

22 February 2013

The Manager Company Announcements Office Australian Securities Exchange Limited Level 4, 20 Bridge Street SYDNEY NSW 2000

Dear Sir

Appendix 4D – Half Year Report For the Half Year ended 31 December 2012 Trafalgar Corporate Group (TGP)

In accordance with listing rule 4.2A, attached please find the above for release to the market. The information contained in this document should be read in conjunction with the Trafalgar Corporate Group 2012 Annual Report.

Yours sincerely

Peter J Norris

Company Secretary



#### Name of Entity:

TRAFALGAR CORPORATE GROUP (TGP) COMPRISING:

- TRAFALGAR CORPORATE GROUP LIMITED (ACN 113 569 136) (TCGL)
- TRAFALGAR OPPORTUNITY FUND NO. 4 (TOF 4)
- TRAFALGAR PLATINUM FUND NO.12 (TPF 12)

TGP was established as a result of approval of the merger of TCGL, TOF4 and TPF12 at separate meetings of these entities on 19 July 2005. The stapled securities issued under the initial public offering commenced trading on the Australian Stock Exchange on Tuesday 26 July 2005.

Refer to the Statement of Significant Accounting Policies for details.

#### Details of the Reporting Period

Current Period: 1 July 2012 to 31 December 2012

Previous Corresponding period: 1 July 2011 to 31 December 2011

#### Results for Announcement to the Market

#### Highlights

	31 Dec 2012	31 Dec 2011	Change	%
Revenue from ordinary activities (\$000)	4,911	5,926	down	17.13
Fair Value Movement - Investment Property (\$000)	(8,399)	(722)	up	1063.30
Profit (Loss) after tax (\$000)	(7,204)	1,340	down	637.61
Basic earnings (Loss) per security (cents)	(8.4)	1.6	down	625.00
Dividends/Distributions per security (cents)	Refer Attached	Refer Attached	-	-
Franked/tax deferred amount per security (cents)	Refer Attached	Refer Attached		
Record date for determining entitlements to dividend/distribution	Refer Attached	Refer Attached		
Distribution payment date	Refer Attached	Refer Attached		
Number of securities on issue	85,351,913	85,351,913	_	-
Number of Security holders	1,139	1,299	down	12.32
Net tangible assets per security \$	0.62	0.93	down	33.33
Details of entities over which control has been gained or lost	Refer to Interest in	n Joint Ventures on	the following	g page
Details of Dividend Reinvestment Plan	Not Operating	Not Operating		



Trafalgar Corporate Group Appendix 4D – Half Year Report for the half year ended 31 December 2012

#### Dividend/Distributions per security

All distributions made during the reporting period were a return of capital from the trusts (TOF4 or TPF12). No dividends were made by TCGL.

The following is a summary of capital returned to securityholders since the divestment of investment properties commenced.

Period	Cents per security returned
6 May 2011 to 30 June 2012	79.0
1 July 2012 to 31 December 2012	2.5
TOTAL	81.5

#### Interests in Joint Ventures

	Activity	Ownersh	nip Interest	Share of F	Profits
		31 Dec 2012 %	31 Dec 2011 %	31 Dec 2012 \$000	31 Dec 2011 \$000
Renewing Homebush Bay Joint Venture	Residential Development	50.0	50.0	0	0
TOTAL				0	0

#### Commentary

#### Results for the Half Year

The Group reported an after tax loss of \$7.20 million for the 6 months to 31 December 2012, down from a profit of \$1.34 million for the previous corresponding period. The main factors affecting profitability for the reporting period were:

- Revenue decrease of \$0.66 million due to the increase in vacancies in the commercial properties and the sale of the Fujitsu building in August 2011;
- > Fair value decrease of \$8.40 million in Investment Properties during the reporting period compared with a fair value decrease of \$0.72 million during the previous corresponding period;
- > Impairment of Third Party loans receivable of \$1.07 million during the reporting period compared with an impairment of \$0.29 million during the previous corresponding period;

#### Offset by

- > Savings in interest of \$0.48 million due to reduction in debt and lower interest rates; and
- > Reduction in operating expenses of \$0.57 million.



