



HUDSON INVESTMENT GROUP LIMITED

ACN 004 683 729

HALF YEAR REPORT

Incorporating

APPENDIX 4D ASX HALF-YEAR INFORMATION

30 June 2017

LODGED WITH THE ASX UNDER LISTING RULE 4.2A

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2016 and any public announcements made by Hudson Investment Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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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
Level 5
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

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 (Non-Exe Chairman)
Alan Beasley (Managing Director)
John J Foley
Dr Cheng Fong Han
Warren Wen-Shih Choo (Alternate Director)

Joint Company Secretaries

Henry Kinstlinger
Gananatha Minithantri

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.

HALF-YEAR ENDED 30 June 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from ordinary activities	No change		to	477
Profit from ordinary activities after tax	Up	35%	to	2,985
Net Profit for the period attributable to members	Up	35%	to	2,985

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

No dividends or distributions were declared or paid during the reporting period.

The increase in the net profit from the previous corresponding period takes into account the change in the fair value of investment property \$3.0 million and the low interest business environment.

REVIEW OF OPERATIONS

Hudson Investment Group Limited (ASX: HGL) (Hudson) is an ASX-listed company focusing on industrial commercial property development, including its 44 ha of land at Warnervale on the Central Coast (Hudson Property).

Corporate

- In April 2017 the Company announced that it had paid a further \$135,000 as an option extension fee (also part deposit) to extend the proposed purchase of a parcel of land adjacent to the Company's existing Warnervale property on Sparks Road Warnervale (Lot 3)
- On 24 May 2017 the shareholders in general meeting approved all resolutions by a show of hands
- On 26 June 2017 the Company announced that it had signed a Put and Call Option (subject to conditions precedent) for the sale and purchase of a portion of Lot 3 of the Warnervale land for \$5.25 million (\$461 per square metre)
- On 29 June 2017 the Company announced that it had adopted a \$3.0 million increase in the value on 5.1 hectares of industrial zoned land on Lot 67 of the Warnervale land. The directors now value Lot 67 at \$4.39 million, an increase of over 300% from \$1.3 million.

Financial Highlights

The Company announced a net profit of \$2.98 million for the 6 months ending 30 June 2017, mainly due to the increase in fair value of the Hudson Property to \$16.8 million. The Company's net assets are \$9.59 million as at 30 June 2017 an increase of 45.1% , compared to \$6.6 million as at 31 December 2016.

In addition, the Company has an unrecognised deferred tax asset of \$2.85 million which is not reflected in the Company's Statement of Financial Position as at 30 June 2017.

Changes to directors and officeholders

Hudson is pleased to announce the appointment of Dr Cheng Fong Han (and his alternate Warren Wen-Shih Choo) effective 1 June 2017. Dr Han is the current Executive Chairman of Hua Xia International Investments Limited. He had previously held appointments as Group CEO and Managing Director of Fraser and Neave Ltd and DBS Land Limited, Deputy Managing director of Petrochemical Corporation of Singapore and Chairman of Australand Holdings Limited (1996-2000). He has also served as Permanent Secretary to the Ministry of Manpower (Singapore) (1978-1984).

Mr John Dawkins AO announced his resignation on 17 March 2017 and on 2 February 2017 Mr Gananatha Minithantri replaced Julian Rockett as Joint Company secretary.

Company Focus

Hudson is focussed on achieving the Company's vision of creating capital appreciation and shareholder value, through the development of the 44 hectares of land, the Company holds in the centre of the growth area of Warnervale. The Hudson Property is positioned within the Central Coast Council's Wyong Employment Zone (WEZ) where it is proposed that \$1.5 billion will be invested , generating 45,000 jobs over the next 20 years.

The Hudson Property

The Hudson Property comprises of a 44 hectare site including a 10,000m² factory and 500m² office complex occupying 5 hectares of land adjacent to Sparks and Mountain Roads, Warnervale, on the Central Coast.

The Hudson Property is located in a prime location within the WEZ, close to the Sydney-Newcastle freeway, about 100 kilometres north of Sydney and 60 kilometres south of Newcastle, and is within close proximity to:

1. Warnervale Airport;
2. Woolworths Wyong Distribution Warehouse;
3. Lakes Grammar Anglican School;
4. Mackillop Catholic College; and
5. Warnervale Railway Station.



