

February 27 2009

ASX Announcement

Transmetro Corporation Limited

Half Year Results to 31 December 2008

Transmetro Corporation Limited, parent company of the Metro Hospitality Group, is pleased to announce its results for the six months to December 31 2008.

Highlights:

- Revenue from ordinary activities - Up 15.54%
\$15.599 million Vs. \$13.501 million
- EBITDA - Down 10.56%
\$2.669 million Vs. \$2.984 million
- Profit from ordinary activities after tax - Down 19.28%
\$1.210 million Vs. \$1.499 million

Release:

Metro Hotels, the accommodation hotels division of Metro Hospitality Group, says it has fared fairly well given the unprecedented financial headwinds battering the Australian economy. Occupancy rates at the group's properties have remained relatively strong however room rates have declined somewhat. An increase in room inventory has seen increased room revenue, while recent refurbishments have resulted in higher depreciation rates which, with one-off expenses such as legal fees, have impacted the half-year profit result. Of particular note in extraordinary expenditure is the refurbishment of the Perth hotel to a 4 star standard. The company is spending \$3.75 million on the property.

John McEvoy, Chairman of Transmetro Corp, said the challenging economic climate has resulted in the company exploring new initiatives in sales and marketing. "We need to keep abreast of trends in rates and changes in market mix, and be ready to respond quickly" McEvoy said. "However reducing

rates, while it may aid short term cash flows, can become a long term fix,” he said. “We are avoiding rate-cutting beyond our existing model,” he said. International travel to Australia was continuing to wane, however domestic travel was on the rise largely due to economic conditions and the lower Australian dollar.

The Group is also invested in pubs, operating the Paddy Maguires chain of Irish pubs, and British hotel, The Elephant. COO George Bedwani said he was particularly pleased at the improved performance of the pubs sector. “However it will be challenging to sustain the trend going forward,” he said.

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TRANSMETRO CORPORATION LIMITED

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AND CONTROLLED ENTITIES

Appendix 4D and Half-Year Financial Report

31 December 2008

This half-year report is for the six months ended 31 December 2008. The previous corresponding period is the half-year ended 31 December 2007.

The information in this report should be read in conjunction with the most recent annual financial report.

Results for announcement to the market

\$A'000

Revenues from ordinary activities	Up	15.54 %	to	15,598
E.B.I.T.D.A.	Down	10.56%	to	2,669
Profit (loss) from ordinary activities after tax attributable to members	Down	19.28 %	to	1,210
Net profit (loss) for the period attributable to members	Down	19.28%	to	1,210
Dividends		Amount per security		Franked amount per security
Final dividend		¢		¢
Interim dividend		¢		¢
Record date for determining entitlements to the dividend	<input type="text"/>			
Brief explanation of any of the figures reported above:	Refer to comments in the attached Directors' Report.			
NTA Backing		31 December 2008		30 June 2008
Net tangible asset backing per share		\$1.08		\$1.05

TRANSMETRO CORPORATION LIMITED
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2008

DIRECTORS' REPORT

Your Directors submit the financial report of the economic entity for the six months ended 31 December 2008.

DIRECTORS

The names of directors who held office during or since the end of the half-year:

Mr David Lloyd

Mr John A C McEvoy

Mr Alan Notley

Ms Susan Notley (alternate for Alan Notley – appointed 1/09/2008)

REVIEW OF OPERATIONS

The operating profit after tax attributable to the members of Transmetro Corporation Limited was \$1,210k compared with a profit of \$1,499k for the previous corresponding half-year.

The pre-tax result of \$1.8 million is 18% lower than the result for the previous corresponding period of \$2.2 million.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the half year ended 31st December 2008 is set out on page 13 of these half yearly accounts.

Signed at Sydney this 27th day February 2009 in accordance with a resolution of the Board of Directors.