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The Group's debt reduction program continued, with \$7.0 million repaid in the 6 months to 31 December 2012, reducing total debt from \$32.6 million as at 30 June 2012 to \$25.6 million for the current reporting period.

The Group has at all times complied with its loan to value ratio (LVR) and interest coverage ratio (ICR) covenants under its loan facility. Comparatives in this regard are as follows:

Covenant Test	December 2012	June 2012	Covenant required
Trusts LVR	36.5%	34.4%	< 60.0%
Group Gearing	34.2%	35.8%	< 55.0%
Trusts ICR	5.76	4.21	> 1.50
Group ICR	3.42	2.49	> 1.50

The Group's strategy of improving tenant lease expiry profiles for the investment properties prior to making them available for sale has continued.

In addition, the withdrawal from development activities progressed during the reporting period with the following achieved:

- > The return of capital from the Rhodes Joint Venture with \$2.4 million being received;
- > The repayment of loans from other development projects totalling \$1.3 million;
- Completion of the exit from the Beverley development project.

The net tangible assets (NTA) per security decreased from \$0.73 as at 30 June 2012 to \$0.62 as at 31 December 2012, largely due to the reduction in fair value of the investment properties and impairment of development projects during the reporting period.

The Interim Financial Report of Trafalgar Corporate Group Limited (and its controlled entities) for the half year ended 31 December 2012 is attached and forms part of this Appendix 4D.

## Trafalgar Corporate Group Limited ABN 18 113 569 136

#### **And Its Controlled Entities**

### Interim Financial Report For the Half Year Ended 31 December 2012

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Trafalgar Corporate Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## **Trafalgar Corporate Group Limited and its Controlled Entities**Interim Financial Report

#### For the half year ended 31 December 2012

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#### Directors' report

#### For the half year ended 31 December 2012

The Directors present their report together with the interim financial report of Trafalgar Corporate Group Limited and the consolidated entities ("Trafalgar Corporate Group" or "Group") for the half year ended 31 December 2012 and the independent auditor's review report thereon. The interim financial report of Trafalgar Corporate Group comprises the consolidated financial reports of Trafalgar Corporate Group Limited (the deemed parent entity), Trafalgar Opportunity Fund No 4 and Trafalgar Platinum Fund No 12 and their respective controlled entities.

#### Directors

The Directors of Trafalgar Corporate Group Limited ("Company" or "TCGL"), at any time during or since the end of the half year are ("the Directors"):

#### Trafalgar Corporate Group Limited

Name	Period of Directorship	
Non-Executive		
Garry S Charny	Appointed Director 13 November 2008	
John R Green (Chairman)	Appointed Director 1 October 2009	
` ,	Appointed Chairman 1 May 2012	
Tony R Pitt	Appointed Director 19 November 2009	

#### Formation of Trafalgar Corporate Group

On 19 July 2005 the unitholders of Trafalgar Opportunity Fund No 4 (TOF 4) and Trafalgar Platinum Fund No 12 (TPF 12) approved the merger of TOF 4, TPF 12 and the Company. Under the merger arrangements a TOF 4 unit, a TPF 12 unit and a Company share were stapled so that the share and the units comprise one security, which is traded on the Australian Securities Exchange (ASX). Investors in Trafalgar Corporate Group are entitled to distributions from TOF 4 and TPF 12 and dividends from the Company. The units and share are stapled together and cannot be traded separately.

#### **Principal activities**

During the half year the principal activities of Trafalgar Corporate Group were:

- a) investment in income producing commercial and industrial properties; and
- b) property development (direct and financing)

The Board continues to implement its strategy to close the gap between the security price and net tangible assets by pursuing an orderly and opportunistic realisation of the Group's investment property assets. This strategy was approved by shareholders at the AGM in November 2010. Significant progress has been made with the asset realisation process and closing the gap between security price and net tangible assets. The Board will only consider sales that achieve the best outcome for Securityholders and will continue to consider other options that may provide a greater return.

There were no significant changes in the nature of the activities of Trafalgar Corporate Group during the period.

