Facsimile

METRO HOSPITALITY GROUP

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To:	Company Announcements Office	**Date:**	30/9/03
Company:	Australian Stock Exchange - eLodgement	**Fax:**	1900 999 279
From:	Kim Schultz	**Tel:**	
Subject:	Preliminary Final report	**Pages incl. header:**	27

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ RESPONSE DATE

We attach the statutory accounts for Transmetro Corporation Limited for the twelve months ended 30th June 2003.

Yours faithfully
Transmetro Corporation Limited

Kim Schultz
Company Secretary

TRANSMETRO CORPORATION LIMITED

A B N 45 001 809 043

Financial Statements

For the Year Ended 30 June 2003

TRANSMETRO CORPORATION LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report for the year ended 30 June 2003.

DIRECTORS

The names of the Directors of the Company in office at the date of this report are:

D Lloyd
JAC McEvoy
A Notley

MEETINGS OF DIRECTORS

The following table sets out the numbers of meetings of the Company's Directors held during the year ended 30 June 2003 and the numbers of meetings attended by each director.

	Number Eligible to attend	Number attended
D Lloyd	11	11
JAC McEvoy	11	11
A Notley	11	10

As at the date of this report the company does not have an audit committee as the Board, consisting of three Directors, feels that all matters of audit significance can be adequately dealt with by the Board.

PRINCIPAL ACTIVITIES

The principal activities of the economic entity are the operation of Hotels, Inns, Serviced Apartments, Motor Inns and Theme Pubs.

RESULTS FOR THE YEAR

Profit before interest, depreciation, amortisation and tax was $1.84 million. After interest, depreciation, amortisation and tax the net profit of the group was $0.25 million.

DIVIDENDS

No dividends were paid during the year under review and the Directors do not recommend that a dividend be declared for the 2002/03 year.

REVIEW OF OPERATIONS

Operating profit before tax of $0.1 million compares to the loss for the previous year of $4.6 million.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the economic entity during the financial year.

EVENTS SUBSEQUENT TO BALANCE DATE

In September 2003 a controlled entity sold the Paddy Maguires Kent Street theme pub business. As a result of the sale a gain of approximately $1.1 million will be recorded by the economic entity in the year ending 30 June 2004.

Except for the above sale, no matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity, in subsequent financial years.

LIKELY FUTURE DEVELOPMENTS

The Directors believe that disclosure of likely future developments in this report may result in unfavourable prejudice towards the economic entity.

ENVIRONMENTAL ISSUES

The economic entity's operations are not subject to any significant environmental regulation under Commonwealth or State law.

INFORMATION ON DIRECTORS

JOHN MC EVOY, CHAIRMAN AND MANAGING DIRECTOR

John has been associated with the accommodation industry for more than 25 years and Chairman of Transmetro Corporation since 1979. He holds an extensive commercial background in administration and financial control.

John is an astute analyst of economic and industry trends and cycles. He continues to steer the group with unrelenting precision through difficult economic periods and drive the Company to develop and expand its portfolio.

ALAN NOTLEY, FCPA ACA (NZ) FAIM – NON EXECUTIVE DIRECTOR

Alan is a former Executive Director of Ansett Transport Industries Limited serving on the Ansett board from 1981 to 1992. Alan also served as Executive Chairman of Traveland International Pty Ltd, which operated 250 travel agencies, Chairman of Ansett Pioneer Bus Lines and Executive Chairman of Diners Club Australia. Alan is presently Chairman of ASP Ship Management Pty Ltd, a major ship management organization and Mogal Marine Pty Ltd specializing in the commercialization of oil and gas resources.

DAVID LLOYD – NON EXECUTIVE DIRECTOR

David has widespread commercial experience in three separate States, having been involved in business in Adelaide, Brisbane and Sydney. He presently acts as a consultant for Star Dean-Willcocks in Sydney, specialising in corporate planning and restructuring.

CORPORATE GOVERNANCE

The Board of Directors has made a commitment to the principles of corporate ethics encompassed in the concept of corporate governance.

The Board has adopted a policy of ensuring that it is composed of a majority of non-executive directors. The Directors are empowered to seek external professional advice as considered necessary.

The remuneration of the directors is reviewed annually by the Board and approved by the shareholders at the annual general meeting. The remuneration of senior executives is reviewed annually by the Board. The arrangements with the external auditors are reviewed annually by the Board. The operations of the group are monitored closely by the Board in order to identify and respond to significant business risks.