Hudson Property Zoned Land (m²)

Zoning	Western Land				Eastern Land	Total
	Lot 74 in DP 755245	Lot 1 in DP 796730	Lot 7 in DP 239691	Lot 2 in DP 796730	Lot 67 in DP 755245	
IN1	87,066	26,600	-	-	50,850	164,516
E2	5,000	103,000	7,702	6,446	87,115	209,263
SP2	-	-	-	-	71,460	71,460
Total	92,066	129,600	7,702	6,446	209,425	445,239

IN1 – Light Industrial

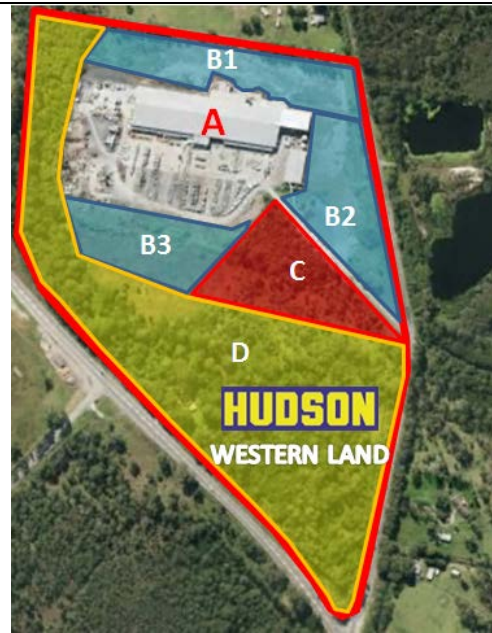
E2 – Environmental Conservation

SP2 – Water Management

Overview of the Hudson Warnervale Property

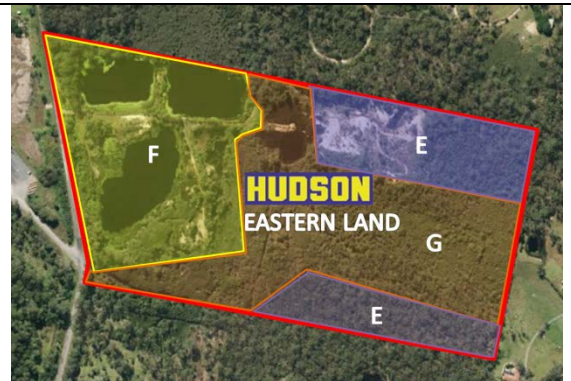
1. Western Land – 23.6 ha on Sparks & Mountain Rd

- **A:** IN1 Leased Land with a lease income of ~\$0.88 million p.a. (CPI indexed) on 5.3 ha: 10,000m² warehouse and 300m² office leased to blue chip tenants
- **B1, B2, B3:** IN1 development potential 6.1 ha proposed to be developed, in part or whole
- **C:** 'Triangle' area of 1.7 ha. Currently zoned E2. Approval obtained from Council to rezone to IN1
- **D:** 10.5 ha Land Environmental Conservation (E2)



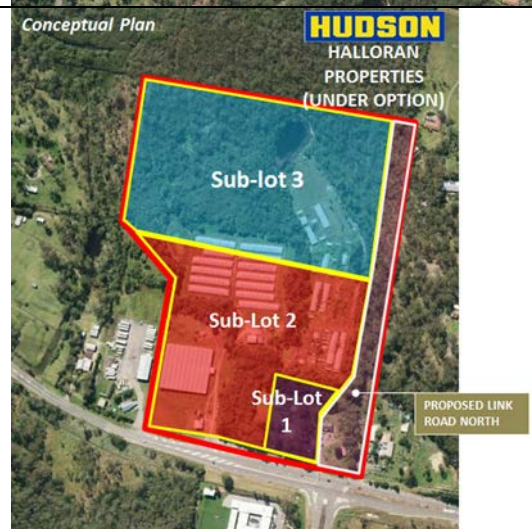
2. Eastern Land – 21 ha on the eastern side of Mountain Road

- **E:** 5.1 ha Industrial (IN1)
- **F:** 7.1 ha Water Management (SP2)
- **G:** 8.7 ha Environmental Conservation (E2)
- Discussions are underway with Council to rezone part of the E2 and SP2 land as IN1



3. Halloran Properties Option to purchase "Lot 3"

- Lot 3 in DP 801029 ("Lot 3") is located on Sparks Road at the intersection of Albert Warner Drive
- Sub-lot 1: ~1.1ha
- Sub-lot 2: ~5.7ha
- Sub-lot 3: ~7.6ha
- Proposed Link Rd Nth: ~1.3ha
- Adjacent to and south of the Eastern Land
- Currently engaged in discussions and further reporting with Council and authorities on its DA submitted October 2016.