## Trafalgar Corporate Group Limited and its Controlled Entities Directors' report (continued)

#### For the half year ended 31 December 2012

#### Review of operations

The interim financial report for the half year ended 31 December 2012 has been prepared in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting*. The financial performance of Trafalgar Corporate Group is as follows:

	For the half year ended 31 Dec 2012	For the half year ended 31 Dec 2011
Revenue and other income (\$'000)	4,911	5,926
(Loss)/profit attributable to Securityholders of Trafalgar Corporate Group (\$'000)	(7,204)	1,340
Basic loss per Company share (¢)	(1.6)	(0.7)
Basic (loss) earnings per stapled security (\$\phi\$)	(8.4)	1.6
Dividends and distributions provided or paid by Trafalgar Corporate Group (\$'000)	2,134	27,312
	As at	As at
	31 Dec 2012	30 Jun 2012
Net assets (\$'000)	53,245	62,583
Number of fully paid stapled securities on issue ('000)	85,352	85,352
Net assets per fully paid stapled security (\$)	0.62	0.73

The Directors have undertaken an assessment of the fair value of the Group's investment property assets at 31 December 2012 and have determined a decrease in the carrying amount of \$8.40 million is to be brought to account in the statement of comprehensive income for the period.

The following major financial transactions occurred during the period:

- (a) The Group received \$3.7 million in proceeds from development asset realisations during the period and brought to account net impairments of \$0.7 million. The remaining development assets have a book value of \$2.0 million as at 31 December 2012.
- (b) The Group declared and paid a total of 2.5 cents per security in capital distributions during the period. Further information in regards to these capital distributions is provided below.
- (c) The Group exchanged a conditional contract for the sale of 2B Factory Street Granville subject to development approval for the intended use.
- (d) The Group negotiated a lease extension to 31 January 2013 with the sole tenant of 2B Factory Street Granville.
- (e) The Rhodes joint venture achieved practical completion of the project with the only key outstanding issue remaining being the dedication of roads and public lots to statutory authorities.

## Trafalgar Corporate Group Limited and its Controlled Entities Directors' report (continued)

#### For the half year ended 31 December 2012

#### Dividends and distributions

The company did not declare any dividends during the period or up to the date of this report (31 December 2011: Nil). Capital distributions declared by TPF 12 and TOF 4, directly to Securityholders during the period were as follows:

_	For the per	iod ended	For the per	riod ended
_	31 Decem	ber 2012	31 Decem	ber 2011
	\$'000	Cents per	\$'000	Cents per
		Unit		Unit
Capital distribution - paid 21 July 2011 (TPF 12)	-	-	17,070	20.00
Capital distribution - paid 16 September 2011 (TOF 4)	-	-	4,267	5.00
Capital distribution - paid 11 November 2011 (TOF 4)	-	~	5,975	7.00
Capital distribution - paid 14 November 2012 (TPF 12)	1,707	2.00	-	-
Capital distribution - paid 14 November 2012 (TOF 4)	427	0.50	-	-
_	2,134	2.50	27,312	32.00

#### Significant changes in the state of affairs

Key changes in Trafalgar Corporate Group's state of affairs during the period were as follows:

#### Financing Facilities

The loan facility with Westpac Banking Corporation, provided to the Group via a special purpose borrowing vehicle, was reduced from \$32.56 million to \$25.56 million during the period.

In the opinion of the Directors, there were no significant changes in the state of affairs of Trafalgar Corporate Group that occurred during the half year under review other than those listed above or elsewhere in the Directors report.

#### Likely Developments and expected results of operations

The Group continues to implement its strategy to close the gap between the security price and net tangible assets by pursuing an orderly and opportunistic realisation of the Group's investment property assets.

In the opinion of the Directors, disclosure of any further information on future developments and results would be unreasonably prejudicial to the interests of the Group.

#### Directors' report (continued)

#### For the half year ended 31 December 2012

#### Events subsequent to reporting date

Subsequent to balance date, the sale contract for 2B Factory Street Granville became unconditional. The lease to the sole tenant expired 31 January 2013. The tenant is paying holdover rent with negotiations to extend the lease to 30 September 2013 continuing.

On 10 January 2013, the Group entered into a Heads of Agreement to lease the remaining vacant space at Mort St Canberra. Lease documentation is proceeding. On 8 February 2013, the Group entered into a Heads of Agreement for the sale of Mort St Canberra. The potential purchaser is currently undertaking due diligence.