INDEMNIFYING OFFICER OR AUDITOR

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or

- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

DIRECTORS' INTERESTS AND BENEFITS

Shares held by Directors and Director-related entities at the date of the Directors' Report are:

	No. of Shares Held Directly	No. of Shares Held Indirectly
D Lloyd	-	-
JAC McEvoy	5,934,614	5,660,549
A Notley	6,000	-

Directors emoluments for the year ended 30 June 2003 were D Lloyd $6,000, J McEvoy $nil and A Notley $12,000.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

EXECUTIVES' REMUNERATION

The emoluments of the five executive officers receiving the highest emoluments for the year ended 30 June 2003 were R Dani $69,000, S Fawlk $70,850, M Layden $112,814, S Nemetz $68,991, K Schultz $108,999.

The Board policy for the remuneration of executives is to base levels of executive remuneration on levels being paid for similar sized operations within the industry.

Signed at Sydney this 25th day of September, 2003 in accordance with a resolution of the Directors.

J A C McEvoy
Director

A Notley
Director

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF TRANSMETRO CORPORATION LIMITED

Scope

We have audited the financial report of Transmetro Corporation Limited and controlled entities comprising the Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and notes to and forming part of the financial statements for the year ended 30 June, 2003.

The financial report includes the consolidated financial statements of the economic entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year. The Company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements so as to present a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Transmetro Corporation Limited is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards and the Corporations Regulations; and

(b) other mandatory professional reporting requirements.

Signed this 25th day of September, 2003 at Sydney, New South Wales.

STIRLING WARTON WILLIAMS
CHARTERED ACCOUNTANTS

P.E. Turner
Partner

TRANSMETRO CORPORATION LIMITED

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The accompanying financial statements and notes:

   (a) comply with Accounting Standards and the Corporations Act 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2003 and performance for the year ended on that date of the Company and economic entity;

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 and is signed for and on behalf of the Directors by:

J A C McEvoy **Director**	**A Notley** **Director**

Signed at Sydney this 25th day of September, 2003.

TRANSMETRO CORPORATION LIMITED

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE, 2003

	NOTE	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
Revenues from ordinary activities	2	30,765,288	28,735,409	16,951,384	14,827,255
Expenses from ordinary activities, excluding borrowing costs expense	2	(30,316,330)	(32,344,834)	(16,347,329)	(18,528,352)
Decrement on revaluation of leasehold properties		-	(568,732)	-	(458,113)
Borrowing costs expense		(355,040)	(403,634)	(262,337)	(195,649)
Profit / (loss) from ordinary activities before income tax	3	93,918	(4,581,791)	341,718	(4,354,859)
Income tax (expense) / credit relating to ordinary activities	4	153,108	462,120	153,108	462,120
Profit / (loss) from ordinary activities after income tax		247,026	(4,119,671)	494,826	(3,892,739)
Net profit / (loss) attributable to members of the parent entity		247,026	(4,119,671)	494,826	(3,892,739)
Increase (decrease) in asset revaluation reserve	21	619,130	(892,451)	218,034	228,230
Total valuation adjustments attributable to members of the parent entity and recognised directly in equity		619,130	(892,451)	218,034	228,230
Total changes in equity other than those resulting from transactions with owners as owners		866,156	(5,012,122)	712,860	(3,664,509)
Basic earnings per share (cents per share)		1.85	(30.8)		

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

TRANSMETRO CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE, 2003

	NOTE	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
CURRENT ASSETS					
Cash assets		515,800	314,152	119,512	35,036
Receivables	7	2,681,616	1,978,648	2,360,598	1,636,105
Inventories		239,966	263,275	87,307	105,092
Total Current Assets		3,437,382	2,556,075	2,567,417	1,776,233
NON CURRENT ASSETS					
Receivables	7	-	-	7,725,971	7,012,263
Investments accounted for using the equity method	8	545,455	-	-	-
Other financial assets	9	1,780,192	155,500	2,170,661	512
Property, plant & equipment	11	7,231,865	11,251,351	5,763,816	9,112,666
Intangible assets	12	3,189,412	2,370,924	1,283,000	951,000
Deferred tax assets	13	973,631	877,514	973,631	877,514
Other	14	2,537,977	2,507,977	-	-
Total Non Current Assets		16,258,532	17,163,266	17,917,079	17,953,955
TOTAL ASSETS		19,695,914	19,719,341	20,484,496	19,730,188
CURRENT LIABILITIES					
Payables	15	2,449,877	2,921,694	1,551,192	1,924,701
Interest bearing liabilities	16	107,250	781,256	-	674,006
Provisions	17	269,515	305,455	172,738	214,102
Total Current Liabilities		2,826,642	4,008,405	1,723,930	2,812,809
NON CURRENT LIABILITIES					
Payables	18	6,657,159	9,544,092	9,617,703	11,610,835
Interest bearing liabilities	16	6,257,731	3,435,750	5,614,231	2,685,000
Deferred tax liabilities	19	865,743	508,611	402,839	208,611
Total Non Current Liabilities		13,780,633	13,488,453	15,634,773	14,504,446
TOTAL LIABILITIES		16,607,275	17,496,858	17,358,703	17,317,255
TOTAL NET ASSETS		3,088,639	2,222,483	3,125,793	2,412,933
EQUITY					
Contributed equity	20	6,855,964	6,855,964	6,855,964	6,855,964
Reserves	21	3,973,765	4,003,667	2,872,669	3,303,667
Accumulated Losses	22	(7,741,090)	(8,637,148)	(6,602,840)	(7,746,698)
TOTAL EQUITY		3,088,639	2,222,483	3,125,793	2,412,933

