TRANSMETRO CORPORATION LIMITED

A B N 45 001 809 043

AND CONTROLLED ENTITIES

Appendix 4D and Half-Year Financial Report

31 December 2006

This half-year report is for the six months ended 31 December 2006. The previous corresponding period is the half-year ended 31 December 2005.

The information in this report should be read in conjunction with the most recent annual financial report.

Results for announcement to the market

				$A'000
Revenues from ordinary activities	Up	2.97 %	to	12,111
Profit (loss) from ordinary activities after tax attributable to members	Up	34.86 %	to	1,207
Net profit (loss) for the period attributable to members	Up	34.86 %	to	1,207

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 comments in the attached Directors' Report.

NTA Backing	31 December 2006	30 June 2006
Net tangible asset backing per share	94 cents	73 cents

TRANSMETRO CORPORATION LIMITED
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2006

DIRECTORS' REPORT

Your Directors submit the financial report of the economic entity for the six months ended 31 December 2006.

DIRECTORS

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

Mr David Lloyd
Mr John A C McEvoy
Mr Alan Notley

REVIEW OF OPERATIONS

Despite a soft first quarter in most markets, Transmetro Corporation Limited recorded a strong half overall, surpassing the 2005/6 first-half significantly.

EBITDA rose to $2,131k for the six months, well up from the commensurate period in 2005 of $1,711.

The pre-tax result of $1.690k was well in excess of the December 2005 period of $1,300k, a 32% improvement.

The operating profit after tax attributable to the members of Transmetro Corporation Limited was $1,207k compared with a profit of $895k for the corresponding half-year last year.

AUDITOR'S INDEPENDENCE DECLARARTION

The lead auditor's independence declaration for the half-year ended 31 December 2006 is attached to this report.

Signed at Sydney this 28th day February 2007 in accordance with a resolution of the Board of Directors.

....
John A C McEvoy
Director

LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF TRANSMETRO CORPORATION LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2006 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Stirling International

Chartered Accountants

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Keanu Arya

Partner

28th February 2007

St James Centre 111 Elizabeth St Sydney 2000

STIRLING INTERNATIONAL
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TRANSMETRO CORPORATION LIMITED

We have reviewed the accompanying half-year financial report of Transmetro Corporation Limited, which comprises the consolidated balance sheet as at 31 December 2006, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, notes to the financial statements and the directors' declaration set out on pages 6 to 13 of the consolidated entity comprising the company and the entity it controlled at the half-year's ~~end or from time to time during~~ the half-year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Transmetro Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Transmetro Corporation Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance and its cash flow for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

STIRLING INTERNATIONAL
Chartered Accountants

K Arya
Partner

Sydney, NSW 28th day of February 2007

TRANSMETRO CORPORATION LIMITED
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2006

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The attached financial statements and notes thereto comply with accounting standards;

2. The attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date;

3. In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

4. 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

Signed at Sydney this 28th day of February 2007.

TRANSMETRO CORPORATION LIMITED

INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	CONSOLIDATED	
	2006 $000	2005 $000
Revenues from ordinary activities (note 2)	12,111	11,762
Gain on sale of shares	-	-
Expenses from ordinary activities, excluding finance costs (note 3)	(10,287)	(10,363)
Share of net profits/(losses) of associates and joint ventures accounted for using the equity method	6	(15)
Finance costs	(140)	(103)
Profit from ordinary activities before income tax	1,690	1,281
Income tax expense relating to ordinary activities	483	386
Profit attributable to members of the parent entity	1,207	895
Basic earnings per share (cents per share)	9	6.7

The accompanying notes form part of these financial statements.

TRANSMETRO CORPORATION LIMITED

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	CONSOLIDATED	
	2006 $000	2005 $000
Revaluation increment	22	19
Net income recognised directly in equity	22	19
Profit for the period	1,207	895
Total recognised income and expense for the period	1,229	914

The accompanying notes form part of these financial statements.