*Indicates small, medium and larger size land for future commercial and industrial development

Company Vision

Hudson's vision is to create an asset which provides shareholders with:

1. Sustainable revenue streams through leased income with long term blue chip tenants;
2. Further revenue and capital appreciation over currently light industrial zoned undeveloped land;
3. The opportunity for further potential capital appreciation through rezoning and development;
4. The unlocking of access to and potential development of the Eastern Land from Sparks Road.

Hudson further recognises the importance of working with the Central Coast Council to develop a better access to the WEZ and Mountain Road via the Sparks Road and the Albert Warner Drive intersection North. This has been proposed by the Central Coast Council as an access point to the new Warnervale Town Centre. The significance of Albert Warner Drive (Link Road South) is, that it proposes to link Wyong and Warnervale, through a direct route.

The Hudson Board is focussed on implementing its strategic plan to achieve the Company's vision of creating capital appreciation and shareholder value through the development of the Hudson Property.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Hudson Investment Group Limited (**Company**) (ASX: HGL) and the entities it controls for the period ended 30 June 2017 and the Auditor's Review Report thereon.

Principal activities The principal continuing activities of the Company during the reporting period were the investment and development of the commercial and industrial property at Warnervale, New South Wales.

The nature of the activities during the reporting period is covered in the Review of Operations.

Financial performance The consolidated entity recorded a net profit after tax for the six months ended 30 June 2017 of \$2.98 million (2016: Profit \$2.2 million). The profit was due to changes in the fair value of the investment property. Total shareholders' funds as at 30 June 2017 are \$9.59 million.

Review of operations Information on the operations and financial position of the consolidated entity and its business strategies and prospects is set out in the Review of Operations on pages 4 to 7 of this report.

Dividends The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

Directors

The following persons were directors of the Company during the whole of the period and up to the date of this report, unless otherwise stated:

John W Farey	Non-Executive Chairman	
Alan Beasley	Managing Director	
John J Foley	Non-Executive Director	
Ian Mutton	Non-Executive Director	Retired 6 Aug 17
Dr Cheng Fong Han	Non-Executive Director	Appointed 1 Jun 17
Warren Wen-Shih Choo	(Alternate Director)	

Rounding

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

Subsequent Events

At the date of this report there are no other matters or circumstances other than those already disclosed which arisen since 30 June 2017 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2017, of the Group;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2017, of the Group.

Likely Developments

The Company intends to identify and pursue further business opportunities offering additional prospects for growth in the longer term.

Auditor's Independence Declaration

A copy of the independence declaration by the auditor K.S. Black and Co. under section 307C is included on page 10 of this half year financial report.

Signed in accordance with a resolution of the Directors:



John W Farey
Chairman



Alan Beasley
Managing Director

Sydney
18 August 2017

AUDITOR'S INDEPENDENCE DECLARATION

Level 6
350 Kent Street
SYDNEY NSW 2000

75 Lyons Road
DRUMMOYNE NSW 2047

K.S. Black & Co.

ABN 48 117 820 556

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 half year ended 30 June 2017 there has been:

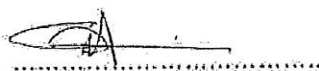
- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

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

KS Black & Co
Chartered Accountants

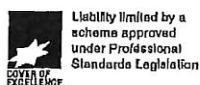
Scott Bennison
Partner

Dated in Sydney on this 18th day of August 2017



Scott Bennison
Partner

Phone 02 8899 3000
Fax 02 8899 3055



INDEPENDENT AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Hudson Investment Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Hudson Investment Group Limited, which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the consolidated statement in changed in equity and the statement of cash flows for the half-year ended on that date, noted comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the entity comprising the company at the half-year's end or from time to time during the half-year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Hudson Investment Group Limited does not present fairly, in all material respects, the financial position of Hudson Investment Group Limited as at 30 June 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with Australian Auditing and Assurance Standards applicable to review engagements.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Performed by Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporation Act 2001 Including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and its performance for the half-year ended on that date;

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under Professional
Standards Legislation



INDEPENDENT AUDITOR'S REVIEW REPORT (continued)

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SYDNEY NSW 2000

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K.S. Black & Co.

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North Parramatta NSW 1750

and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Hudson Investment Group Limited, ASRE 2410 required that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, 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.

