

TRANSMETRO CORPORATION LIMITED

A B N 45 001 809 043

APPENDIX 4E

PRELIMINARY FINAL REPORT

30 JUNE 2013

This preliminary final report is for the year ended 30 June 2013. The previous corresponding period is the year ended 30 June 2012.

Results for announcement to the market

				\$000
Revenues from ordinary activities	Down	5.90%	to	34,707
E.B.I.T.D.A.	Down	12.30%	to	5,858
Net Profit from ordinary activities before tax attributable to members	Up	7.5M	to	2,877
Net Profit from ordinary activities after tax attributable to members	Up	5.2M	to	2,005
Net Profit for the period attributable to members	Up	5.2M	to	2,005
Dividends		Amount per security		Franked amount per security
Final dividend		5 - ¢		5 - ¢
Interim dividend		- ¢		- ¢
Record date for determining entitlements to the dividend		14 th June 2013		
Brief explanation of any of the figures reported above:				
Refer to Note 12.				

TRANSMETRO CORPORATION LIMITED

A B N 45 001 809 043

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30-JUN-13

	NOTE	Consolidated Group	
		30.06.2013	30.06.2012
		\$000	\$000
Sales Revenue		33,630	34,186
Interest income		158	200
Trust Distribution		300	463
Other Income		56	-
Total Revenue		34,144	34,849
Cost of Sales		(3,742)	(3,804)
Employee benefits expense		(9,281)	(9,270)
Other expenses		(15,010)	(15,196)
Share of net profits/(losses) of associates and joint ventures		-	(59)
EBITDA		6,111	6,520
Loss on revaluation of freehold property		-	(8,731)
Depreciation and amortisation expense		(1,801)	(1,593)
Finance costs		(1,145)	(861)
Profit before income tax		3,165	(4,665)
Income tax expense	5	(949)	1,389
Profit from continuing operations		2,216	(3,276)
 Discontinued Operations			
Profit/(Loss) from discontinued operations attributable to:			
Members of the parent entity	9	(211)	61
 Profit/(Loss) from operations attributable to:			
Members of the parent entity		2,005	(3,215)
 Earnings per share			
From continuing operations:			
Basic earnings per share (cents)		16.50	(24.40)

The accompanying notes form part of this financial report.

TRANSMETRO CORPORATION LIMITED

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30-JUN-13

	Consolidated Group	
	30.06.2013	30.06.2012
	\$000	\$000
Profit/(Loss) for the period	2,005	(3,215)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation Increment - freehold property	-	8,726
Income tax relating to components of other comprehensive income	-	(2,618)
Total comprehensive income for the period	<u>2,005</u>	<u>2,893</u>
Total comprehensive income attributable to:		
Members of the parent entity	2,005	2,893

The accompanying notes form part of this financial report.

TRANSMETRO CORPORATION LIMITED
A B N 45 001 809 043

CONSOLIDATED BALANCE SHEET AS AT
30-JUN-13

	Consolidated Group	
	30.06.2013	30.06.2012
	\$000	\$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	3,384	3,894
Trade and other receivables	1,855	2,081
Inventories	250	254
TOTAL CURRENT ASSETS	5,489	6,229
NON-CURRENT ASSETS		
Property, plant and equipment	37,975	37,560
Deferred tax assets	3,718	3,713
Intangible assets	1,504	1,504
Other financial assets	156	156
Other non-current assets	250	280
TOTAL NON-CURRENT ASSETS	43,603	43,213
TOTAL ASSETS	49,092	49,442
CURRENT LIABILITIES		
Trade and other payables	2,847	2,690
Borrowings	840	840
Current tax liabilities	-	929
Short-term provisions	863	950
TOTAL CURRENT LIABILITIES	4,550	5,409
NON-CURRENT LIABILITIES		
Borrowings	17,900	18,740
Deferred tax liabilities	4,435	4,422
TOTAL NON-CURRENT LIABILITIES	22,335	23,162
TOTAL LIABILITIES	26,885	28,571
NET ASSETS	22,207	20,871
EQUITY		
Issued capital	6,856	6,856
Reserves	11,378	11,378
Retained earnings	3,973	2,637
TOTAL EQUITY	22,207	20,871

The accompanying notes form part of this financial report.