There are no further matters or circumstances not otherwise dealt with in this report or the financial statements that has significantly or may significantly affect the operations of the consolidated entity, or the state of the consolidated entity's affairs in this financial report or current and future financial periods.

#### Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report for the half year ended 31 December 2012.

#### Rounding off

The Company is of a kind of entity referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the interim financial report and Directors' report have been rounded to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the Directors.

John R Green Chairman

Dated at Sydney this 22<sup>nd</sup> day of February 2013

Tony R Pitt
Director

Mato



#### Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Trafalgar Corporate Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2012 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPM6

**KPMG** 

Paul Thomas Partner

Sydney

22 February 2013

#### Trafalgar Corporate Group Limited and its Controlled Entities Consolidated interim statement of comprehensive income For the half year ended 31 December 2012

Not	te 31 Dec 2012 \$'000	31 Dec 2011 \$'000
Revenue and other income		
Rent from investment properties	4,738	5,393
Financial income	173	296
Other income	-	237
Total revenue and other income	4,911	5,926
Rates, taxes and other property outgoings	(1,014)	(1,066)
Consultants and professional fees	(127)	(351)
Management and administration expenses	(287)	(357)
Depreciation	(17)	(18)
Employee benefits expense	(639)	(897)
Net loss on fair value adjustment of investment		
properties 6	(8,399)	(722)
Net gain on disposal of investment properties	-	17
Impairment of third party loans receivable	(1,071)	(292)
Reversal of impairment of equity accounted investments	378	522
Results from operating activities	(6,265)	2,762
Finance expenses	(939)	(1,422)
Share of profit on investments accounted for using the equity method	-	-
(Loss) profit before income tax expense	(7,204)	1,340
Income tax expense	-	-
(Loss) profit for the period	(7,204)	1,340
Other comprehensive income for the period	-	-
Total comprehensive (loss) income for the period	(7,204)	1,340

## Trafalgar Corporate Group Limited and its Controlled Entities Consolidated interim statement of comprehensive income (continued) For the half year ended 31 December 2012

	Note	31 Dec 2012 \$'000	31 Dec 2011 \$'000
(Loss) profit attributable to:		•	4 000
Equity holders of the company		(1,332)	(636)
Minority interest		(5,872)	1,976
(Loss) profit for the period		(7,204)	1,340
Total comprehensive (loss) income attributable to			
Equity holders of the company		(1,332)	(636)
Minority interest		(5,872)	1,976
Total comprehensive (loss) income for the period	_	(7,204)	1,340
Basic and diluted (loss) per company share	3	(1.6)c	(0.7)c

The above Consolidated Interim Statement of Comprehensive Income should be read in conjunction with the accompanying condensed notes.

Trafalgar Corporate Group Limited and its Controlled Entities Consolidated interim statement of changes in equity For the half year ended 31 December 2012

		Trafalga	Trafalgar Corporate Group Limited	Group	Mir	Minority Interest TPF 12 and TOF 4	<b>1</b> 4	Total equity \$'000
	Note	Capital \$'000	Retained earnings \$'000	Total equity \$'000	Capital \$'000	Retained earnings \$'000	Total equity \$'000	
Balance at 1 July 2012		(3,092)	(1,986)	(5,078)	104,089	(36,428)	67,661	62,583
Total comprehensive (loss) income for the period		1	(1,332)	(1,332)	1	(5,872)	(5,872)	(7,204)
Transactions with Securityholders in their capacity as Securityholders Distribution to unitholders	<i>8</i> 1				(2,134)		(2,134)	(2,134)
Balance at 31 December 2012	1 1	(3,092)	(3,318)	(6,410)	101,955	(42,300)	59,655	53,245

Trafalgar Corporate Group Limited and its Controlled Entities Consolidated interim statement of changes in equity (continued) For the half year ended 31 December 2012

		Trafalga	Trafalgar Corporate Group Limited	Group	Mîn	Minority Interest TPF 12 and TOF 4	st 4	Total equity \$\s^000\$
	Note	Capital \$'000	Retained earnings \$'000	Total equity \$'000	Capital \$'000	Retained earnings \$'000	Total equity \$'000	
Balance at 1 July 2011		(3,092)	(1,320)	(4,412)	148,472	(38,562)	109,910	105,498
Total comprehensive (loss) income for the period		ı	(939)	(939)	ı	1,976	1,976	1,340
Transactions with Securityholders in their capacity as Securityholders  Distribution to unitholders	4	1			(27,312)	1	(27,312)	(27,312)
Balance at 31 December 2011	1 1	(3,092)	(1,956)	(5,048)	121,160	(36,586)	84,574	79,526

The above Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying condensed notes.

