Limited	**408,000**	408,000	-	-
- From RafflesCo Limited	**105,000**	-	-	-
Rental Income				
- From Hudson Resources Limited	**134,408**	111,244	-	-
- From Hudson Capital Corporation Pty Ltd	**150,000**	120,000	-	-
Rental Expenses				
- Paid to Hudson Resources Limited	**423,650**	333,734	-	-
Purchase of Goods				
- From Hudson Resources Limited	**325,781**	203,226	-	-

Corporate services fees received

Consolidated group only

Hudson Corporate Limited (HCL) received a corporate services fee from Hudson Resources Limited of $408,000 (2014: $408,000) as payment of recoveries for office administration and running expenses incurred in HCL.

HCL received a corporate services fee from RafflesCo Limited of $105,000 (2014: Nil) as payment of recoveries for office administration and running expenses incurred in HCL.

Rental income

Consolidated group only

Hudson Marketing Pty Ltd (HMPL) received rental income from Hudson Resources Limited $134,408(2014: $111,244) for using the storage facilities in Geraldton plant.

Hudson Capital Corporation Pty Limited received rental income from HCL of $150,000 (2014: $120,000) for using the building name and roof-top signage.

Rental expenses

Consolidated group only

HMPL incurred rental expenses of $423,650 (2014: $333,734) payable to both Hudson Resources Limited and Hudson Minerals Limited (HML) for leasing the Geraldton property.

Purchase of goods

Consolidated group only

Hudson Marketing Pty Limited (HMPL), a subsidiary of the Company, purchased goods from Hudson Resources Limited (HRL) incurring expenses of $325,781 (2014: $203,226).

Demerger of Hudson Pacific Group Limited

Under the demerger of Hudson Pacific Group Limited (HPGL) in April 2015, the following related parties received Hudson Pacific Group Limited shares:

	HPGL Shares
Rafflesco Limited	89,600,000
Raffles Nominees Pty Limited (* held on behalf on other parties)	61,821,378
Jt Capital Pty Ltd	19,183,362
Ms Yoke Tow Hong	15,157,648
Pacific Portfolio Investments	9,144,208
Sing Capital Pty Ltd	6,287,858
Ms Rachel Zhi Ting Tan	3,143,000
Hudson Corporate Limited	3,129,688
Ozberg Pty Limited <Singa Pension A/C>	1,300,000
Union Pacific Investments Pty Ltd	1,241,999
Mr Alan Preston Beasley	1,000,000

e. Outstanding balances

The following balances are outstanding at the reporting date in relation to transaction with related parties:

	Consolidated		**Parent Entity**	
	2015	2014	**2015**	2014
	$	$	**$**	$
Payable				
Related Entities				
- Hudson Resources Limited	**-**	13,235,945	**-**	-
- Hudson Pacific Group Limited	**1,520,629**	-	**-**	-
Controlled Entities	**-**	-	**213,898**	-
Receivable				
Related Entities				
- Raffles Capital Limited	**-**	1,227,107	**-**	-
Controlled Entities	**-**	-	**-**	20,630,684
Provision for doubtful debts	**-**	-	**-**	(20,600,000)

Payable – related entities

Hudson Resources Limited holds a $10.0 million (2014:$13 million) non-cumulative preference share of Hudson Pacific Group Limited. Hudson Pacific Group Limited was de-merged during the year. Hudson Resources further advanced a $Nil (2014:$235,945) interest bearing loan to Hudson Corporate Ltd under one loan funding agreement.

Receivable – related entities

An interest bearing secured loan of $Nil (2014: $1.22 million) was advanced to Raffles Capital Limited (ASX: RAF). The loan was secured by shares. None were written down during the year.

Provisions for doubtful debts have been raised in relation to outstanding non-interest bearing balances from controlled entities amounting to $Nil (2014: $20,600,000). No expense has been recognised in respect of bad or doubtful debts due from related parties.

f. Guarantees

No guarantees were given or received from related parties during the year.

g. Terms and conditions

All transactions were made on normal commercial terms and conditions and at market interest rates, except that there are no fixed terms or repayment of loans between the parties.

32. REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2015	2014	**2015**	2014
	$	$	**$**	$
Audit services: Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group				
Audit and review services fees	**26,290**	25,750	**26,290**	25,750
Taxation and other advisory services: Amounts paid or payable to the Auditor for non-audit taxation services for the entity or any entity in the Group for review and lodgement of the income tax return				
Taxation services	**1,295**	1,150	**1,295**	1,150
Advisory services	**-**	-	**-**	-
Total	**27,585**	26,900	**27,585**	26,900

33. DISCONTINUED OPERATIONS

Hudson Investment Group Limited demerged its investment and mineral business in May 2015. That business is now owned and operated by a separate and independent holding company, Hudson Pacific Group Limited.

A Scheme of arrangement for the demerger of Hudson Pacific Group Limited, and steps to implement the demerger were approved by Hudson Investment Group Limited shareholders at the scheme and general meetings held on 23 April 2015. Following the successful outcome of this shareholder vote and the satisfaction of other conditions Hudson Pacific Group is presented in discontinued operations.

Accounting for demerger transactions is addressed in Interpretation 17: Distributions of Non-cash Assets to Owners. In accordance with this interpretation and AASB 137: Provisions, Contingent Liabilities and Contingent Assets, the demerger distributions have been measured at the fair value of Hudson Pacific Group Limited shares. A full list of entities demerged and further information on the accounting for demerger transactions are set out in the Notice of General Meeting prepared for the scheme meeting held in April 2015.

Financial information for Hudson Pacific Group for the period up to the date of demerger and other discontinued operations is summarised below:

a) Statement of Profit or Loss and Other Comprehensive Income and Cash Flow Information

	2015 **$'000**	2014 $'000
Sales revenue	**4,051**	12,228
Other income	**(2,392)**	(4,067)
Operating expenses	**(2,765)**	(22,555)
Total operating profit/(loss)	**(1,106)**	(14,394)
Profit/(loss) on demerger	**(6,626)**	-
Profit/(loss) before tax	**(7,732)**	(14,394)
Tax expense	**-**	-
Profit for the year from discontinued operations	**(7,732)**	(14,394)
Net cash (outflow)/inflow from operating activities	**(1,340)**	1,357
Net cash inflow/(outflow) from investing activities	**1,161**	(3,219)
Net cash outflow from financing activities	**(127)**	1,049
Net increase in cash and cash equivalents	**(306)**	(813)

b) Loss On Demerger

	2015 **$'000**
Fair value of Hudson Pacific Group Limited Limited shares	**23,459**
Less: carrying value of net assets demerged	**(30,085)**
Loss on demerger	**(6,626)**

c) Statement of Financial Position Information

The carrying amounts of assets and liabilities for discontinued operations were:	**Demerger 2015 $'000**	2014 $'000
Assets		
Cash and cash equivalents	**-**	171
Trade and other receivables	**8,127**	27,463
Inventories	**2,021**	-
Investments	**6,744**	-
Property, plant and equipment	**24,809**	32,489
Other assets	**300**	1,990
Total assets	**42,001**	62,113
Liabilities		
Trade and other payables	**14,591**	14,755
Borrowings	**16,208**	20,060
Tax payable	**-**	-
Provisions	**2,236**	99
Other liabilities	**3,438**	3,410
Total liabilities	**36,473**	38,324
Net assets	**5,528**	23,789

DECLARATION BY DIRECTORS

The directors of the Company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards which as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with international Financial Reporting Standards (IFRS); and
   (b) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date of the Company and the Group.

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.

3. The remuneration disclosures included on pages 11 to 13 of the Directors' Report (as part of audited Remuneration Report), for the year ended 31 December 2015, comply with section 300A of the *Corporations Act 2001*.

4. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A.

