

**Transmetro Corporation Limited ABN 45 001 809 043**  
**and Controlled Entities**

**Appendix 4D and Half-Year Financial Report**

**31 December 2010**

This half-year report is for the six months ended 31 December 2010. The previous corresponding period is the half-year ended 31 December 2009.

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

E.B.I.T.D.A.	Up	249%	to	6,000
Revenues from ordinary activities	Up	11.52%	to	17,117
Profit from ordinary activities after tax attributable to members	Up	546%	to	3,418
Net profit for the period attributable to members	Up	546%	to	3,418
<b>Dividends</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
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.			
<b>NTA Backing</b>		<b>31 December 2010</b>		<b>30 June 2010</b>
Net tangible asset backing per share		\$1.26		\$1.16

Transmetro Corporation Limited ABN 45 001 809 043  
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Interim Financial Report

Interim Financial Report

**DIRECTORS' REPORT**

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2010.

**Directors**

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

John McEvoy (Chairman and Executive Director)	Director since November 1979
Alan Notley (Non-Executive Director)	Director since October 1994
David Lloyd (Non-Executive Director)	Director since March 2002
Susan Notley (Non-Executive Director)	Director since September 2008
(Alternate for Alan Notley)	

**Review of Operations**

Total Revenue from continuing operations increased \$1.8M to \$17M which is a 11.52 % increase from the corresponding period .

The consolidated entity's EBITDA increased \$4.3M to \$6M a 249% increase on the previous corresponding period.

Net Profit After tax was up \$2.9M a 546% increase to \$3.4M

**Rounding of Amounts**

The consolidated group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

**Auditor's Declaration**

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 15 for the half-year ended 31 December 2010.

This report is signed in accordance with a resolution of the Board of Directors.



Director

John Mc Evoy

Dated this 28 February 2011

The accompanying notes form part of this financial report.

**Transmetro Corporation Limited ABN 45 001 809 043  
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**Interim Financial Report**

**CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED**

**31-Dec-10**

	<b>Consolidated Group</b>	
	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>\$000</b>	<b>\$000</b>
<b>Sales Revenue</b>	16,909	15,099
Interest income	70	60
Dividend Received	-	40
Trust Distribution	138	150
<b>Total Revenue</b>	<b>17,117</b>	<b>15,349</b>
Cost of Sales	(2,157)	(2,122)
Employee benefits expense	(4,816)	(4,482)
Other expenses	(7,453)	(6,963)
Share of net profits/(losses) of associates and joint ventures	3,309	(63)
<b>EBITDA</b>	<b>6,000</b>	<b>1,719</b>
Depreciation and amortisation expense	(740)	(593)
Finance costs	(363)	(312)
<b>Profit before income tax from continuing operations</b>	<b>4,897</b>	<b>814</b>
Income tax expense	(1,479)	(244)
<b>Profit from continuing operations</b>	<b>3,418</b>	<b>570</b>
Discontinued Operations		
Profit/(Loss) from discontinued operation attributable to:		
Members of the parent entity	-	(41)
Profit from operation attributable to:		
Members of the parent entity	3,418	529
<b>Earnings per share</b>		
From continuing operations:		
Basic and diluted earnings per share (cents)	25.53	3.95

The accompanying notes form part of this financial report.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED

31-Dec-10

	<b>Consolidated Group</b>	
	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>\$000</b>	<b>\$000</b>
Profit for the period	3,418	529
<b>Other comprehensive income</b>		
Revaluation increment/(decrement) on other financial assets	(128)	275
Income tax relating to components of other comprehensive income	39	(82)
Other comprehensive income for the period, net of tax	(89)	193
<b>Total comprehensive income for the period</b>	<b>3,329</b>	<b>722</b>
Total comprehensive income attributable to:		
Members of the parent entity	3,329	722

The accompanying notes form part of this financial report.

**Transmetro Corporation Limited ABN 45 001 809 043  
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**Interim Financial Report**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT**

31-Dec-10

	<b>Consolidated Group</b>	
	<b>31.12.2010</b>	<b>30.06.2010</b>
	<b>\$000</b>	<b>\$000</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	7,247	1,549
Trade and other receivables	2,561	1,869
Inventories	253	254
<b>TOTAL CURRENT ASSETS</b>	<u>10,061</u>	<u>3,672</u>
<b>NON-CURRENT ASSETS</b>		
Investments accounted for using the equity method	3,637	6,319
Property, plant and equipment	19,799	20,150
Deferred tax assets	1,659	2,102
Intangible assets	1,504	1,550
Other financial assets	381	544
Other non current assets	280	280
<b>TOTAL NON-CURRENT ASSETS</b>	<u>27,260</u>	<u>30,945</u>
<b>TOTAL ASSETS</b>	<u>37,321</u>	<u>34,617</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	3,111	2,288
Borrowings	716	200
Current tax liabilities	1,622	433
Short-term provisions	896	1,234
<b>TOTAL CURRENT LIABILITIES</b>	<u>6,345</u>	<u>4,155</u>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	11,000	11,300
Deferred tax liabilities	1,535	2,041
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>12,535</u>	<u>13,341</u>
<b>TOTAL LIABILITIES</b>	<u>18,880</u>	<u>17,496</u>
<b>NET ASSETS</b>	<u><b>18,441</b></u>	<u><b>17,121</b></u>
<b>EQUITY</b>		
Issued capital	6,856	6,856
Reserves	4,603	5,751
Retained earnings	6,982	4,514
<b>TOTAL EQUITY</b>	<u><b>18,441</b></u>	<u><b>17,121</b></u>

The accompanying notes form part of this financial report.

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**Interim Financial Report**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED  
31-Dec-10**

	<b>Issued Capital Ordinary</b>	<b>Asset Revaluation Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Balance at 1.7.2009</b>	6,856	5,294	4,170	16,320
Total comprehensive income for the period	-	193	529	722
<b>Balance at 31.12.2009</b>	<u>6,856</u>	<u>5,486</u>	<u>4,699</u>	<u>17,041</u>
<b>Balance at 1.7.2010</b>	6,856	5,751	4,513	17,120
Profit attributable to members of the parent entity	-	-	3,418	3,418
Transfer prior year revaluation increment to retained earnings on sale of property	-	(1,059)	1,059	-
Revaluation decrement on other financial assets	-	(89)	-	(89)
<b>Subtotal</b>	<u>6,856</u>	<u>4,603</u>	<u>8,990</u>	<u>20,449</u>
Dividends paid	-	-	(2,007)	(2,007)
<b>Balance at 31.12.2010</b>	<u><u>6,856</u></u>	<u><u>4,603</u></u>	<u><u>6,982</u></u>	<u><u>18,441</u></u>

**Transmetro Corporation Limited ABN 45 001 809 043  
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**Interim Financial Report**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED**

**31-Dec-10**

**Consolidated Group**

	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>\$000</b>	<b>\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	17,217	15,390
Payments to suppliers and employees	(14,321)	(14,459)
Distributions and dividends received	5,991	190
Interest received	70	59
Interest paid	(363)	(307)
Income tax refund/(paid)	(314)	53
Net cash provided by operating activities	<u>8,280</u>	<u>926</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of non-current assets	<u>(389)</u>	<u>(873)</u>
Net cash used in investing activities	<u>(389)</u>	<u>(873)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	216	238
Repayment of borrowings	-	(125)
Dividends paid	(2,409)	(401)
Net cash (used in)/provided by financing activities	<u>(2,193)</u>	<u>(288)</u>
Net decrease in cash held	5,698	(235)
Cash and cash equivalents at beginning of period	<u>1,549</u>	<u>1,536</u>
Cash and cash equivalents at end of period	<u>7,247</u>	<u>1,301</u>

**Transmetro Corporation Limited ABN 45 001 809 043  
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**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

**NOTE 1: BASIS OF PREPARATION**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Transmetro Corporation Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements except for the adoption of the following new and revised Accounting Standards.

*Operating Segments*

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the group's chief operating decision maker which, for the Group, is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the interim financial report have been included.

**Note 2: PROFIT FOR THE PERIOD**

	<b>Consolidated Group</b>	
	<b>31.12.2010</b>	<b>31.12.2009</b>
	<b>\$000</b>	<b>\$000</b>
a. Expenses		
Profit for the period is after:		
Foreign currency translation (gain)/loss	56	63
Rental expenses on operating leases	4,311	4,317
b. Significant Items		
The following significant items are relevant in explaining the financial performance:		
Share of profits on sale of hotel properties included in share of net profit of associates and joint ventures	2,974	-



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**Interim Financial Report**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

**NOTE 3: OPERATING SEGMENTS**

**Segment Information**

**Identification of reportable segments**

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of service offerings and operating segments are therefore determined on the same basis.

Transmetro Corporation Limited's operation during the year related to operation of Hotels, Serviced Apartments, Inns and Theme Pubs.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

**Basis of accounting for purposes of reporting by operating segments**

*Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

*Unallocated items*

The following items of income and expense are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Distribution from trust;
- Depreciation and amortisation;
- Finance costs; and
- income tax expense;

*Comparative information*

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been stated to conform to the requirements of the Standard.