#### Consolidated interim statement of financial position

#### As at 31 December 2012

	Note	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Current assets			
Cash and cash equivalents	4	8,144	10,714
Trade and other receivables		197	1,156
Assets held for sale	7	23,690	5,100
Other financial assets		1,455	3,698
Other current assets	8	420	484
Total current assets		33,906	21,152
Non current assets			
Investment properties	6	45,001	71,748
Investments accounted for using the equity method		500	2,591
Property, plant and equipment		179	192
Other non current assets		1,335	1,752
Total non current assets		47,015	76,283
Total assets		80,921	97,435
Current liabilities			
Trade and other payables		1,053	1,257
Interest bearing loans and borrowings	9	25,507	8,100
Provisions		171	67
Other current liabilities		874	929
Total current liabilities	<del></del>	27,605	10,353
Non current liabilities			
Interest bearing loans and borrowings	9	-	24,331
Provisions		71	168
Total non current liabilities	_	71	24,499
Total liabilities	_	27,676	34,852
Net assets	_	53,245	62,583

#### Trafalgar Corporate Group Limited and its Controlled Entities Consolidated interim statement of financial position (continued)

#### As at 31 December 2012

Equity attributable to Shareholders of the	Note	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Company			
Capital	10	(3,092)	(3,092)
Retained losses	_	(3,318)	(1,986)
Total Equity attributable to Shareholders of the Company	_	(6,410)	(5,078)
Minority interests - Equity attributable to Unitholders of TPF 12 and TOF 4			
Capital		101,955	104,089
Retained losses		(42,300)	(36,428)
Total Minority interests - Equity attributable to Unitholders of TPF 12 and TOF 4	_	59,655	67,661
Total equity	_	53,245	62,583

The above Consolidated Interim Statement of Financial Position should be read in conjunction with the accompanying condensed notes.

#### Consolidated interim statement of cash flows

#### For the half year ended 31 December 2012

	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	6,126	6,090
Cash paid to suppliers and employees	(2,508)	(2,899)
Interest received	173	288
Interest paid	(862)	(1,501)
Net cash from operating activities	2,929	1,978
Cash flows from investing activities		
Payments for investment properties and improvements	-	(137)
Proceeds from sale of investment properties	-	21,992
Payments for property, plant and equipment	(5)	-
Capital distributions from equity accounted investments	2,469	4,513
Other financial assets - advances	(39)	(141)
Other financial assets - repayments	1,210	550
Net cash from investing activities	3,635	26,777
Cash flows from financing activities		
Repayment of borrowings	(7,000)	(12,458)
Capital distributions paid	(2,134)	(27,313)
Net cash from financing activities	(9,134)	(39,771)
Net decrease in cash and cash equivalents held	(2,570)	(11,016)
Cash and cash equivalents at the beginning of the period	10,714	22,903
Cash and cash equivalents at the end of the period	8,144	11,887

The above Consolidated Interim Statement of Cash Flows should be read in conjunction with the accompanying condensed notes.

#### Condensed notes to the Interim Financial Report

#### For the half year ended 31 December 2012

#### 1 Statement of significant accounting polices

Trafalgar Corporate Group Limited ("the Company") is a company domiciled in Australia. The interim financial report of the Company for the financial half year ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as 'Trafalgar Corporate Group' or the 'consolidated entity') and Trafalgar Corporate Group's interest in associates and jointly controlled entities.

The significant accounting policies which have been adopted in the preparation of this interim financial report are:

#### (a) Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the consolidated entity as at and for the year ended 30 June 2012.

The annual financial report of the consolidated entity as at and for the year ended 30 June 2012 is available upon request from the registered office at Level 4, 111 Harrington Street, Sydney or at www.trafalgarcorporate.com.