Conclusion

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

- a) giving a true and fair view of the entity's financial position as at 30 June 2017 and of its performance for the financial half-year ended on that date; and
- b) complying with Australian Accounting Standards *AASB 134 Interim Financial Reporting and Corporations Regulations 2001*

KS Black & Co
Chartered Accountants

Scott Bennison
Partner

Dated: 18/8/17

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Fax 02 8839 8055



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DECLARATION BY DIRECTORS

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 14 to 21, are in accordance with the *Corporations Act 2001*, and:
 - i give a true and fair view of the financial position of the consolidated entity as at 30 June 2017 and of its performance for the half-year ended on that date; and
 - ii comply with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



John W Farey
Chairman



Alan Beasley
Managing Director

Sydney
18 August, 2017

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
FOR THE HALF-YEAR ENDED 30 June 2017

		Consolidated	
		Half-Year ended	Half-Year ended
		30 Jun 17	30 Jun 16
	Notes	\$'000	\$'000
Revenue	2	477	477
Cost of providing services		(71)	(82)
Other income and expenses	2	3,106	2,196
Administration and operation expenses		(319)	(143)
Finance expenses	2	(208)	(238)
PROFIT / (LOSS) FROM OPERATIONS BEFORE INCOME TAX		2,985	2,210
Income tax (expense)/benefit		-	-
PROFIT/(LOSS) AFTER TAX		2,985	2,210
Other Comprehensive Income			
Other comprehensive income before income tax		-	-
Income tax expenses		-	-
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,985	2,210
Comprehensive income attributable to non-controlling interest		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		2,985	2,210
		Cents	Cents
Basic earnings/(loss) per share		1.06	0.85
Diluted earnings/(loss) per share		1.06	0.85

This Statement is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 June 2017**

		Consolidated	
	Notes	30 Jun 17 \$'000	31 Dec 16 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	44	306
Trade and other receivables		163	263
Other current assets		16	12
TOTAL CURRENT ASSETS		223	581
NON-CURRENT ASSETS			
Investment properties	4	16,807	13,673
Other assets		602	395
TOTAL NON-CURRENT ASSETS		17,409	14,068
TOTAL ASSETS		17,632	14,649
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		38	40
TOTAL CURRENT LIABILITIES		38	40
NON-CURRENT LIABILITIES			
Financial liabilities		7,500	7,500
Convertible notes		500	500
TOTAL NON-CURRENT LIABILITIES		8,000	8,000
TOTAL LIABILITIES		8,038	8,040
NET ASSETS		9,594	6,609
EQUITY			
Issued Capital	5	52,598	52,598
Reserves		5,626	5,626
Accumulated losses		(48,630)	(51,615)
Total equity attributable to equity holders of the parent entity		9,594	6,609
Non-controlling interest		-	-
TOTAL EQUITY		9,594	6,609

This Statement is to be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 June 2017

	Notes	Issued Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
Consolidated					
Balance at 31 December 2016	5	52,598	5,626	(51,615)	6,609
Profit for the period		-	-	2,985	2,985
Movement for the period		-	-	-	-
Balance at 30 June 2017	5	52,598	5,626	(48,630)	9,594
Balance at 30 June 2016		52,110	5,626	(52,413)	5,323
Profit for the period		-	-	798	798
Share issued		503	-	-	503
Share issuing cost		(15)	-	-	(15)
Movement for the period		-	-	-	-
Balance at 31 December 2016	5	52,598	5,626	(51,615)	6,609
Balance at 31 December 2015		52,110	5,626	(54,623)	3,113
Profit for the period		-	-	2,210	2,210
Movement for the period		-	-	-	-
Balance at 30 June 2016		52,110	5,626	(52,413)	5,323

This Statement is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASHFLOW

FOR THE HALF-YEAR ENDED 30 June 2017

	Notes	Consolidated Half-year ended 30 Jun 17 \$'000	Half-year ended 30 Jun 16 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		505	421
Payments to suppliers and employees		(392)	(275)
Interest received		14	-
Interest paid		(198)	(226)
NET CASH (USED IN) /PROVIDED BY OPERATING ACTIVITIES		(71)	(80)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property improvements		(43)	(250)
Investment development costs		(207)	(10)
Repayment/Advance from other parties		59	300
Repayment to other parties		-	(1,357)
NET CASH (USED IN)/ PROVIDED BY INVESTING ACTIVITIES		(191)	(1,317)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings		-	1,683
NET CASH PROVIDED BY/(USED IN) FROM FINANCING ACTIVITIES		-	1,683
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(262)	286
Cash and cash equivalents at the beginning of the reporting period		306	93
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	3	44	379

This Statement is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 June 2017

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

a) Reporting Entity

Hudson Investment Group Limited (the "**Company**") is domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2017 comprises the Company and its controlled entities (together referred to as the "**consolidated entity**").

The consolidated annual financial report of the consolidated entity as at and for the year ended 31 December 2016 is available upon request from the Company's registered office.

b) Statement of Compliance

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

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 31 December 2016.

This consolidated interim financial report was approved by your Board of Directors.

c) Estimates

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

In preparing this consolidated interim financial report, the significant judgement made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2016.

d) Going Concern

The investment property is fully leased and generates positive cash flow to the group.

