

TRANSMETRO CORPORATION LIMITED

A B N 45 001 809 043

APPENDIX 4E

PRELIMINARY FINAL REPORT

30 JUNE 2021

This preliminary final report is for the year ended 30 June 2021. The previous corresponding period is the year ended 30 June 2020.

Results for announcement to the market

			\$000
Revenues from ordinary activities	Down	31.73% to	15,437
Net Loss from ordinary activities after tax attributable to members (continuing operations)	Down	517.4% to	(4,390)
Net Loss for the period attributable to members	Down	402.4% to	(4,405)
Loss from ordinary activities before tax attributable to members(continuing operations)	Down	688.76% to	(5,833)
Dividends	Amount per security	Franked amount per security	
Final dividend	- ¢	- ¢	
Interim dividend	- ¢	- ¢	
Record date for determining entitlements to the dividend	<input type="text"/>		
Brief explanation of any of the figures reported above:			
Refer to Note 11.			

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30-JUN-21

	NOTE	Consolidated Group	
		30.06.2021 \$000	30.06.2020 \$000
Continuing Operations			
Sales Revenue		13,560	21,711
Other Revenue		1,873	898
Interest income		4	2
Total Revenue		<u>15,437</u>	<u>22,611</u>
Cost of Sales		(975)	(2,203)
Employee benefits expense		(5,598)	(7,938)
Other expenses		(7,261)	(8,511)
EBITDA		<u>1,603</u>	<u>3,961</u>
Rent concession gain		3,122	1,229
Gain on lease modification		118	-
Depreciation and amortisation expense		(5,283)	(5,356)
Impairment Expense		(3,984)	-
Finance costs		(345)	(572)
Write off of goodwill on consolidation		(1,064)	-
Profit/(Loss) before income tax		<u>(5,833)</u>	<u>(740)</u>
Income tax expense	5	<u>1,443</u>	<u>29</u>
Profit/(Loss) from continuing operations		<u>(4,390)</u>	<u>(711)</u>
Discontinued Operations			
(Loss) from discontinued operations		(15)	(166)
Profit/(Loss) from operations attributable to: Members of the parent entity		<u>(4,405)</u>	<u>(877)</u>
Basic earnings per share:			
- From continuing operations		(32.80)	(5.31)
- From discontinued operations		(0.12)	(1.24)
		<u>(32.92)</u>	<u>(6.55)</u>

The accompanying notes form part of this financial report.

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TRANSMETRO CORPORATION LIMITED

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30-JUN-21

	Consolidated Group	
	30.06.2021	30.06.2020
	\$000	\$000
Profit/(Loss) for the period	(4,405)	(877)
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation increment - freehold property	600	-
Income tax relating to components of other comprehensive income	(150)	-
Total comprehensive income for the period	<u>(3,955)</u>	<u>(877)</u>
Total comprehensive income attributable to:		
Members of the parent entity	<u>(3,955)</u>	<u>(877)</u>

The accompanying notes form part of this financial report.

TRANSMETRO CORPORATION LIMITED
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CONSOLIDATED BALANCE SHEET AS AT
30-JUN-21

	Consolidated Group	
	30.06.2021	30.06.2020
	\$000	\$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,001	726
Trade and other receivables	1,061	1,371
Current tax receivable	-	61
Inventories	139	149
TOTAL CURRENT ASSETS	<u>2,201</u>	<u>2,307</u>
NON-CURRENT ASSETS		
Property, plant and equipment	21,445	21,699
Deferred tax assets	2,099	586
Intangible assets	-	1,124
Right of use assets	1,591	11,719
Other financial assets	1	1
Other non-current assets	250	250
TOTAL NON-CURRENT ASSETS	<u>25,386</u>	<u>35,379</u>
TOTAL ASSETS	<u>27,587</u>	<u>37,686</u>
CURRENT LIABILITIES		
Trade and other payables	2,805	2,535
Borrowings	80	-
Lease liabilities	3,609	4,252
Short-term provisions	729	779
TOTAL CURRENT LIABILITIES	<u>7,223</u>	<u>7,566</u>
NON-CURRENT LIABILITIES		
Borrowings	-	600
Deferred tax liabilities	1,319	1,105
Lease Liabilities	2,286	7,701
TOTAL NON-CURRENT LIABILITIES	<u>3,605</u>	<u>9,406</u>
TOTAL LIABILITIES	<u>10,828</u>	<u>16,972</u>
NET ASSETS	<u>16,759</u>	<u>20,714</u>
EQUITY		
Issued capital	6,856	6,856
Reserves	3,545	3,094
Retained earnings	6,358	10,764
TOTAL EQUITY	<u>16,759</u>	<u>20,714</u>