The interim financial report was authorised for issue by the Directors on the 22<sup>nd</sup> day of February 2013.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 6/51 effective 31 January 2006) and in accordance with the Class Order, amounts in the interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### (b) Significant accounting policies

The accounting policies applied by the consolidated entity in this interim financial report are the same as those applied by the consolidated entity in its annual financial report as at and for the year ended 30 June 2012.

#### Trafalgar Corporate Group Limited and its Controlled Entities Condensed notes to the Interim Financial Report

#### For the half year ended 31 December 2012

#### 2 Distributions and dividends

The company did not declare any dividends during the period or up to the date of this report (31 December 2011: Nil). Capital distributions declared by TPF 12 and TOF 4, directly to Securityholders during the period were as follows:

_	For the per		For the per	
_	\$'000	Cents per	\$'000	Cents per
		Unit		Unit
Capital distribution - paid 21 July 2011 (TPF 12)	-	-	17,070	20.00
Capital distribution - paid 16 September 2011 (TOF 4)	-	-	4,267	5.00
Capital distribution - paid 11 November 2011 (TOF 4)	-	-	5,975	7.00
Capital distribution - paid 14 November 2012 (TPF 12)	1,707	2.00	-	-
Capital distribution - paid 14 November 2012 (TOF 4)	427	0.50	-	-
_	2,134	2.50	27,312	32.00

#### 3 Earnings per Share (stapled security)

The calculation of the basic and diluted earnings per stapled security is calculated using the profit (loss) attributable to the stapled Securityholders of Trafalgar Corporate Group Limited and the weighted average number of stapled securities.

	31 Dec 2012 Cents	31 Dec 2011 cents
Basic and diluted earnings per stapled security	(8.4)	1.6
	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Basic and diluted earnings (Loss) profit for the period attributable to the stapled		
Securityholders of Trafalgar Corporate Group	(7,204)	1,340

#### Condensed notes to the Interim Financial Report

#### For the half year ended 31 December 2012

#### 3 Earnings per Share (stapled security) (continued)

Cash and cash equivalents in the statement of cash flows

	31 Dec 2012 000's	31 Dec 2011 000's
Weighted average number of stapled securities (basic and diluted)		
Weighted average number of stapled securities	85,352	85,352
Earnings per company share  The calculation of the basic and diluted earnings per company share is cal attributable to the Shareholders of the Company and the weighted average num		
	31 Dec	31 Dec
	2012	2011
	Cents	cents
Basic and diluted earnings per share	(1.6)	(0.7)
	31 Dec	31 Dec
	2012	2011
	\$'000	\$'000
Basic and diluted earnings		
Loss for the period attributable to the ordinary		
Shareholders of the Company	(1,332)	(636)
	31 Dec	31 Dec
	2012	2011
	000's	000's
Weighted average number of ordinary shares (basic and diluted)		
Weighted average number of ordinary shares	85,352	85,352
4 Cash and cash equivalents		
	31 Dec	30 Jun
	2012	2012
	\$'000	\$'000
Bank balances	8,144	10,714

10,714

8,144

#### Condensed notes to the Interim Financial Report

#### For the half year ended 31 December 2012

#### 5 Segment reporting

Segment information is presented in respect of the consolidated entity's operating segments, which are the primary basis of segment reporting. An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other operating segments. The primary segments are based on the consolidated entity's management and internal reporting structure.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate expenses.

#### Operating segments

The consolidated entity comprises the following main operating segments, based on its management reporting system:

- investment in income producing commercial and industrial properties
- property development (direct and financing) and development and resale of land

#### Geographical segments

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of the underlying assets. All segments operate solely within Australia.

