Facsimile

METRO HOSPITALITY GROUP

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To:	Company Announcements Office	**Date:**	30/8/04
Company:	Australian Stock Exchange - eLodgement	**Fax:**	1900 999 279
From:	Kim Schultz	**Tel:**	
Subject:	Preliminary Final report	**Pages incl. header:**	11

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

We attach the Appendix 4E Preliminary Final Report for Transmetro Corporation Limited for the twelve months ended 30th June 2004.

Yours faithfully
Transmetro Corporation Limited

Kim Schultz
Company Secretary

APPENDIX 4E

PRELIMINARY FINAL REPORT

TRANSMETRO CORPORATION LIMITED

A B N 45 001 809 043

YEAR ENDED: 30 JUNE 2004

PREVIOUS CORRESPONDING PERIOD: 30 JUNE 2003

Results for announcement to the market

				$A'000
Revenues from ordinary activities	down	2.8 %	to	29,897
Profit (loss) from ordinary activities after tax attributable to members	up	819%	to	2,270
Net profit (loss) for the period attributable to members	up	819%	to	2,270

Dividends	Amount per security	Franked amount per security
Final dividend	- ¢	- ¢
Interim dividend	- ¢	- ¢

Record date for determining entitlements to the dividend	

Brief explanation of any of the figures reported above:

Refer to Note 10

TRANSMETRO CORPORATION LIMITED

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	CONSOLIDATED 2004 $000	2003 $000
Revenues from ordinary activities	1	29,897	30,765
Expenses from ordinary activities, excluding borrowing costs expense	2	(27,384)	(30,316)
Borrowing costs expense		(120)	(355)
Share of net profits of joint ventures accounted for using the equity method		35	-
Profit from ordinary activities before income tax		2,428	94
Income tax (expense) / credit relating to ordinary activities	3	(158)	153
Profit / (loss) from ordinary activities after income tax		2,270	247
Net profit attributable to outside equity interests		-	-
Net profit / (loss) attributable to members of the parent entity		2,270	247
Increase in asset revaluation reserve		5,573	620
Total valuation adjustments attributable to members of the parent entity and recognised directly in equity		5,573	620
Total changes in equity other than those resulting from transactions with owners as owners		7,843	867
Basic earnings per share (cents per share)		17.0	1.8

TRANSMETRO CORPORATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2004

	NOTE	CONSOLIDATED 2004 $000	2003 $000
CURRENT ASSETS			
Cash assets		1,466	516
Receivables		2,794	2,682
Inventories		221	240
Other financial assets		2,490	-
Total Current Assets		6,971	3,438
NON CURRENT ASSETS			
Investments accounted for using the equity method	4	2,451	545
Other financial assets		3,265	1,780
Property, plant & equipment		7,378	7,232
Intangible assets		11,503	5,447
Deferred tax assets		786	974
Other		280	280
Total Non Current Assets		25,663	16,258
TOTAL ASSETS		32,634	19,696
CURRENT LIABILITIES			
Payables		3,301	2,450
Interest bearing liabilities		327	107
Provisions		292	269
Total Current Liabilities		3,920	2,826
NON CURRENT LIABILITIES			
Payables		5,857	6,657
Interest bearing liabilities		9,167	6,258
Deferred tax liabilities		2,758	866
Total Non Current Liabilities		17,782	13,781
TOTAL LIABILITIES		21,702	16,607
TOTAL NET ASSETS		10,932	3,089
EQUITY			
Contributed equity		6,856	6,856
Reserves		9,197	3,974
Accumulated Losses	5	(5,121)	(7,741)
TOTAL EQUITY		10,932	3,089

TRANSMETRO CORPORATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	CONSOLIDATED 2004 $000	2003 $000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		26,494	26,052
Payments to suppliers and employees		(24,509)	(26,372)
Distributions received		288	325
Dividends received		29	-
Interest received		269	38
Interest paid		(120)	(188)
Net cash provided/(used) by operating activities	8	2,451	(145)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(1,101)	(439)
Proceeds from disposal of property, plant and equipment		2,818	3,763
Purchase of liquor licence		-	(30)
Purchase of investments		(4,074)	(1,535)
Investment in joint venture		(1,871)	(545)
Net cash provided (used) by investing activities		(4,228)	1,214
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,354	2,280
Repayment of borrowings		(627)	(2,773)
Net cash provided (used) in financing activities		2,727	(493)
Net increase/(decrease) in cash held		950	576
Cash at the beginning of the financial year		516	(60)
Cash at the end of the financial year	7	1,466	516

TRANSMETRO CORPORATION LIMITED

NOTES TO PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004

		CONSOLIDATED	
		2004	2003
		$000	$000
1.	REVENUE		
	Sales revenue	26,493	26,639
	Interest receivable	269	38
	Dividends received	29	-
	Proceeds from sale of theme pub	2,744	-
	Proceeds from sale of property, plant & equipment	74	3,763
	Trust distributions	288	325
	Revenue from ordinary activities	29,897	30,765
2.	EXPENSES		
	Cost of sales	3,722	3,934
	Other direct costs	9,940	10,208
	Marketing expenses	856	944
	Occupancy expenses	7,834	8,078
	Administrative expenses	3,358	4,012
	Book value of theme pub sold	1,612	-
	Book value of property, plant & equipment sold	62	3,140
	Expenses from ordinary activities, excluding borrowing costs	27,384	30,316

3. INCOME TAX

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

	2004	2003
Prima facie tax on profit from ordinary activities at 30%	728	28
Add/(Deduct) tax effect of:		
Utilisation of tax losses not recognized in the accounts	(589)	-
Capital profit on sale of property	-	(205)
Amortisation of goodwill	18	23
Other items	1	1
Income tax attributable to profit from ordinary activities	158	(153)

	CONSOLIDATED	
	2004	2003
	$000	$000

4. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in joint venture	2,451	545

The company has entered into a joint venture arrangement in relation to a hotel property that commenced trading as Metro Hotel Sydney in August 2003. The investment in the joint venture is accounted for in the consolidated financial statements using the equity method of accounting.

Under the joint venture arrangement the company has a 28.0303% interest in the shares of both Hudson Hotel Group Pty Limited (which owns the Metro Hotel Sydney property) and Hudson Hotel Group (Operations) Pty Limited (which operates the Metro Hotel Sydney business). The company's share of the profits of these entities for the year ended 30 June 2004 was $35k (2003: Nil), and their contribution to the consolidated net profit for the year ended 30 June 2004 was $35k (2003: Nil).

5. ACCUMULATED LOSSES

	2004	2003
Accumulated (losses) at the beginning of the year	(7,741)	(8,637)
Transfer from asset revaluation reserve	350	649
Net profit attributable to members of the parent entity	2,270	247
Balance at the end of the year	(5,121)	(7,741)

TRANSMETRO CORPORATION LIMITED

NOTES TO PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

6. SEGMENT INFORMATION

(a) Business Segments

30 June 2004:

	Hotels, Motor Inns, Serviced Apartments 2004 $000	Theme Pubs 2004 $000	Investment 2004 $000	Consolidated 2004 $000
Sales Revenue	15,926	10,567	-	26,493
Share of net profit of equity accounted joint venture entity	35	-	-	35
Segment Result	(201)	2,522	107	2,428
Segment Assets	20,230	9,295	3,109	32,634
Segment Liabilities	15,406	3,365	2,931	21,702
Depreciation and amortisation	493	326	-	819
Acquisition of non current assets	905	196	1,584	2,685
Equity accounted investments	2,451	-	-	2,451

30 June 2003:

	Hotels, Motor Inns, Serviced Apartments 2003 $000	Theme Pubs 2003 $000	Investment 2003 $000	Consolidated 2003 $000
Sales Revenue	15,733	10,906	-	26,639
Share of net profit of equity accounted joint venture entity	-	-	-	-
Segment Result	(602)	689	7	94
Segment Assets	12,820	5,251	1,625	19,696
Segment Liabilities	13,172	1,970	1,465	16,607
Depreciation and amortisation	515	869	-	1,384
Acquisition of non current assets	827	187	1,535	2,549
Equity accounted investments	545	-	-	545

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

TRANSMETRO CORPORATION LIMITED

NOTES TO PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2004 (CONTINUED)

	CONSOLIDATED	
	2004	2003
	$000	$000

7. RECONCILIATION OF CASH

Cash	1,466	516
Short term deposits	-	-
Cash at the end of the financial year	1,466	516

8. RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH OPERATING PROFIT AFTER INCOME TAX

Operating profit after income tax	2,270	247
Share of profits from equity accounted investments	(35)	-
Foreign exchange loss	4	8
Accrued interest	-	167
Depreciation & amortisation	819	1,384
Loss/(profit) on disposal of assets	(1,144)	(612)
Movement in deferred tax accounts	158	(153)
Increase/(decrease) in provisions	21	(107)
(Increase)/decrease in receivables and prepayments	(112)	(642)
(Increase)/decrease in inventories	19	23
Increase/(decrease) in creditors	451	(460)
Net Cash provided/(used) by operating activities	2,451	(145)

9. NET TANGIBLE ASSETS

Net tangible assets per share	10.5 cents	(1.6) cents

10. COMMENTARY ON RESULTS

Earnings were 17 cents per share compared to 1.8 cents for the previous financial year. The result includes a gain of $1.13 million on sale of the Paddy Maguires Kent Street theme pub business. The result for the previous year included a gain of $0.62 million from the sale of Metro Inn Haberfield. Excluding these gains, pre-tax results improved from a loss of $0.53 million for the previous year to a profit of $1.3 million for the current year, due to the rationalization of the existing business, focusing on moving to larger, 4 star, city locations, releasing properties with seasonal business, re negotiating leases which reflect the true market value and the adoption of an aggressive awareness campaign. The take over of the Metro Sydney on a Management contract was the first step. The Rugby World Cup was a major contributor the results of the theme pub business.

11. ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The company's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

The directors are of the opinion that the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS are:

Intangible Assets

Under the pending AASB 138: Intangible Assets, entities that have revalued intangible assets will be required to derecognise those revaluations that have not been determined by reference to an active market. This will result in a significant reduction in the value of intangible assets recorded in the accounts, with an adjustment being made to opening retained earnings.

Goodwill on Consolidation

Under the proposed changes to the IAS 22: Business Combinations, goodwill is to be capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is to be prohibited. Current accounting policy of the economic entity is to amortise goodwill on a straight line basis over 20 years.

Annual meeting

The annual meeting will be held as follows:

Place	230 New South Head Road Edgecliff NSW 2027
Date	25 November 2004
Time	10 am
Approximate date the annual report will be available	22 October 2004

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: ....