The accompanying notes form part of this financial report.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

	30-Jun-21				
	Issued Capital \$000	Asset Revaluatio n Reserve \$000	Capital Contributio n Reserve \$000	Retained Earnings \$000	Total \$000
Balance at 1.7.2019	6,856	2,715	379	11,641	21,591
Total comprehensive income for the period	-	-	-	(877)	(877)
Dividend paid to shareholders	-	-	-	-	-
Balance at 30.06.2020	<u>6,856</u>	<u>2,715</u>	<u>379</u>	<u>10,764</u>	<u>20,714</u>
Balance at 1.7.2020	6,856	2,715	379	10,764	20,714
Total comprehensive income for the period	-	450	-	(4,405)	(3,955)
Dividend paid to shareholders	-	-	-	-	-
Balance at 30.06.2021	<u>6,856</u>	<u>3,165</u>	<u>379</u>	<u>6,359</u>	<u>16,759</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

30-Jun-21

	Consolidated Group	
	30.06.2021	30.06.2020
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	13,813	22,528
Payments to suppliers and employees	(13,288)	(19,211)
Interest received	4	2
Interest paid	(27)	(576)
Other revenue	1,756	677
Income tax paid	-	(531)
Net cash provided by operating activities	<u>2,258</u>	<u>2,889</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	<u>(72)</u>	<u>(580)</u>
Net cash (used in)/ provided by investing activities	<u>(72)</u>	<u>(580)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing	796	-
Repayment of borrowings	(1,316)	(1,757)
Repayment of lease principal	(1,391)	(3,153)
Dividends paid	-	-
Net cash (used in)/provided by financing activities	<u>(1,911)</u>	<u>(4,910)</u>
Net increase/(decrease) in cash held	275	(2601)
Cash and cash equivalents at beginning of period	<u>726</u>	<u>3,327</u>
Cash and cash equivalents at end of period	<u><u>1,001</u></u>	<u><u>726</u></u>

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TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 2021 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 preliminary 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 preliminary 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. The preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read with the latest annual report for the year ended 30 June 2020 and any public announcement made by the Consolidated Entity during the year in accordance with the continuous disclosure requirement of the Corporations Act 2001.

b. Basis of measurement

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

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
- Fair value measurement

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

TRANSMETRO CORPORATION LIMITED

NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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.

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

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NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 annually.

g. Impairment

The carrying amounts of the Consolidated Entity's assets, other than inventories (see accounting policy (k)) 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

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NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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.

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.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but

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NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 estimated useful lives 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 earnings.

i. 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.

j. 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.

k. 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.

l. 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.

m. Receivables

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

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NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

n. **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 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.

o. **Payables**

Trade and other payables are stated at amortised cost.

p. **Financial Instruments**

The Consolidated Entity classifies its financial assets in the following categories:

- (i) Financial assets at amortised cost;
- (ii) Financial assets at fair value through other comprehensive income;
- (iii) Financial assets at fair value through profit or loss.

Financial assets at amortised cost

Financial assets included in this category need to meet two criteria:

- The financial asset is held in order to collect contractual cash flows; and
- The cash flows are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

At initial recognition an election may be made to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading. After initial recognition investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss where the assets are not measured at amortised cost or classified as financial assets at fair value through

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FOR THE YEAR ENDED 30 JUNE 2021

other comprehensive income.

Financial Liabilities

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

q. Finance income and expense

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

r. 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.

s. 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.

t. 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.

u. Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased

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asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

v. Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

w. New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has assessed that none of the new or amended Accounting Standards and Interpretations will have a financial impact on the consolidated entity.

x. New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

4. FINANCIAL RISK MANAGEMENT

Overview

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

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NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 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

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NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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.

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NOTE 5: INCOME TAX	2021	2020
	\$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 26.0% (2020: 27.5%)	1,517	204
Tax losses not recognised	-	(244)
Other items	(74)	69
Income tax benefit/(expense)	1,443	29

NOTE 6: DIVIDENDS

Fully franked final dividend of 0 cents (2020: 0 cents) per share	-	-
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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:

- Depreciation and amortisation;
- Finance costs; and
- Income tax expense.

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NOTE 7: SEGMENT INFORMATION (CONT'D)
Segment performance (continuing operations)

	Hotels, Inns & Apartments \$000	Theme Pubs \$000	Total \$000
Year ended 30.06.2021			
Revenue			
External sales	10,701	2,859	13,560
Other revenue	1,369	504	1,873
Inter-segment sales	156	-	156
Interest income	4	-	4
Total segment revenue	12,230	3,363	15,593
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination	(156)	-	(156)
Total group revenue	12,074	3,363	15,437
Segment result before tax	1,489	114	1,603
<i>Reconciliation of segment result to group net profit/(loss)</i>			
Amounts not included in segment result but reviewed by the Board:			
Unallocated items:			
• Rent concession gain			3,122
• Gain on lease modification			118
• Impairment expenses			(3,984)
• Depreciation and amortisation			(5,283)
• Finance costs			(345)
• Write off goodwill on consolidation			(1,064)
• Income tax			1,443
Net profit/(Loss) after tax from continuing operations			<u>(4,390)</u>
Year ended 30.06.2020			
Revenue			
External sales	14,893	6,818	21,711
Other revenue	648	250	898
Inter-segment sales	227	-	227
Interest income	2	-	2
Total segment revenue	15,770	7,068	22,838
<i>Reconciliation of segment revenue to group revenue</i>			
Inter-segment elimination	(227)	-	(227)
Total group revenue	15,543	7,068	22,611
Segment result before tax	3,313	646	3,959
<i>Reconciliation of segment result to group net profit/(loss)</i>			
Amounts not included in segment result but reviewed by the Board:			
Unallocated items:			
• Rent concession gain			1,229
• Depreciation and amortisation			(5,356)
• Finance costs			(572)
• Income tax expense			29
Net profit after tax from continuing operations			<u>(711)</u>

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**NOTES TO PRELIMINARY FINAL REPORT
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	Consolidated	
	2021	2020
	\$000	\$000
NOTE 8: RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX		
Profit /(Loss) after income tax	(4,405)	(877)
Rent concession gain	(3,122)	(1,370)
Gain on lease modification	(118)	-
Impairment expenses	3,985	-
Depreciation and amortisation	5,648	5,803
Write off goodwill on consolidation	1,064	-
Movement in deferred tax accounts	(1,449)	(85)
Increase/(decrease) in income tax payable	61	(538)
Increase/(decrease) in provisions	(50)	13
(Increase)/decrease in receivables and prepayments	309	(256)
(Increase)/decrease in inventories	9	53
Increase/(decrease) in creditors	326	146
	2,258	2,889
Net cash provided by operating activities	2,258	2,889

NOTE 9: DISCONTINUED OPERATIONS

In August 2020, the group did not renew the lease of the property known as Metro Hotel & Apartments Gladstone at Gladstone.

NOTE 10: NET TANGIBLE ASSETS

Net tangible assets per share	\$1.19	\$1.50
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NOTE 11: COMMENTARY ON RESULTS

The total revenue from continuing operations decreased by \$7.174M to \$15.437M which is a 31.73% decrease from the corresponding period in 2020.

The consolidated entity's EBITDA from continuing operations decreased by \$2.356M to \$1.603M which is a 59.51% decrease on the previous corresponding period.

Net Profit after tax for the year from continuing operations decreased by \$3,735M to (\$4.378M) which is 581.23% decrease on the previous corresponding period.

NOTE 12: SUBSIDIARY COMPANIES ACQUIRED DURING THE YEAR

None

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NOTE 13: CONTINGENT LIABILITIES

As at 30 June 2021 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.

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**NOTES TO PRELIMINARY FINAL REPORT
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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:

(Company Secretary)

Date: 31th August 2021

Print name:

Jakin Agus

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