The Statement of Financial Position should be read in conjunction with the accompanying notes.

TRANSMETRO CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE, 2003

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers the economic entity of Transmetro Corporation Limited and controlled entities, and Transmetro Corporation Limited as an individual parent entity. Transmetro Corporation Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

(a) Principles of Consolidation

The consolidated financial statements include the financial statements of Transmetro Corporation Limited and its controlled entities. Intercompany balances, transactions and unrealised profits arising from intra-group operations are eliminated.

(b) Investments

Fixed interest securities issued by listed companies are held as non-current assets and are valued by the directors at market value at balance date. Any increment arising on revaluation is credited directly to an asset revaluation reserve. Any decrement arising on revaluation is debited to the profit and loss account, except to the extent that such decrement reverses a revaluation increment previously credited to the asset revaluation reserve.

Other investments are valued at the lower of cost and net realisable value. Where there has been a permanent diminution in the value of investments, a provision for diminution is made.

The recoverable amounts for investments are assessed from the shares' current market value or the underlying net assets in the particular entities. The expected cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(c) Interests in joint ventures

The economic entity's interest in joint venture entities are bought 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.

(d) Inventories

Inventories comprise food, beverages, linen and consumables, all of which are valued at cost.

(e) Property, plant and equipment

Fixed assets are stated at cost or valuation. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life. Useful lives for various classes of assets are as follows:

Buildings	50 years
Leasehold improvements, office equipment, furniture, Fixtures, fittings, plant and equipment, motor vehicles	4 to 10 years

Freehold land and buildings are revalued on a tri-annual basis. Any increment arising on revaluation is credited directly to an asset revaluation reserve, except to the extent that such increment reverses a decrement previously charged to the profit and loss account. Any decrement arising on revaluation is debited to the profit and loss account, except to the extent that such decrement reverses a revaluation increment previously credited to the asset revaluation reserve.

The carrying amount of property, 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 which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

(f) Leasehold Properties

Leasehold properties are stated at the capitalised value of Hotels, Inns and Serviced Apartments under lease contract. This value is reviewed on an annual basis and revalued if necessary. Such revaluations are based upon the estimated future maintainable earnings of the properties concerned. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. Any increment arising on revaluation is credited directly to an asset revaluation reserve. Any decrement arising on revaluation is debited to the profit and loss account, except to the extent that such decrement reverses a revaluation increment previously credited to the asset revaluation reserve.

(g) Management Rights

Management rights represent the current value of contracts to manage Hotel and Apartment properties and to provide advice under agreement. This value is reviewed on an annual basis and revalued if necessary. Such revaluations are based upon the estimated future maintainable earnings of the management rights concerned. The expected net cash flows have not been discounted to their present values in determining recoverable amounts. Any increment arising on revaluation is credited directly to an asset revaluation reserve. Any decrement arising on revaluation is debited to the profit and loss account, except to the extent that such decrement reverses a revaluation increment previously credited to the asset revaluation reserve.

(h) Income Tax

Tax effect accounting procedures are applied whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. Income tax on net cumulative timing differences is set aside to deferred income tax and future tax benefits accounts at current rates. Timing differences arise when the period in which items are included in determining accounting profit differ from the periods in which they are included in determining taxable income. The future tax benefit relating to timing differences is carried forward as an asset if there is assurance beyond reasonable doubt of it being realised. A future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of being realised.

(i) Leases

The Company leases certain items of plant and equipment and land and buildings.

Finance leases, which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments, and disclosed as leased fixed assets and amortised over the period the Company is expected to benefit from the use of the leased assets.