TRANSMETRO CORPORATION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2006

	CONSOLIDATED	
	31.12.06	30.6.06
	$000	$000
CURRENT ASSETS		
Cash and cash equivalents	1,221	374
Trade and other receivables	2,384	1,489
Inventories	219	245
TOTAL CURRENT ASSETS	3,824	2,108
NON-CURRENT ASSETS		
Investments accounted for using the equity method	7,021	7,480
Other financial assets	4,111	4,203
Property, plant and equipment	13,458	12,584
Intangible assets	1,594	1,594
Deferred tax assets	1,373	1,438
Other	280	280
TOTAL NON-CURRENT ASSSETS	27,837	27,579
TOTAL ASSETS	31,661	29,687
CURRENT LIABILITIES		
Trade and other payables	2,062	1,651
Current portion of long term borrowings	565	2,364
Current tax liabilities	797	881
Provisions	331	631
TOTAL CURRENT LIABILITIES	3,755	5,527
NON CURRENT LIABILITIES		
Long term borrowings	12,372	9,846
Deferred tax liabilities	2,266	2,275
TOTAL NON CURRENT LIABILITIES	14,638	12,121
TOTAL LIABILITIES	18,393	17,648
NET ASSETS	13,268	12,039
EQUITY		
Issued capital	6,856	6,856
Reserves	6,183	6,161
Accumulated Profit (losses)	229	(978)
TOTAL EQUITY	13,268	12,039

The accompanying notes form part of this financial report.

TRANSMETRO CORPORATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	CONSOLIDATED	
	2006	2005
	$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	11,873	11,580
Payments to suppliers and employees	(10,730)	(9,819)
Distributions and dividends received	609	530
Interest received	94	110
Interest paid	(140)	(103)
PAYG Income Tax	(233)	-
Net cash inflow/(outflow) from operating activities	2,298	2,298
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(1,175)	(604)
Purchase of investments	-	(874)
Net cash inflow/(outflow) from investing activities	(1,175)	(1,476)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	9,341	491
Repayment of borrowings	(8,252)	(1,090)
Dividends paid	(268)	(266)
Net cash inflow/(outflow) from financing activities	(821)	(865)
Net increase (decrease) in cash held	1,120	(43)
Cash at the beginning of the financial period	101	845
Cash at the end of the financial period	1,221	802

The accompanying notes form part of these financial statements.

Note 1: Basis of Preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This half-year report does not include full disclosures of the type normally included in an annual financial report. Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2006 and any public announcements made by Transmetro Corporation Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board and the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity. The accounting policies are consistent with those applied in the 30 June 2006 annual report.

	CONSOLIDATED	
	2006 $000	2005 $000
Note 2: Revenue		
Sales revenue	11,873	11,491
Interest receivable	94	110
Dividends received	56	48
Trust distributions	88	113
Revenue from ordinary activities	12,111	11,762
Note 3: Expenses		
Cost of sales	1,675	1,728
Other direct costs	4210	4,150
Marketing expenses	408	417
Occupancy expenses	2,721	2,603
Administrative expenses	1273	1,465
Expenses from ordinary activities, excluding finance costs	10,287	10,363

Note 4: Movements in Equity

	CONSOLIDATED	
	2006 $000	2005 $000
Asset Revaluation Reserve		
Balance at start of period	6,161	1,897
Gain on revaluation of investments	22	19
Balance at end of period	6,183	1,916
Retained Earnings		
Balance at start of period	(978)	(2,809)
Profit for the period	1,207	895
Balance at end of period	229	(1,914)

Note 5: Segment Information

	Hotels, Motor Inns, Serviced Apartments $000	Theme Pubs $000	Investment $000	Consolidated $000
Half-year ended 31 December 2006:				
Sales Revenue	6,877	4,996	-	11,873
Segment Result	1,077	644	-31	1,690
Half-year ended 31 December 2005:				
Sales Revenue	6,465	5,026	-	11,491
Segment Result	559	657	65	1,281

Note 6: Contingent Liabilities

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

Note 7: Investments in Joint Ventures and Associates

The company participates in a joint venture that owns the Metro Hotel on Pitt. The investment in the joint venture is accounted for in the consolidated financial statements using the equity method of accounting.

Under the joint venture agreement the parent company has a 31.1364% (30 June 2006: 31.1364%) interest in the assets and liabilities of the joint venture and is entitled to 31.1364% (30 June 2006: 31.1364%) of the profits generated by the joint venture.

The contribution by the joint venture to consolidated net profit for the half-year ended 31 December 2006 was $78k (2005: $65k).

The parent company holds 22.5467% (30 June 2006: 22.5467%) of the units in a unit trust that purchased the Metro Hotel Sydney Central in March 2005. The contribution by the unit trust to consolidated net profit for the half-year ended 31 December 2006 was a loss of($71)k (2005:($79)k.