TRANSMETRO CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
30-JUN-13

	Issued Capital \$000	Asset Revaluation Reserve \$000	Retained Earnings \$000	Total \$000
Balance at 1.7.2011	6,856	5,270	6,521	18,647
Total comprehensive income for the period	-	6,108	(3,215)	2,893
Dividend paid to shareholders	-	-	(669)	(669)
Balance at 30.06.2012	<u>6,856</u>	<u>11,378</u>	<u>2,637</u>	<u>20,871</u>
Balance at 1.7.2012	6,856	11,378	2,637	20,871
Total comprehensive income for the period	-	-	2,005	2,005
Dividend paid to shareholders	-	-	(669)	(669)
Balance at 30.06.2013	<u>6,856</u>	<u>11,378</u>	<u>3,973</u>	<u>22,207</u>

TRANSMETRO CORPORATION LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

30-Jun-13

	Consolidated Group	
	30.06.2013	30.06.2012
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	34,075	36,203
Payments to suppliers and employees	(28,244)	(30,313)
Distributions and dividends received	356	462
Interest received	158	201
Interest paid	(1,145)	(861)
Income tax paid	(1,792)	(815)
Net cash provided by operating activities	3,407	4,877
CASH FLOWS FROM INVESTING ACTIVITIES		
Distribution of capital from joint venture and associates	-	1,228
Proceeds from sales of investments	6	190
Purchase of non-current assets	(2,414)	(19,588)
Net cash (used in)/ provided by investing activities	(2,408)	(18,170)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	20,000
Repayment of borrowings	(840)	(6,920)
Dividends paid	(669)	(669)
Net cash (used in)/provided by financing activities	(1,509)	12,411
Net increase/(decrease) in cash held	(509)	(882)
Cash and cash equivalents at beginning of period	3,894	4,776
Cash and cash equivalents at end of period	3,384	3,894

TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

1. REPORTING ENTITY

Transmetro Corporation Limited is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2013 comprise the Company and its controlled entities (together referred to as the Consolidated Entity). The Consolidated Entity is primarily involved in the hospitality sector.

2. BASIS OF PREPARATION

a. Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Consolidated Entity and the financial report of the Company comply with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

d. Use of judgments and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following areas:

- Provisions and Employee benefits

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all entities in the Consolidated Entity.

a. Basis of Consolidation

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in controlled entities are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

b. Income Recognition

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer. All revenue is stated net of the amount of goods and services tax (GST).

Sales revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) from the provision of service. Revenue from the sale of goods is recognised upon dispatch of goods to customers.

Other income

Other income is recognised on a systematic basis over the periods necessary to match it with the related costs for which it is intended to compensate or, if the costs have already been incurred, in the period in which it becomes receivable. The income is deemed to be receivable when the entitlement is confirmed. Income from subsidiaries and associates are recognised by the parent when the distributions are declared.

c. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

d. Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of controlled entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary transactions denominated in foreign currencies that are stated at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the date the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

f. Provisions

A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets from the date they are available for use unless such lives are indefinite. Intangible assets with an indefinite useful life are systematically tested for impairment

TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

annually.

g. Impairment

The carrying amounts of the Consolidated Entity's assets, other than inventories (see accounting policy (m)) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit or a group of units and then, to reduce the carrying amount of the other assets in the unit or a group of units on a pro-rata basis.

Calculation of recoverable amount

Receivables

The recoverable amount of the Consolidated Entity's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date. The allowance for impairment is calculated with reference to the profile of debtors in the Consolidated Entity's sales and marketing regions.

Other Assets

The recoverable amount of other assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash flows from continuing use that are largely independent of the cash flows of other assets or groups of assets (cash generating units). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the cash generating units that are expected to benefit from the synergies of the combination. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Reversals of Impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

h. Property, Plant and Equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (g)).

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Leased assets - Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Minimum lease payments include fixed rate increases.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Buildings	- 50 years
Leasehold improvements, office equipment, furniture, fittings, plant and equipment	- 4 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained

TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

earnings.

i. Investments in Associates

Investments in associate companies are recognised in the consolidated financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates. The parent entity's investment in associates are classified as available-for-sale financial assets and brought to account using the cost method.

j. Interests in joint ventures

The economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint ventures are brought to account using the cost method.

k. Goodwill

Goodwill and goodwill on consolidation are recorded initially at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. The balances are reviewed annually for impairment.

l. Theme Pubs Acquisition Costs

Theme pubs acquisition costs are stated at cost. Carrying values are reviewed annually and an asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than the estimated recoverable amount.

m. Inventories

Inventories comprise food, beverages, linen and consumables, all of which are valued at cost. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

n. Employee Benefits

Provision is made for the company's liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions made by the economic entity to employee superannuation funds are charged as expenses when incurred.

o. Receivables

Trade and other receivables are stated at amortised cost less impairment losses (see accounting policy (g)).

p. Taxation

Income tax expense in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially

TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

enacted at reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of goodwill and other assets or liabilities in a transaction that affects neither accounting nor taxable profit, or differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based upon the laws that have been enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on a different tax entity but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

q. Payables

Trade and other payables are stated at amortised cost.

r. Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial Assets at Fair Value through Profit and Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments.

TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

s. Finance income and expense

Interest income is recognised as it accrues in the income statement using the effective interest method.

t. Earnings per share

The Consolidated Entity presents basic earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the net profit attributable to equity holders of the parent for the financial period, after excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares of the Company.

u. Segment Reporting

The Consolidated Entity determines and presents operating segments based on the information that internally is provided to the Board of Directors, who are the Consolidated Entity's chief operating decision maker.

An operating segment is a component of the Consolidated Entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Consolidated Entity's other components if separately reported and monitored. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate head office results.

v. Share Capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any income tax benefit.

w. New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations are effective for the financial years beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Consolidated Entity except for AASB 9 Financial Instruments, which becomes mandatory for the Consolidated Entity's 2016 consolidated financial statements and AASB 13 – Fair Value Measurement, which becomes mandatory for the Consolidated Entity's 2014 financial statements. The Consolidated Entity does not plan to adopt this standard early and the extent of the impact has not been determined.

4. FINANCIAL RISK MANAGEMENT

Overview

TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

The Company and Consolidated Entity have exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's and the Consolidated Entity's exposure to each of above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of directors has overall responsibility for the establishment and oversight of the risk management and monitors operational and financial risk management throughout the Consolidated Entity. Monitoring risk management includes ensuring appropriate policies and procedures are published and adhered to. The Management reports to the Board of directors.

The Board aims to manage the impact of short-term fluctuations on the Company's and the Consolidated Entity's earnings. Over the longer term, permanent changes in market rates will have an impact on earnings.

The Company and the Consolidated Entity are exposed to risks from movements in exchange rates and interest rates that affect revenues, expenses, assets, liabilities and forecast transactions. Financial risk management aims to limit these market risks through ongoing operational and finance activities.

Exposure to credit, foreign exchange and interest rate risks arises in the normal course of the Company's and the Consolidated Entity's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates.

The Board of directors oversees the adequacy of the company's risk management framework in relation to the risks faced by the Company and the Consolidated Entity.

Credit Risk

Credit risk is the risk of financial loss to the Company or the Consolidated Entity if a customer, controlled entity or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's and the Consolidated Entity's receivables from customers.

Trade and other receivables

The Company's and Consolidated Entity's exposure to credit risk is influenced mainly by the characteristics of individual customers. The Consolidated Entity does not have a significant concentration of credit risk with a single customer.

Policies and procedures of credit management and administration of receivables are established and executed at a regional level. Individual regions deliver reports to management and the Board on debtor ageing and collection activities on a monthly basis.

In monitoring customer credit risk, the ageing profile of total receivables balances is reviewed by management by region on a monthly basis. Regional management are responsible for identifying high risk customers and placing restrictions on future trading, including suspending future services and administering service on a prepayment basis.

The Company and the Consolidated Entity have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables.

Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity monitors cash flow requirements and produces cash flow projections for

TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

the short and long term with a view to optimising return on investments. Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational net cash flows for a period of at least 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's and the Consolidated Entity's net profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Consolidated Entity is not exposed to currency risk on financial instruments that are denominated in a currency other than the respective functional currencies of the controlled entities, Australian dollars (AUD).

Interest Rate Risk

The Consolidated Entity is exposed to interest rate risks in Australia.

Capital Management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns to shareholders, to provide benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board aims to maintain and develop a capital base appropriate to the Consolidated Entity. In order to maintain or adjust the capital structure, the Consolidated Entity can issue new shares. The Board of directors undertakes periodic reviews of the Consolidated Entity's capital management position to assess whether the capital management structure is appropriate to meet the Consolidated Entity's medium and long-term strategic requirements. Neither the Company nor any of its controlled entities are subject to externally imposed capital requirements. There were no significant changes in the Consolidated Entity's approach to capital management during the year.

TRANSMETRO CORPORATION LIMITED

**NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

NOTE 5: INCOME TAX	2013	2012
	\$000	\$000

The prima facie income tax on profit/(loss) from continuing operations before income tax is reconciled to the income tax benefit/(expense) as follows:

Prima facie tax benefit/(expense) on profit at 30%	(950)	1,400
Other items	1	(11)
Income tax benefit/(expense)	<u>(949)</u>	<u>1,389</u>

NOTE 6: DIVIDENDS

Fully franked final dividend of 5 cents (2012: 5 cents) per share	<u>669</u>	<u>669</u>
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NOTE 7: SEGMENT INFORMATION

The Economic Entity 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:

- Distributions from trust
- Depreciation and amortisation;
- Finance costs; and
- Income tax expense.