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

(j) 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. Both purchased goodwill and goodwill on consolidation are amortised on a straight line basis over the period of 20 years. The balances are reviewed annually and any balance representing future benefits the realisation of which is considered to be no longer probable, are written off.

(k) 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.

(l) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

(m) Foreign Currency Translation

Foreign currency transactions are translated to Australian currency at exchange rates ruling at the dates of the transactions. Amounts payable and receivable in foreign currency at reporting date are translated at the exchange rates ruling on that date. Exchange differences relating to these amounts are brought to account as exchange gains or losses in the profit and loss account, except that exchange differences on transactions entered into in order to hedge the purchase or sale of specific goods and services are deferred and included in the measurement of the purchase or sale.

(n) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$

2. REVENUE AND EXPENSES

	2003	2002	2003	2002
Sales revenue	26,638,924	27,600,855	12,019,180	13,628,065
Interest receivable	38,661	25,484	35,856	-
Proceeds from sale of property, plant & equipment	3,762,703	409,070	3,762,703	409,070
Proceeds from disposal of management rights	-	350,000	-	350,000
Trust distributions	325,000	350,000	1,133,645	440,120
Revenue from ordinary activities	30,765,288	28,735,409	16,951,384	14,827,255
Cost of sales	3,934,076	4,017,180	909,290	1,077,120
Other direct costs	10,208,086	10,717,913	4,783,426	5,513,087
Marketing expenses	944,572	1,234,292	571,965	997,014
Occupancy expenses	8,077,865	9,063,266	5,099,402	6,127,120
Administrative expenses	4,012,223	5,555,113	1,843,738	3,056,941
Book value of property, plant and equipment sold	3,139,508	409,070	3,139,508	409,070
Book value of management rights disposed of	-	1,348,000	-	1,348,000
Expenses from ordinary activities, excluding borrowing costs	30,316,330	32,344,834	16,347,329	18,528,352

3. PROFIT (LOSS) FROM ORDINARY ACTIVITIES

Profit (loss) from ordinary activities before income tax has been determined after:

(a) Expenses

	2003	2002	2003	2002
Amortisation of goodwill	77,512	77,512	-	-
Depreciation of property, plant & equipment	1,306,920	1,682,951	324,547	407,516
Loss on disposal of plant & equipment	11,575	207,144	11,575	207,144
Loss on disposal of management rights	-	998,000	-	998,000
Bad and doubtful debts	57,480	136,569	44,695	129,962
Borrowing costs:				
- directors	167,017	-	167,017	-
- other persons	188,023	403,634	95,320	195,649
Operating lease rentals	5,463,713	6,275,943	3,587,889	4,342,527
Auditors' remuneration:				
- for auditing or reviewing the accounts	56,500	54,600	49,700	48,000
- for other services	12,800	13,500	11,300	12,000

(The auditors received no other benefits during the year)

TRANSMETRO CORPORATION LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE, 2003 (CONTINUED)

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$
(b) Net Gains				
Profit on sale of property, plant & equipment	623,195	-	623,195	-

4. INCOME TAX

The prima facie tax on profit from ordinary activities differs from the income tax provided in the accounts as follows:

	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
Prima facie tax on profit (loss) from ordinary activities at 30%	28,175	(1,374,537)	102,515	(1,306,458)
Add/(Deduct) tax effect of:				
Amortisation of goodwill	23,254	23,254	-	-
Capital profit on sale of property	(204,718)	-	(204,718)	-
Revaluation decrement not deductible	-	170,620	-	137,434
Non deductible loss on disposal of management rights	-	299,400	-	299,400
Assessable trust distributions	-	-	-	-
Reversal of future income tax benefits relating to tax losses	-	341,186	-	341,186
Other items	181	77,957	(50,905)	66,318
Income tax attributable to profit (loss) from ordinary activities	(153,108)	(462,120)	(153,108)	(462,120)
The directors estimate that the potential future income tax benefit at 30 June, 2003 in respect of tax losses not brought to account is:	1,138,983	1,252,818	923,952	1,035,663

The future income tax benefit which has not been recognised as an asset will only be obtained if:

(a) the economic entity derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;

(b) the economic entity continues to comply with the conditions for deductibility imposed by the law; and

(c) no changes in tax legislation adversely affect the economic entity in realising the benefit.