#### Condensed notes to the Interim Financial Report

#### For the half year ended 31 December 2012

#### 5 Segment reporting (continued)

	Property	Property		
31 December 2012	Development	Investment	Unallocated	Consolidated
Primary reporting business segments	\$'000	\$'000	\$'000	\$'000
Revenue				
External segment revenue		4,738		4,738
Total revenue		4,738	<u>-</u>	4,738
Other income				
Share of profit on investments accounted for using the equity method	-	_	-	-
Fair value adjustment of investment properties	-	(8,399)	-	(8,399)
Financial income	-	96	77	173
Other income	-	-	-	_
Total other income	-	(8,303)	77	(8,226)
Result				
Segment result	(693)	(4,661)	77	(5,277)
Unallocated corporate expenses	(****)	(-,,		(988)
Operating loss			_	(6,265)
Finance costs				(939)
Income tax expense				(337)
Loss for the period			<del>-</del>	(7,204)
	Property	Property		
31 December 2011	The set of the set of	Investment	Unallocated	Consolidated
of December 2011	Development	mrestment	Chanocateu	Consonuated
Primary reporting business segments	S'000	\$'000	\$'000	\$'000
	_			
Primary reporting business segments	_			
Primary reporting business segments  Revenue	\$'000	\$'000		\$1000
Primary reporting business segments  Revenue  External segment revenue	\$'000 	\$'000 5,393	\$'000	\$;000 5,393
Primary reporting business segments  Revenue  External segment revenue  Total revenue	\$'000 	\$'000 5,393	\$'000	\$;000 5,393
Primary reporting business segments  Revenue  External segment revenue  Total revenue  Other income	\$'000 	\$'000 5,393 5,393	\$'000	\$;000 5,393
Primary reporting business segments  Revenue External segment revenue Total revenue  Other income Share of profit on investments accounted for using the equity method	\$'000 	\$'000 5,393 5,393	\$'000	\$'000 5,393 5,393
Primary reporting business segments  Revenue  External segment revenue  Total revenue  Other income  Share of profit on investments accounted for using the equity method Fair value adjustment of investment properties	\$'000 	5,393 5,393 - (722)	\$'000 - -	\$'000 5,393 5,393 (722)
Primary reporting business segments  Revenue  External segment revenue  Total revenue  Other income  Share of profit on investments accounted for using the equity method Fair value adjustment of investment properties  Financial income	- - - - - -	\$;000 5,393 5,393 - (722) 176	\$'000 - - - 120	5,393 5,393 (722) 296
Primary reporting business segments  Revenue External segment revenue Total revenue  Other income Share of profit on investments accounted for using the equity method Fair value adjustment of investment properties Financial income Other income	- - - - - 237	\$'000 5,393 5,393 - (722) 176	\$'000 - - - 120	\$'000 5,393 5,393 (722) 296 237
Revenue External segment revenue Total revenue Other income Share of profit on investments accounted for using the equity method Fair value adjustment of investment properties Financial income Other income Total other income	- - - - - 237	\$'000 5,393 5,393 - (722) 176	\$'000 - - - 120	\$'000 5,393 5,393 (722) 296 237
Revenue External segment revenue Total revenue Other income Share of profit on investments accounted for using the equity method Fair value adjustment of investment properties Financial income Other income Total other income Result	\$'000 - - - - - 237 237	\$'000 5,393 5,393 - (722) 176 - (546)	\$'000 - - - 120 - 120	\$'000 5,393 5,393 (722) 296 237 (189)
Revenue External segment revenue Total revenue  Other income Share of profit on investments accounted for using the equity method Fair value adjustment of investment properties Financial income Other income Total other income  Result Segment result	\$'000 - - - - - 237 237	\$'000 5,393 5,393 - (722) 176 - (546)	\$'000 - - - 120 - 120	\$'000 5,393 5,393 (722) 296 237 (189)
Primary reporting business segments  Revenue External segment revenue Total revenue  Other income Share of profit on investments accounted for using the equity method Fair value adjustment of investment properties Financial income Other income Total other income  Result Segment result Unallocated corporate expenses	\$'000 - - - - - 237 237	\$'000 5,393 5,393 - (722) 176 - (546)	\$'000 - - - 120 - 120	\$'000 5,393 5,393 (722) 296 237 (189) 4,316 (1,554)
Revenue External segment revenue Total revenue  Other income Share of profit on investments accounted for using the equity method Fair value adjustment of investment properties Financial income Other income Total other income  Result Segment result Unallocated corporate expenses Operating profit	\$'000 - - - - - 237 237	\$'000 5,393 5,393 - (722) 176 - (546)	\$'000 - - - 120 - 120	\$'000 5,393 5,393 (722) 296 237 (189) 4,316 (1,554) 2,762
Revenue External segment revenue Total revenue  Other income Share of profit on investments accounted for using the equity method Fair value adjustment of investment properties Financial income Other income Total other income  Result Segment result Unallocated corporate expenses Operating profit  Finance costs	\$'000 - - - - - 237 237	\$'000 5,393 5,393 - (722) 176 - (546)	\$'000 - - - 120 - 120	\$'000 5,393 5,393 (722) 296 237 (189) 4,316 (1,554) 2,762