John A C McEvoy
Director

TRANSMETRO CORPORATION LIMITED

INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

		CONSOLIDATED	
		2008	2007
		\$000	\$000
Revenues from ordinary activities	(note 2)	15,598	13,501
Expenses from ordinary activities, excluding finance costs	(note 3)	(13,417)	(10,935)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method		12	59
Finance costs		(426)	(459)
Profit from ordinary activities before income tax		1,767	2,166
Income tax expense relating to ordinary activities		557	667
Profit attributable to members of the parent entity		1,210	1,499
Basic earnings per share (cents per share)		9	11

The accompanying notes form part of these financial statements.

TRANSMETRO CORPORATION LIMITED

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	CONSOLIDATED	
	2008	2007
	\$000	\$000
Revaluation decrement	(442)	(227)
Net expense recognised directly in equity	(442)	(227)
Profit for the period	1,210	1,499
Total recognised income and expense for the period	768	1,272

The accompanying notes form part of these financial statements.

TRANSMETRO CORPORATION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2008

	CONSOLIDATED	
	31/12/08	30/06/2008
	\$000	\$000
CURRENT ASSETS		
Cash and cash equivalents	1,308	1,862
Trade and other receivables	1,960	1,169
Inventories	327	213
TOTAL CURRENT ASSETS	3,595	3,244
NON-CURRENT ASSETS		
Investments accounted for using the equity method	6,570	6,670
Other financial assets	1,464	2,635
Property, plant and equipment	18,865	15,065
Intangible assets	1,594	1,594
Deferred tax assets	1,535	1,600
Other	280	280
TOTAL NON-CURRENT ASSETS	30,308	27,844
TOTAL ASSETS	33,903	31,088
CURRENT LIABILITIES		
Trade and other payables	2,265	1,568
Short term borrowings	165	-
Current tax liabilities	229	371
Provisions	677	973
TOTAL CURRENT LIABILITIES	3,336	2,912
NON CURRENT LIABILITIES		
Long term borrowings	12,776	10,933
Deferred tax liabilities	1,746	1,966
TOTAL NON CURRENT LIABILITIES	14,522	12,899
TOTAL LIABILITIES	17,858	15,811
NET ASSETS	16,045	15,277
EQUITY		
Issued capital	6,856	6,856
Reserves	5,032	5,474
Retained earnings	4,157	2,947
TOTAL EQUITY	16,045	15,277

The accompanying notes form part of this financial report.

TRANSMETRO CORPORATION LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	CONSOLIDATED	
	2008	2007
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	14,483	13,226
Payments to suppliers and employees	(12,063)	(11,205)
Distributions and dividends received	250	415
Interest received	146	90
Interest paid	(426)	(459)
Income tax paid	(666)	(462)
	1,724	1,605
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(4,377)	(254)
	(4,377)	(254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	2,500	138
Repayment of borrowings	-	(139)
Dividends paid	(401)	(401)
	2,099	(402)
Net cash inflow/(outflow) from financing activities		
Net increase (decrease) in cash held	(554)	949
Cash at the beginning of the financial period	1,862	424
	1,308	1,373
Cash at the end of the financial period		

The accompanying notes form part of these financial statements.

TRANSMETRO CORPORATION LIMITED

NOTES TO THE FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Note 1: Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, including Accounting Standard AASB 134: Interim Financial Reporting and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Transmetro Corporation Limited and its controlled entity during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those applied in the 30 June 2008 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accrual basis and is based on historical costs modified by revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

	CONSOLIDATED	
	2008	2007
	\$000	\$000
Note 2: Revenue		
Sales revenue	15,202	13,118
Interest receivable	61	90
Dividends received	85	55
Trust distributions	250	238
Revenue from ordinary activities	15,598	13,501

Note 3: Expenses

Cost of sales	2,191	1,857
Other direct costs	5,227	4,477
Marketing expenses	549	377
Occupancy expenses	3,415	2,797
Administrative expenses	2,035	1,427
Expenses from ordinary activities, excluding finance costs	13,417	10,935

TRANSMETRO CORPORATION LIMITED

NOTES TO THE FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

Note 4: Movements in Equity

CONSOLIDATED	Issued Capital	Asset Revaluation Reserve	Retained Earnings	Total
	\$000	\$000	\$000	\$000
Balance at 1 st July 2007	6,856	6,207	798	13,861
Profit for the period	-	-	1,499	1,499
Gain/(loss) on revaluation of investments	-	(227)	-	(227)
Balance at 31 st December 2007	6,856	5,980	2,297	15,133
Balance at 1 st January 2008	6,856	5,980	2,297	15,133
Profit for the period	-	-	650	650
Gain/(loss) on revaluation of investments	-	(506)	-	(506)
Balance at 30 June 2008	6,856	5,474	2,947	15,277
Balance at 1 st July 2008	6,856	5,474	2,947	15,277
Profit for the period	-	-	1,210	1,210
Gain/(loss) on revaluation of investments	-	(442)	-	(442)
Balance at 31 st December 2008	6,856	5,032	4,157	16,045

Note 5: Segment Information

	Hotels, Motor Inns, Serviced Apartments	Theme Pubs	Investment	Consolidated
	\$000	\$000	\$000	\$000
Half-year ended 31 December 2008:				
Sales Revenue	9,640	5,562	-	15,202
Segment Result	799	957	11	1,767
Half-year ended 31 December 2007:				
Sales Revenue	8,019	5,099	-	13,118
Segment Result	1,558	671	(63)	2,166

TRANSMETRO CORPORATION LIMITED

NOTES TO THE FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

Note 6: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Note 7: Investments in Joint Ventures and Associates

The company participates in a joint venture that owns the Metro Hotel on Pitt. The investment in the joint venture is accounted for in the consolidated financial statements using the equity method of accounting.

Under the joint venture agreement the parent company has a 31.1364% (30 June 2008: 31.1364%) interest in the assets and liabilities of the joint venture and is entitled to 31.1364% (30 June 2008: 31.1364%) of the profits generated by the joint venture.

The contribution by the joint venture to consolidated net profit for the half-year ended 31 December 2008 was \$81k (2007: \$125k).

The parent company holds 22.5467% (30 June 2008: 22.5467%) of the units in a unit trust that purchased the Metro Hotel Sydney Central in March 2005. The contribution by the unit trust to consolidated net profit for the half-year ended 31 December 2008 was a loss of(\$70k) (2007:(\$65k)).

Note 8: Commitments

During the half year the group entered in to a contract for refurbishment of the Metro Hotel on Canning located in Perth and Metro Inn located in Albany, Western Australia. The total amount committed by the company for the refurbishment at the date of this report is approximately 1.9 million, inclusive of GST.

TRANSMETRO CORPORATION LIMITED
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2008

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 to 9 are in accordance with the Corporations Acts 2001, including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date.

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.

This declaration is made in accordance with a resolution of the Board of Directors.



J A C McEvoy
Director

Signed at Sydney this 27th day of February 2009



STIRLING INTERNATIONAL
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF TRANSMETRO CORPORATION LIMITED

We have reviewed the accompanying half-year financial report of Transmetro Corporation Limited and Controlled Entities (the consolidated entity) which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Transmetro Corporation Limited and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Transmetro Corporation Limited and Controlled Entities would be in the same terms if provided to the directors as at the date of this auditor's review 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 Transmetro Corporation Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance and its cash flow for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

STIRLING INTERNATIONAL

Chartered Accountants

A handwritten signature in black ink, appearing to read 'Kean Arya', with a stylized flourish at the end.

K Arya
Partner

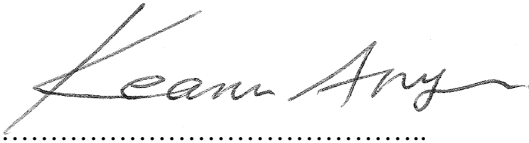
Sydney, NSW 27th day of February 2009

LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TRANSMETRO CORPORATION LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2008 there have been:

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

Stirling International
Chartered Accountants



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Keanu Arya

Partner

27th February 2009

St James Centre 111 Elizabeth St Sydney 2000