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$
5. DIRECTORS' REMUNERATION				
Income paid or payable to all directors of each entity in the economic entity by the entities of which they are directors and any related parties	18,000	15,875		
Income paid or payable to all directors of the Company by the Company and and any related parties			18,000	15,875
Number of directors of the Company whose remuneration from the Company was within the following bands:				
$0 - $9,999			2	3
$10,000 - $19,999			1	1
6. EXECUTIVES' REMUNERATION				
Remuneration received or due and receivable by executive officers whose remuneration is $100,000 or more:	221,813	227,170	108,999	120,169
The number of executives whose income was within the following bands:				
$100,000 - $109,999	1	1	1	-
$110,000 - $119,999	1	-	-	
$120,000 - $129,999	-	1	-	1

TRANSMETRO CORPORATION LIMITED

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$
7. RECEIVABLES				
CURRENT				
Trade debtors	2,156,140	1,541,053	2,015,933	1,422,506
Provision for doubtful debts	(3,469)	(74,626)	(3,469)	(70,813)
Other debtors	322,977	377,880	269,414	234,633
Prepayments	205,968	134,341	78,720	49,779
	2,681,616	1,978,648	2,360,598	1,636,105
NON CURRENT				
Amounts due from controlled entities	-	-	7,725,971	7,012,263
8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Investment in joint venture	545,455	-	-	-

At 30 June 2003 the company had entered into a joint venture arrangement in relation to a hotel property that commenced trading as Metro Hotel Sydney in August 2003. Under the joint venture arrangement the company will have a 30.3% interest in a joint venture company that purchased the Metro Hotel Sydney property subsequent to 30 June 2003. The balance at 30 June 2003 represents initial funding contributions to the joint venture.

9. OTHER FINANCIAL ASSETS (NON-CURRENT)

	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
Shares in controlled entities - at cost	-	-	14	12
Shares in other corporation at market value (cost $1,000)	500	500	500	500
Fixed interest securities at market value (cost $1,534,566)	1,624,692	-	1,624,692	-
Investment in joint venture - at cost	-	-	545,455	-
Units in unit trust - at cost	155,000	155,000	-	-
	1,780,192	155,500	2,170,661	512

The economic entity owns 25% of the units of The Brockwell Tavern Trust that trades as a theme pub called The Elephant and Wheelbarrow at Northbridge, Western Australia. The carrying amount of this investment is $155,000.

10. CONTROLLED ENTITIES

	Country of Incorporation	% Owned 2003	% Owned 2002
Controlled Entities of Transmetro Corporation Limited:			
Metro Inns Trust	Australia	100	100
M.H.G. Albany Pty Limited	Australia	100	
Metro Hotel Sydney Pty Limited	Australia	100	
Controlled Entities of Metro Inns Trust:			
The Irish Pub Unit Trust	Australia	100	100
The Sydney Unit Trust	Australia	100	100
The Duck Inn Unit Trust	Australia	100	100
The Palace Hotel Unit Trust	Australia	100	100
The Rundle Adelaide Trust	Australia	100	100

11. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
FREEHOLD PROPERTIES				
At directors' valuation June 2001	-	3,000,000	-	3,000,000
At independent valuation June 2001	5,000,000	5,000,000	5,000,000	5,000,000
	5,000,000	8,000,000	5,000,000	8,000,000
BUILDINGS				
At cost	176,606	176,606	-	-
Less: accumulated depreciation	29,219	25,687	-	-
	147,387	150,919	-	-
LEASEHOLD IMPROVEMENTS, OFFICE EQUIPMENT, FURNITURE, FITTINGS, PLANT & EQUIPMENT				
At cost	10,867,831	10,847,308	2,984,522	3,275,735
Less: accumulated depreciation	8,783,353	7,749,772	2,220,706	2,165,965
	2,084,478	3,097,536	763,816	1,109,770
MOTOR VEHICLES				
At cost	-	5,091	-	5,091
Less: accumulated depreciation	-	2,195	-	2,195
	-	2,896	-	2,896
TOTAL PROPERTY, PLANT AND EQUIPMENT	7,231,865	11,251,351	5,763,816	9,112,666

Freehold property at South Perth was valued by an independent valuer on 30 June 2001 at market value based on existing use.

Movements in Carrying Amounts:

	Freehold Properties	Buildings	Leasehold Improvements Office Equipment Furniture, Fittings Plant & Equipment	Motor Vehicles
Consolidated:				
Book value at 1 July, 2002	8,000,000	150,919	3,097,536	2,896
Additions	-	-	452,489	-
Disposals	(3,000,000)	-	(162,636)	(2,419)
Depreciation	-	(3,532)	(1,302,911)	(477)
Book value at 30 June, 2003	5,000,000	147,387	2,084,478	-
Parent Entity:				
Book value at 1 July, 2002	8,000,000	-	1,109,770	2,896
Additions	-	-	140,752	-
Disposals	(3,000,000)	-	(162,636)	(2,419)
Depreciation	-	-	(324,070)	(477)
Book value at 30 June, 2003	5,000,000	-	763,816	-

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$

12. INTANGIBLE ASSETS

Goodwill on consolidation	1,550,233	1,550,233	-	-
Less: accumulated amortisation	(207,821)	(130,309)	-	-
Leasehold properties:				
- at directors' valuation 2003	1,068,000	-	504,000	-
- at directors' valuation 2002	-	182,000	-	182,000
Management rights:				
- at directors' valuation 2003	779,000	-	779,000	-
- at directors' valuation 2002	-	769,000	-	769,000
	3,189,412	2,370,924	1,283,000	951,000

13. DEFERRED TAX ASSETS

Future income tax benefit:				
- timing differences	973,631	877,514	973,631	877,514

TRANSMETRO CORPORATION LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE, 2003 (CONTINUED)

	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
14. OTHER NON-CURRENT ASSETS				
Gaming machine licences, at cost	250,000	250,000	-	-
Liquor licence - at cost	30,000	-	-	-
Theme pubs liquor licences and purchase costs:				
- at directors valuation 2001	2,257,977	2,257,977	-	-
	2,537,977	2,507,977	-	-
15. PAYABLES (CURRENT)				
Trade creditors	854,712	1,448,876	448,671	1,135,661
Other creditors and accruals	1,595,165	1,472,818	1,102,521	789,040
	2,449,877	2,921,694	1,551,192	1,924,701
16. INTEREST BEARING LIABILITIES				
CURRENT				
Bank bills	-	300,000	-	300,000
Bank overdrafts	-	374,006	-	374,006
Secured loans - banks	107,250	107,250	-	-
	107,250	781,256	-	674,006
NON CURRENT				
Bank bills	-	2,335,000	-	2,335,000
Secured loans - banks	643,500	750,750	-	-
Other secured loans	1,464,827	-	1,464,827	-
Amount owing to a Director (secured)	4,149,404	350,000	4,149,404	350,000
	6,257,731	3,435,750	5,614,231	2,685,000

Security on the secured bank loans is by registered mortgages over the assets and undertakings of theme pubs and guarantees and indemnities given by the Company. The carrying amount of non current assets pledged as security is:

	534,198	846,797	-	-

Security on other secured loans is a pledge of fixed interest securities as collateral. The carrying amount of fixed interest securities pledged is:

	1,624,692	-	1,624,692	-

Security on the amount owing to a director is by a charge over the assets and undertakings of the Company.

		CONSOLIDATED		PARENT ENTITY	
		2003	2002	2003	2002
		$	$	$	$
17.	PROVISIONS (CURRENT)				
	Annual leave	202,980	219,997	131,269	145,496
	Long service leave	66,535	85,458	41,469	68,606
		269,515	305,455	172,738	214,102
18.	PAYABLES (NON CURRENT)				
	Amount owing to a Director	6,657,159	9,544,092	6,567,159	9,454,092
	Amounts owing to controlled entities	-	-	3,050,544	2,156,743
		6,657,159	9,544,092	9,617,703	11,610,835
19.	DEFERRED TAX LIABILITIES				
	Deferred income tax	865,743	508,611	402,839	208,611
20.	CONTRIBUTED EQUITY				
	13,382,778 (2002: 13,382,778) ordinary shares fully paid	6,855,964	6,855,964	6,855,964	6,855,964

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
	$	$	$	$

21. RESERVES

Asset Revaluation Reserve				
Balance at 1 July, 2002	4,003,667	6,653,188	3,303,667	4,832,507
Revaluation of management rights	10,000	(172,000)	10,000	(172,000)
Revaluation of leasehold properties	886,000	(1,648,381)	322,000	-
Revaluation of fixed interest securities	137,253	-	137,253	-
Transfer to accumulated losses	(649,032)	(1,757,070)	(649,032)	(1,757,070)
Movement in deferred tax liability relating to revaluations	(414,123)	927,930	(251,219)	400,230
Balance at 30 June, 2003	3,973,765	4,003,667	2,872,669	3,303,667

22. ACCUMULATED LOSSES

Accumulated (losses) at the beginning of the year	(8,637,148)	(6,274,547)	(7,746,698)	(5,611,029)
Transfer from asset revaluation reserve	649,032	1,757,070	649,032	1,757,070
Net profit (loss) attributable to members of the parent entity	247,026	(4,119,671)	494,826	(3,892,739)
Balance at 30 June, 2003	(7,741,090)	(8,637,148)	(6,602,840)	(7,746,698)

23. FRANKING ACCOUNT

Franking credits available at the end of the year adjusted for franking credits arising from income tax payable	1,590,573	1,590,573	1,590,573	1,590,573

24. EARNINGS PER SHARE

	CONSOLIDATED	
	2003	2002
Basic earnings per share	1.85 cents	(30.8) cents
	# of Shares	# of Shares
Weighted average number of ordinary shares outstanding during the year used in calculation of basic earnings per share	13,382,778	13,382,778

	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
25. RELATED PARTY TRANSACTIONS				
Aggregate amount of non-current loans from Directors including accrued interest	10,806,563	9,894,092	10,716,563	9,804,092
Interest payable for the financial year on non-current loans from Directors	167,017	-	167,017	-
Rental expense for properties owned by JAC McEvoy	-	353,873	-	353,873

Directors and Director related entities held directly or indirectly as at 30 June 2003 the following equity interests in members of the economic entity:

	No. of Shares Held Directly	No. of Shares Held Indirectly
Transmetro Corporation Limited - ordinary shares	5,940,614	5,660,549

26. CONTINGENT LIABILITIES

(a) Various bank guarantees have been given in the ordinary course of business. It is not expected that these guarantees will be called upon.

(b) The parent company has given guarantees and indemnities to secure bank loan facilities for theme pubs operated by controlled entities. It is not expected that these guarantees and indemnities will be called upon.

	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
27. EXPENDITURE COMMITMENTS				
Total commitments for future property, plant and equipment lease rentals:				
Operating Leases				
- Not later than one year	5,014,598	5,481,968	3,141,061	3,593,266
- Later than one year and not later than five years	7,278,779	11,416,484	2,712,918	6,243,375
- Later than five years	16,236	433,918	-	-
	12,309,613	17,332,370	5,853,979	9,836,641

28. SEGMENT INFORMATION

(a) Business Segments

Year Ended 30 June 2003:

	Hotels, Motor Inns, Serviced Apartments 2003 $	Theme Pubs 2003 $	Investment 2003 $	Consolidated 2003 $
Sales Revenue	15,732,875	10,906,049	-	26,638,924
Segment Result	(602,593)	689,495	7,016	93,918
Segment Assets	12,820,571	5,250,651	1,624,692	19,695,914
Segment Liabilities	13,172,101	1,970,347	1,464,827	16,607,275
Depreciation and amortisation	515,386	869,046	-	1,384,432
Net cash from operating activities	(1,735,561)	1,574,877	15,814	(144,870)

Year Ended 30 June 2002:

	Hotels, Motor Inns, Serviced Apartments 2002 $	Theme Pubs 2002 $	Investment 2002 $	Consolidated 2002 $
Sales Revenue	16,592,031	11,008,824	-	27,600,855
Segment Result	(5,227,471)	645,680	-	(4,581,791)
Segment Assets	13,804,309	5,915,032	-	19,719,341
Segment Liabilities	15,361,779	2,135,079	-	17,496,858
Depreciation and amortisation	596,962	1,163,501	-	1,760,463
Net cash from operating activities	(4,672,968)	1,998,848	-	(2,674,120)

(b) Geographical Segment - The economic entity derives its revenue through operations wholly within Australia.

	NOTE	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
29. STATEMENT OF CASH FLOWS					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers		26,051,926	26,174,385	11,425,753	13,019,226
Payments to suppliers and employees		(26,372,434)	(28,820,355)	(12,749,373)	(16,803,763)
Trust distributions		325,000	350,000	-	-
Interest Paid		(188,023)	(403,634)	(95,320)	(195,649)
Interest Received		38,661	25,484	35,856	-
Net cash provided/(used) by operating activities	31	(144,870)	(2,674,120)	(1,383,084)	(3,980,186)
CASH FLOW FROM INVESTING ACTIVITIES					
Payments for plant and equipment		(438,518)	(476,798)	(126,781)	(143,947)
Proceeds from sale of property, plant and equipment		3,762,703	412,259	3,762,703	412,259
Purchase of investments		(2,080,021)	-	(2,080,021)	-
Purchase of liquor licence		(30,000)	-	-	-
Proceeds from disposal of management rights		-	350,000	-	350,000
Net cash provided (used) by investing activities		1,214,164	285,461	1,555,901	618,312
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from borrowings		2,280,020	2,600,000	2,952,075	4,716,191
Repayment of borrowings		(2,773,660)	(1,007,250)	(2,666,410)	(900,000)
Distributions to unitholders		-	(349,589)	-	-
Net cash provided (used) in financing activities		(493,640)	1,243,161	285,665	3,816,191
Net increase/(decrease) in cash held		575,654	(1,145,498)	458,482	454,317
Cash at the beginning of the financial year		(59,854)	1,085,644	(338,970)	(793,287)
Cash at the end of the financial year	30	515,800	(59,854)	119,512	(338,970)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE, 2003 (CONTINUED)