**Transmetro Corporation Limited ABN 45 001 809 043  
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**Interim Financial Report**

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

Note 3: Operating Segments (cont'd)

**Segment performance**

	<b>Hotels, Inns &amp; Apartments \$000</b>	<b>Theme Pubs \$000</b>	<b>Total \$000</b>
<b>Six months ended</b>			
<b>31.12.2010</b>			
<b>Revenue</b>			
External sales	12,276	4,634	16,910
Inter-segment sales	170	-	170
Interest and Dividends revenue	37	32	69
<b>Total segment revenue</b>	<b>12,483</b>	<b>4,666</b>	<b>17,149</b>
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination	(170)	-	(170)
Unallocated items:			
Trust distribution	-	138	138
<b>Total group revenue</b>	<b>12,313</b>	<b>4,804</b>	<b>17,117</b>
<b>Segment net profit before tax</b>	<b>2,165</b>	<b>526</b>	<b>2,691</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
• Equity accounted profits/(losses) of associates and JVs			3,309
Unallocated items:			
• Depreciation and amortisation			(740)
• Finance costs			(363)
• Income tax expense			(1,479)
<b>Net profit after tax from continuing operations</b>			<b>3,418</b>

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**Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

Note 3: Operating Segments (cont'd)

**Segment performance**

	<b>Hotels, Inns &amp; Apartments \$000</b>	<b>Theme Pubs \$000</b>	<b>Total \$000</b>
<b>Six months ended</b>			
<b>31.12.2009</b>			
<b>Revenue</b>			
External sales	10,814	4,909	15,723
Inter-segment sales	151	-	151
Interest and Dividends revenue	99	1	100
<b>Total segment revenue</b>	<b>11,064</b>	<b>4,910</b>	<b>15,974</b>
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination	(151)	-	(151)
Unallocated items:			
Trust distribution		150	150
Total group revenue	<b>10,912</b>	<b>5,060</b>	<b>15,973</b>
<b>Segment net profit before tax</b>	<b>1,175</b>	<b>569</b>	<b>1,744</b>
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
• Equity accounted profits/(losses) of associates and JVs			(63)
Unallocated items:			
• Depreciation and amortisation			(614)
• Finance costs			(312)
• Income tax expense			(226)
Net profit after tax from continuing operations			<b>529</b>

**NOTE 4: SUBSIDIARY COMPANIES ACQUIRED DURING THE PERIOD**

No subsidiaries acquired during the period under review

**NOTE 5: INVESTMENTS IN JOINT VENTURES AND ASSOCIATES**

The company participates in a joint venture that owned 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 2010: 31.1364%) interest in the assets and liabilities of the joint venture and is entitled to 31.1364% (30 June 2010: 31.1364%) of the profits generated by the joint venture.

The contribution by the joint venture to consolidated profit before tax for the half-year ended 31 December 2010 was \$1,132k (2009: \$23k).

The parent company holds 22.5467% (30 June 2010: 22.5467%) of the units in a unit trust that owned the Metro Hotel Sydney Central.. The contribution by the unit trust to consolidated profit before tax for the half-year ended 31 December 2010 was a profit of \$2,177k (2009:(\$86k)).

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Interim Financial Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

**NOTE 6: CONTINGENT LIABILITIES**

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

**NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE**

Since the end of the financial period, the directors are not aware of any matter that has significantly affected or may significantly affect the operations of the Company in subsequent financial periods.

**Transmetro Corporation Limited ABN 45 001 809 043  
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**Interim Financial Report**

**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 to 11 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 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.



Director: John McEvoy

Dated this 28<sup>th</sup> February 2011



# STIRLING INTERNATIONAL

CHARTERED ACCOUNTANTS

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRANSMETRO CORPORATION LIMITED AND CONTROLLED ENTITIES

### **Report on the Half-year Financial Report**

We have reviewed the accompanying half-year financial report of Transmetro Corporation Limited, which comprises the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies and other selected explanatory notes and the directors' declaration of the Consolidated Entity comprising the company and the entities it controlled at the half year's end or from time to time during the half year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including 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 2010 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Transmetro Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and 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*.

*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 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 2010 and of its performance for the half-year ended on that date; and
- complying with AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Stirling International  
Chartered Accountants



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**Peter Turner**

Partner

28<sup>th</sup> February 2011

St James Centre 111 Elizabeth St Sydney 2000

**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 2010 there have been:

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

Stirling International  
Chartered Accountants



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**Peter Turner**

Partner

28<sup>th</sup> February 2011

St James Centre 111 Elizabeth St Sydney 2000