The entities identified in Note 26 are parties to the deed of cross guarantee under which each company guarantees the debts of the others. At the date of this declaration there are reasonable grounds to believe that the companies which are parties to this deed of cross guarantee will as a Group be able to meet any obligations or liabilities to which they are, or may become, subject to, by virtue of the deed of cross guarantee described in Note 26.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

John W Farey
Executive Director

Alan Beasley
Managing Director

Sydney
31 March 2016

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Sydney NSW 2000

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INDEPENDENT AUDITOR'S REPORT

To the Members of Hudson Investment Group Limited

Report on the Year End Financial Report

We have audited the accompanying financial report of Hudson Investment Group Limited, which comprises the statements of financial position as at 31 December 2015, the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the year end financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the year end financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free form material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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Chartered Accountants
ABN 48 117 620 556

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Hudson Investment Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Hudson Investment Group Limited is in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the company's and consolidated entity's financial positions as at 31 December 2015 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the consolidated financial statements and notes or financial report also comply with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of matter

Without amendment to our conclusion we emphasise the following matter.

Emphasis of matter regarding Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which shows that the financial report has been prepared on a going concern basis. We note that the consolidated entity incurred a net loss of $5,036,000 for the year ended 31 December 2015, and as of that date; the group had cash of $93,000, current assets of $9,000 and current liabilities of $109,000. These conditions indicate the existence of an uncertainty which cast doubt on the group's ability to continue as a going concern if additional equity or loan funds are not raised.

Report on the Remuneration report

We have audited the remuneration report included on pages 11-13 of the attached report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

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Auditors Opinion

In our opinion the remuneration report of Hudson Investment Group Limited for the year ended 31 December 2015 complies with s 300A of the Corporations Act 2001.

KS Black & Co
Chartered Accountants

Scott Bennison
Partner

Dated: 31/3/16

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SHAREHOLDER INFORMATION

As at 29 February 2016

A. Substantial Holders

Those shareholders who have lodged notice advising substantial shareholding under the Corporations Act 2001 are as follows:

	Shareholder	No. of Shares	% held
1.	Rafflesco Limited	89,600,000	34.42

B. Distribution of Equity Securities

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	125	54,133	0.02
1,001 - 5,000	96	254,385	0.10
5,001 - 10,000	48	405,408	0.16
10,001 - 100,000	125	4,902,766	1.88
100,001 and above	55	254,700,173	97.84
Rounding			**0.00**
Total	**449**	**260,316,865**	**100.00**

C. Unmarketable Parcels

	Minimum Parcel size	Holders	Units
Minimum $500.00 parcel at $0.0290 per unit	17,242	287	959,010

D. Twenty Largest Shareholders

The names of the twenty largest holders of quotes equity securities aggregated are listed below:

Rank	Name	Units	% of Units
1	Rafflesco Limited	89,600,000	34.42
2	Raffles Nominees Pty Limited (* held on behalf on other parties)	61,821,378	23.75
3	Citicorp Nominees Pty Limited	30,163,600	11.59
4	Jt Capital Pty Ltd	19,183,362	7.37
5	Ms Yoke Tow Hong	15,157,648	5.82
6	Pacific Portfolio Investments	9,144,208	3.51
7	Sing Capital Pty Ltd	6,287,858	2.55
8	Ms Rachel Zhi Ting Tan	3,143,000	1.21
9	Hudson Corporate Limited	3,129,688	1.20
10	Mr Trevor Neil Hay	1,682,541	0.65
11	Ozberg Pty Limited <Singa Pension A/C>	1,300,000	0.50
12	Union Pacific Investments Pty Ltd	1,241,999	0.48
13	Mrs Choon Piang Lee	1,020,000	0.39
14	Mr Alan Preston Beasley	1,000,000	0.38
15	Mr Sat Pal Khattar	1,000,000	0.38
16	Ms Yee Kein Teh	1,000,000	0.38
17	Ms Mao Ying Zhang	793,204	0.30
18	Mr Cunxiang Wang	720,186	0.28
19	Mr John Stephen Calvert	522,576	0.20
20	Mr Sng You Thiam	500,000	0.19
	Totals: Top 20 holders of FULLY PAID SHARES	**248,752,175**	**95.56**
	Total Remaining Holders Balance	**11,564,690**	**4.44**
		269,316,865	**100.00**

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HUDSON
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