TRANSMETRO CORPORATION LIMITED

**NOTES TO THE PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

NOTE 7: SEGMENT INFORMATION (CONT'D)

Segment performance (continuing operations)

	Hotels, Inns & Apartments \$000	Theme Pubs \$000	Total \$000
Year ended 30.06.2013			
Revenue			
External sales	25,228	8,402	33,630
Inter-segment sales	342	-	342
Interest, dividends and other revenue	214	-	214
Total segment revenue	25,784	8,402	34,186
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination	(342)	-	(342)
Unallocated items:			
Trust distribution	-	300	300
Total group revenue	25,442	8,702	34,144
Segment net profit before tax	6,170	(59)	6,111
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Unallocated items:			
• Depreciation and amortisation			(1,801)
• Finance costs			(1,145)
• Income tax expense			(949)
Net profit after tax from continuing operations			<u>2,216</u>
Year ended 30.06.2012			
Revenue			
External sales	25,820	8,366	34,186
Inter-segment sales	376	-	376
Interest, dividend and other revenue	201	-	201
Total segment revenue	26,397	8,366	34,763
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination	(376)	-	(376)
Unallocated items:			
Trust distribution	-	462	462
Total group revenue	26,021	8,828	34,849
Segment net profit before tax	6,601	(22)	6,579
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>			
Amounts not included in segment result but reviewed by the Board:			
• Revaluation Decrement			(8,731)
• Equity accounted profits/(losses) of associates and JVs			(59)
Unallocated items:			
• Depreciation and amortisation			(1,593)
• Finance costs			(861)
• Income tax expense			1,389
Net profit/(Loss) after tax from continuing operations			<u>(3,276)</u>

TRANSMETRO CORPORATION LIMITED

**NOTES TO PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

	Consolidated	
	2013	2012
	\$000	\$000
NOTE 8: RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX		
Profit/(Loss) after income tax	2,005	(3,216)
Revaluation loss on freehold property	-	8,731
Equity accounting adjustments	-	26
Loss on disposal of assets	187	-
Foreign exchange (gain)/losses	-	(10)
Depreciation	1,836	1,693
Movement in deferred tax accounts	8	(2,348)
Increase/(decrease) in income tax payable	(929)	171
Increase/(decrease) in provisions	(87)	31
(Increase)/decrease in receivables and prepayments	226	(247)
(Increase)/decrease in inventories	4	(4)
Increase/(decrease) in creditors	157	50
	3,407	4,877
Net cash provided by operating activities	3,407	4,877

NOTE 9: DISCONTINUED OPERATIONS

On 07 August 2012, the consolidated entity discontinued the operation of Metro Inn Ryde.
On 23 March 2013, the consolidated entity discontinued the operation of Metro Inn Albany.

Financial information relating to the discontinued operations is set out below.

The financial performance of the discontinued operation to the date of sale which is included in Profit/(Loss) from discontinued operations per the statement of comprehensive income is as follows:

	2013	2012
	\$000	\$000
Revenue	563	2,019
Expenses	(851)	(1,932)
Profit/(Loss) before income tax	(288)	87
Income tax benefit/(expense)	77	(26)
Profit/(Loss) attributable to members of the parent entity	(211)	61

NOTE 9: DISCONTINUED OPERATIONS (CONT'D)

The net cash flows of the discontinuing operations which have been incorporated into the statement of cash flows are as follows:

	2013	2012
	\$000	\$000
Net cash inflow/(outflow) from operating activities	(20)	49
Net cash inflow from investing activities	5	(38)
Net cash inflow/(outflow) from financing activities	-	-
Net cash increase in cash generated by the discontinuing division	(15)	11

NOTE 10: NET TANGIBLE ASSETS

Net tangible assets per share	\$1.60	\$1.50
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NOTE 11: COMMENTARY ON RESULTS

Total Revenue from continuing operations decreased by \$700K to \$34.1M which is 2.1% decrease from the corresponding period in 2012.

The consolidated entity's EBITDA from continuing operations decreased by \$409K to \$6.5M a 6.3% decrease on the previous corresponding period.

Net Profit after tax for the year was \$2.00M compared to a Net loss after tax of \$3.22M for the previous corresponding period due to the unrealised valuation loss of \$8.7M on freehold property.

NOTE 12: SUBSIDIARY COMPANIES ACQUIRED DURING THE YEAR

None

NOTE 13: CONTINGENT LIABILITIES

As at 30 June 2013 no contingent liabilities existed, except that various bank guarantees have been given in the ordinary course of business. It is not expected that these guarantees will be called upon.

NOTE 14: OTHER SIGNIFICANT INFORMATION

N/A

NOTE 15: FOREIGN ACCOUNTING STANDARDS

N/A.

TRANSMETRO CORPORATION LIMITED

**NOTES TO PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

Statement

This report is based on accounts to which one of the following applies.

(Tick one)

The accounts have been audited.

The accounts have been subject to review.



The accounts are in the process of being audited or subject to review.

The accounts have *not* yet been audited or reviewed.

Sign here: Date:
(Director/Company Secretary)

Print name: