

Transmetro Corporation Limited ABN 45 001 809 043
and Controlled Entities

Appendix 4D and Half-Year Financial Report
31 December 2013

This half-year report is for the six months ended 31 December 2013. The previous corresponding period is the half-year ended 31 December 2012.

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		
Earnings before interest, tax, depreciation and amortisation from continuing operations	Down	14.9% to 2,847
Revenues from ordinary activities	Down	2.2% to 17,171
Net Profit (Loss) from ordinary activities after tax attributable to members	Down	32.8% to 822
Net Profit (Loss) for the period attributable to members	Down	32.8% to 822
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 2013	30 June 2013
Net tangible asset backing per share	\$1.67	\$1.60

Transmetro Corporation Limited ABN 45 001 809 043
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Interim Financial Report

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DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2013.

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)	

Total Revenue from continuing operations decreased \$13k to \$17.18M which is a 0.8% decrease from the corresponding period in December 2012.

The consolidated entity's EBITDA from continuing operations decreased \$500k to \$2.84M a 14.9% decrease on the previous corresponding period.

Net Profit after tax attributable to members for the year was \$822K compared to a Net Profit after tax of \$1.22M for the previous corresponding period.

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 2013.

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



Director

John Mc Evoy

Dated this 27 February 2014

The accompanying notes form part of this financial report.

**Transmetro Corporation Limited ABN 45 001 809 043
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CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED

31-Dec-13

Consolidated Group

	31.12.2013	31.12.2012
	\$000	\$000
Sales Revenue	17,016	16,925
Interest income	43	85
Trust Distribution	112	125
Other Income	7	56
Total Revenue	17,178	17,191
Cost of Sales	(1,933)	(1,807)
Employee benefits expense	(4,754)	(4,554)
Other expenses	(7,644)	(7,483)
Earnings Before Interest, Tax, Depreciation and Amortisation	2,847	3,347
Depreciation and amortisation expense	(943)	(881)
Finance costs	(558)	(565)
Profit/(Loss) before income tax from continuing operations	1,346	1,901
Income tax (expense)/benefit	(524)	(570)
Profit/(Loss) from continuing operations	822	1,331
 Discontinued Operation		
Profit/(Loss) from discontinued operation (net of tax) attributable to:		
Members of the parent entity	-	(107)
 Profit/(Loss) from operations attributable to:		
Members of the parent entity	822	1,224
 Earnings per share		
From continuing operations:		
Basic and diluted earnings per share (cents)	6.14	9.95

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-13

	Consolidated Group	
	31.12.2013	31.12.2012
	\$000	\$000
Profit/(Loss) for the period	822	1,224
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation increment on freehold property	-	-
Income tax relating to items that will not be reclassified to profit or loss	-	-
Other comprehensive income for the period, net of tax	<u>822</u>	<u>1,224</u>
Total comprehensive income for the period	<u><u>822</u></u>	<u><u>1,224</u></u>
Total comprehensive income attributable to:		
Members of the parent entity	822	1,224

The accompanying notes form part of this financial report.

**Transmetro Corporation Limited ABN 45 001 809 043
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31-Dec-13**

	Consolidated Group	
	31.12.2013	30.06.2013
	\$000	\$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,136	3,384
Trade and other receivables	1,912	1,855
Inventories	304	251
TOTAL CURRENT ASSETS	5,352	5,490
NON-CURRENT ASSETS		
Property, plant and equipment	38,082	37,975
Deferred tax assets	3,608	3,718
Intangible assets	1,504	1,504
Other financial assets	156	156
Other non-current assets	250	250
TOTAL NON-CURRENT ASSETS	43,600	43,603
TOTAL ASSETS	48,952	49,093
CURRENT LIABILITIES		
Trade and other payables	2,451	2,848
Borrowings	820	840
Current tax liabilities	(168)	-
Short-term provisions	879	863
TOTAL CURRENT LIABILITIES	3,982	4,551
NON-CURRENT LIABILITIES		
Borrowings	17,500	17,900
Deferred tax liabilities	4,442	4,435
TOTAL NON-CURRENT LIABILITIES	21,942	22,335
TOTAL LIABILITIES	25,924	26,886
NET ASSETS	23,028	22,207
EQUITY		
Issued capital	6,856	6,856
Reserves	11,378	11,378
Retained earnings	4,794	3,973
TOTAL EQUITY	23,028	22,207

The accompanying notes form part of this financial report.

**Transmetro Corporation Limited ABN 45 001 809 043
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED

31-Dec-13

	Issued Capital Ordinary	Asset Revaluation Reserve	Retained Earnings	Total
	\$000	\$000	\$000	\$000
Balance at 1.7.2012	6,856	11,378	2,637	20,871
Profit attributable to members of the parent entity	-	-	1,224	1,224
Balance at 31.12.2012	<u>6,856</u>	<u>11,378</u>	<u>3,861</u>	<u>22,095</u>
Balance at 1.7.2013	6,856	11,378	3,973	22,207
Profit attributable to members of the parent entity	-	-	822	822
Balance at 31.12.2013	<u>6,856</u>	<u>11,378</u>	<u>4,794</u>	<u>23,028</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED

31-Dec-13

Consolidated Group

	31.12.2013	31.12.2012
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	16,722	17,350
Payments to suppliers and employees	(14,529)	(14,271)
Distributions and dividends received	119	181
Interest received	43	85
Interest paid	(558)	(565)
Income tax paid	(575)	(1,233)
Net cash provided by operating activities	<u>1,222</u>	<u>1,547</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	<u>(1,050)</u>	<u>(1,094)</u>
Net cash used in investing activities	<u>(1,050)</u>	<u>(1,094)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(420)	(420)
Dividends paid	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>(420)</u>	<u>(420)</u>
Net Increase/(decrease) in cash held	(248)	33
Cash and cash equivalents at beginning of period	<u>3,384</u>	<u>3,894</u>
Cash and cash equivalents at end of period	<u><u>3,136</u></u>	<u><u>3,927</u></u>

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Interim Financial Report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of Property, Plant and Equipment and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Significant accounting policies

Except as described below, the accounting policies applied by the Consolidated Entity in this Consolidated Interim Financial Report are the same as those applied by the Consolidated Entity in the Consolidated Annual Financial Report as at and for the year ended 30 June 2013. The following changes in accounting policy are expected to be reflected in the Consolidated Entity's consolidated financial statements as at and for the year ended 30 June 2014.

New standards and change in accounting policy

Transmetro Corporation Limited has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

(a) AASB 10 Consolidated Financial Statements (2011)

In accordance with the transitional provisions of AASB 10 (2011), the Consolidated Entity reassessed the control conclusion for its investees at 1 July 2013 and there have been no changes.

(b) AASB 13 Fair Value Measurement

In accordance with the transitional provisions of AASB 13, the Consolidated Entity has applied the new fair value measurement guidance prospectively, and there have been no changes.

(c) AASB 134 Interim Financial Reporting

The amendment to AASB 134 clarifies that the Consolidated Entity needs to disclose the measures of total assets and liabilities for a particular reportable segment only if the amounts are regularly provided to the Group's chief operating decision maker, and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. There have been no changes to the disclosures of the Consolidated Entity as a result of the segment disclosure amendment.

(d) AASB 119 Employee Benefits

AASB 119 changes the definition of short-term and long-term employee benefits to clarify the distinction between the two. The adoption of this standard has not had a significant impact on the Consolidated Entity's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 2: PROFIT/(LOSS) FOR THE PERIOD

	Consolidated Group	
	31.12.2013	31.12.2012
	\$000	\$000
a. Expenses		
Profit/(Loss) for the period is after:		
Rental expenses on operating leases	3,329	4,342
b. Significant Items		
No significant items are relevant in explaining the financial performance.		

	31.12.2013	30.06.2013
	\$000	\$000
NOTE 3: BORROWINGS		
CURRENT		
Secured loans - banks	820	840
	820	840
NON CURRENT		
Secured loans - banks	17,500	17,900
	17,500	17,900

NOTE 4: 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;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 4: OPERATING SEGMENTS (cont'd)

Segment performance

	Hotels, Inns & Apartments	Theme Pubs	Total
	\$000	\$000	\$000
Six months ended			
31.12.2013			
Revenue			
External sales	12,457	4,559	17,016
Inter-segment sales	159	-	159
Interest and Other revenue	50	-	50
Total segment revenue	12,666	4,559	17,225
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination	(159)	-	(159)
Unallocated items:			
Trust distribution	-	112	112
Total group revenue	12,507	4,671	17,178
Segment net profit before tax	2,684	163	2,847
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Unallocated items:			
• Depreciation and amortisation			(943)
• Finance costs			(558)
• Income tax expense			(524)
Net Profit/(Loss) after tax from continuing operations			822

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 4: OPERATING SEGMENTS (cont'd)

Segment performance

	Hotels, Inns & Apartments	Theme Pubs	Total
	\$000	\$000	\$000
Six months ended			
31.12.2012			
Revenue			
External sales	13,004	3,921	17,066
Inter-segment sales	178	-	178
Interest and Dividends revenue	141	-	141
Total segment revenue	13,323	3,921	17,244
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination	(178)	-	(178)
Unallocated items:			
Trust distribution	-	125	125
Total group revenue	13,145	4,046	17,191
Segment net profit before tax	3,326	21	3,347
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
Unallocated items:			
• Depreciation and amortisation			(881)
• Finance costs			(565)
• Income tax expense			(570)
Net Profit/(Loss) after tax from continuing operations			<u>1,331</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 5: ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND BUSINESS OPEARATION

No subsidiaries or businesses were acquired during the period under review

In August 2012, the Consolidated Entity discontinued the operations at Metro Hotel Ryde, and in January 2013 Metro Inn Albany. The profit/(loss) from the half-year from the discontinued operations is analysed as follows:

	6 months ended 31 Dec 2013 \$'000	6 months ended 31 Dec 2012 \$'000
The results of the discontinued operations for the half-year were as follows:		
Revenue	-	425
Cost of Sales	-	(19)
Employee Benefits Expense	-	(265)
Other Expenses	-	(264)
Earnings Before Interest, Tax, Depreciation and Amortisation	-	(123)
Depreciation and amortisation expense	-	(30)
Profit/(Loss) before income tax	-	(153)
Income tax (expense) / benefit	-	46
Profit/(Loss) after income tax	-	(107)

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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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 Australian 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 2013 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 27th February 2014



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 and Controlled Entities (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 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 2012 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 given to the directors as at the time of this auditor's report.

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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 2013 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

27th February 2014

283-285 Clarence 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 2013 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

27th February 2014

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