	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
30. RECONCILIATION OF CASH				
Cash	515,800	314,152	119,512	35,036
Bank overdraft	-	(374,006)	-	(374,006)
Cash at the end of the financial year	515,800	(59,854)	119,512	(338,970)

	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	PARENT ENTITY 2003 $	PARENT ENTITY 2002 $
31. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH OPERATING PROFIT (LOSS) AFTER INCOME TAX				
Operating profit (loss) after income tax	247,026	(4,119,671)	494,826	(3,892,739)
Revaluation decrement	-	568,732	-	458,113
Foreign exchange loss	8,798	-	8,798	-
Depreciation & amortisation	1,384,432	1,760,463	324,547	407,516
Loss on disposal of assets	11,575	1,267,419	11,575	1,156,190
Profit on sale of property, plant & equipment	(623,195)	-	(623,195)	-
Interest accrued	167,017	-	167,017	-
Movement in deferred tax accounts	(153,108)	(462,120)	(153,108)	(462,120)
Increase/(decrease) in provisions	(107,097)	3,290	(108,708)	17,708
(Increase)/decrease in receivables and prepayments	(642,085)	(493,690)	(1,149,111)	(1,958,385)
(Increase)/decrease in inventories	23,309	97,000	17,785	80,360
Increase/(decrease) in creditors	(461,542)	(1,295,543)	(373,510)	213,171
Net Cash provided/(used) by operating activities	(144,870)	(2,674,120)	(1,383,084)	(3,980,186)

32. FINANCING FACILITIES

Firmly committed financing facilities of $2,565,577 were available to the group at the end of the financial year. As at that date $2,215,577 of these facilities were in use.

Loan facilities available to the parent entity:

(a) bank overdraft

(b) fixed advances

Term loan facilities are available to controlled entities for the operation of theme pubs.

33. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

	Weighted Average Effective Rate		Floating Interest Rate	
	2003	2002	2003	2002
	%	%	$	$
Financial Assets:				
Cash	-	-	-	-
Receivables	-	-	-	-
Financial Liabilities:				
Trade creditors	-	-	-	-
Bank overdraft	-	9.45	-	374,006
Bank bills	-	7.25	-	2,635,000
Fixed advances	2.62	-	1,464,827	-
Loans from Directors	-	-	-	-
Secured loans	7.25	7.25	750,750	858,000
Total Financial Liabilities			2,215,577	3,867,006

		Fixed Interest Rate Maturing:			
	Interest	Within 1 Year		1 to 5 Years	
	Rate	2003	2002	2003	2002
	%	$	$	$	$
Financial Assets:					
Cash		-	-	-	-
Receivables		-	-	-	-
Financial Liabilities:					
Trade creditors		-	-	-	-
Bank overdraft		-	-	-	-
Bank bills		-	-	-	-
Loans from Directors	7.0	-	-	4,149,404	350,000
Secured loans		-	-	-	-
Total financial liabilities		-	-	4,149,404	350,000

33. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Foreign Exchange Risk

At 30 June 2003 the certain assets and liabilities of the parent company are denominated in foreign currency, and a net exposure to exchange rate fluctuations exists, as detailed below:

	US$	Euro	A$ Equivalent
Assets:			
Cash	1,280	1,282	4,104
Fixed interest securities	1,089,600		1,624,692
Liabilities:			
Secured loan	(982,386)		(1,464,827)
Net	108,494	1,282	163,969

(c) Credit Risk Exposure

The credit risk exposure of the economic entity to financial assets that have been recognised on the balance sheet, is generally the carrying amount, net of any provisions for doubtful debts.

(d) Net Fair Values of Financial Assets and Liabilities

The carrying amounts of cash, cash equivalents and non-interest bearing financial assets and liabilities (for example accounts receivable and payable) approximate fair value.

34. NUMBER OF EMPLOYEES

At the end of the financial year the number of full time and part time employees measured on a full time equivalent basis is:

	CONSOLIDATED		PARENT ENTITY	
	2003	2002	2003	2002
Number of employees	175	205	78	124

35. EVENTS SUBSEQUENT TO BALANCE DATE

In September 2003 a controlled entity sold the Paddy Maguires Kent Street theme pub business. As a result of the sale a gain of approximately $1.1 million will be recorded by the economic entity in the year ending 30 June 2004.

Except for the above sale, no matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity, in subsequent financial years.