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.

NOTES TO THE FINANCIAL STATEMENTS continued**FOR THE HALF-YEAR ENDED 30 June 2017****2. REVENUE AND EXPENSES****Specific Items**

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

		Consolidated	
		Half-Year ended	Half-Year ended
		30 Jun 17	30 Jun 16
		\$'000	\$'000
(i)	Revenue		
	Fee Income	-	12
	Rental Income	477	465
		477	477
(ii)	Other Income and expenses		
	Change in fair value of investment properties	3,091	2,196
	Interest income	15	-
		3,106	2,196
(iii)	Financial Expenses		
	Interest paid	(198)	(226)
	Other	(10)	(12)
		(208)	(238)

3. CASH AND CASH EQUIVALENTS

		Consolidated	
		30 Jun 17	31 Dec 16
		\$'000	\$'000
	Cash at bank and on hand	44	306
	Cash held in trust accounts	-	-
		44	306

4. INVESTMENT PROPERTIES

		Consolidated	
		30 Jun 17	31 Dec 16
		\$'000	\$'000
	Non-current		
	Investment properties at fair value	16,807	13,673
		16,807	13,673

The Group hold investment property at Warnervale.

NOTES TO THE FINANCIAL STATEMENTS continued**FOR THE HALF-YEAR ENDED 30 June 2017****4. INVESTMENT PROPERTIES continued**

	Consolidated	
	30 Jun 17	31 Dec 16
	\$'000	\$'000
At fair value		
Carrying amount at beginning of year	13,673	10,554
Capital Works – property improvement	43	289
Change in fair value	3,091	2,830
Carrying amount at end of the period	16,807	13,673

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 process 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 director's valuations.

5. ISSUED CAPITAL

	Consolidated		Consolidated	
	30 Jun 17	31 Dec 16	30 Jun 17	31 Dec 16
	Shares	Shares	\$'000	\$'000
Ordinary shares				
Issued	280,416,865	280,416,865	52,598	52,598
Movements during the period				
Balance at beginning of the period	280,416,865	260,316,865	52,598	52,110
Share Issued	-	20,100,000	-	503
Share issuing cost	-	-	-	(15)
Balance at the end of the period	280,416,865	280,416,865	52,598	52,598

No ordinary shares were issued during the reporting period

Ordinary Shares

Ordinary shares entitle the holders 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

Option

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

Preference options

No options were granted and issued during this year.

6. CONTINGENT ASSETS AND LIABILITIES**Guarantees**

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

There are no material contingent assets and liabilities as at the date of the report.

NOTES TO THE FINANCIAL STATEMENTS continued**FOR THE HALF-YEAR ENDED 30 June 2017****5. SEGMENT INFORMATION****Business segments**

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

- **Property investment & development in Australia**
Development of commercial and industrial property in eastern Australia.
- **Geographical segments**
All business segments operate principally within Australia.

	Property investment & development in Australia	Unallocated/ eliminated	Consolidated
	\$'000	\$'000	\$'000
Primary reporting business segments Half Year 2017			
Total segment revenue	477	-	477
Segment result			
Profit/(loss) from operations before income tax expense	2,985	-	2,985
Primary reporting business segments Half Year 2016			
Total segment revenue	477	-	477
Segment result			
Profit/(loss) from operations before income tax expense	2,210	-	2,210

6. EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 30 June 2017 that have significantly affected or may significantly affect:

- the operations, in the half financial year subsequent to 30 June 2017, of the Group;
- the results of those operations; or
- the state of affairs, in the half financial year subsequent to 30 June 2017, of the Group.

SUPPLEMENTARY APPENDIX 4D INFORMATION**NTA Backing**

	30.06.2017	31.12.2016
Net tangible asset backing per ordinary share	3.42 cents	2.48 cents

Controlled Entities Acquired

No entity was acquired during the reporting period.

Loss of Control of Entities during the Period

No entities have been disposed during the reporting period.

Subsequent Events

There have been no other events subsequent to reporting date which affect the results contained in this report or the continuing operations of the Company. Please refer to Note 8 to the financial statements.

Accounting Standards

Australian Accounting Standards have been used in the preparation of this report.

Other Significant Information

All significant information in relation to the financial performance and position of Hudson Investment Group Limited has been disclosed in the attached report.

Returns to Shareholders

No distribution/dividend paid this year. The company does not have a dividend/distribution reinvestment plan.

Associated and Joint Venture Entities

None during the reporting period.

Audit Alert

The Auditor's Review Report is included in the financial statements.