## Trafalgar Corporate Group Limited and its Controlled Entities Condensed notes to the Interim Financial Report For the half year ended 31 December 2012

# 6 Investment properties

Property	Type	Ownership	Acquisition Date	Cost Including Independent All Additions Valuer \$'000	Independent Valuer	Independent Valuation \$°000	Date of Latest Independent Valuation	Consolidated Carrying Amount 31 December 2012 \$*000	Consolidated Carrying Amount 30 June 2012
Mort Street, Canberra ACT 3	B Grade office building*	100%	20 July 2005	15,727	Knight Frank	16,000	30 June 2012	-	16,000
Australian Taxation Office, Hurstville NSW	A Grade office building	100%	20 July 2005	50,230	50,230 CB Richard Ellis	51,500	30 June 2012	46,336	51,500
2B Factory Street, Granville NSW <sup>1</sup>	Modern office and warehouse industrial complex	100%	20 July 2005	7,024	7,024 Jones Lang LaSalle	5,100	30 June 2011	ı	ı
158 Hume Street, Goulburn ${ m NSW}^2$	Logistic distribution centre	100%	1 July 2007	13,663	13,663 LandMark White	6,000	30 June 2012	,	000'9
Total				86,644		78,600		46,336	73,500
					Less: amounts classified as	Less: amou	Less: amounts classified as	(1,335)	(1,752)

Leasehold interest for a term of 99 years. The lease commenced on 10 August 2000.

71,748

45,001

Other assets (including straight lining rental income and lease incentives) Total investments properties adjusted for amounts classified as other assets

The basis of valuation of the investment properties is fair value being the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction, based on current prices in an active market for a similar property in the same location and condition and subject to a similar lease.

<sup>1 2</sup>B Factory Street, Granville was reclassified to Assets held for sale during the 2012 financial year (refer to note 7).

<sup>158</sup> Hume Street, Goulburn was reclassified to Assets held for sale during the period (refer to note 7).

Mort Street, Canberra was reclassified to Assets held for sale during the period (refer to note 7).

#### Condensed notes to the Interim Financial Report

#### For the half year ended 31 December 2012

#### 6 Investment properties (continued)

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Balance at 1 July	71,748	79,183
Capital expenditure	-	40
Reclassification to assets held for sale	(18,348)	(5,098)
Fair value adjustments	(8,399)	(2,377)
Balance at end of the period	45,001	71,748

The carrying amount of investment properties is the fair value of the property, determined by the Directors, having regard to 30 June 2012 independent valuations and 31 December 2012 internally prepared valuation models taking into account current market conditions.

The ATO Hurstville building is a large commercial office building, representing 66.2% of the Group's investment property portfolio by value, with a single tenant, the Australian Taxation Office (ATO). The current lease is for 10 years with 2 x 5 year options. The first term of this lease is due to expire in February 2015 with the ATO required to advise by February 2014 if they wish to exercise the first option. The Group is in discussions with the tenant with respect to their intentions. The Group believes there are three potential leasing outcomes, broadly being a new long term lease; the existing 5 year lease option being exercised or the tenant vacating the building at lease expiry. The Directors have assessed the fair value of the property by performing valuation assessments on the three potential leasing outcomes and their best estimates of the probability of each occurring. A material change (positive or negative) in the fair value of the ATO Hurstville building may occur depending on the actual outcome of the current lease negotiations.

#### 7 Assets held for sale

At balance date, 158 Hume Street Goulburn and Mort Street Canberra were being actively marketed for sale. As a consequence, the properties have been reclassified to an Asset held for sale as at 31 December 2012. In the prior year, 2B Factory Street, Granville was actively being marketed for sale. During the current period the Group exchanged a conditional contract for the sale of the property subject to development approval for the intended use.

	31 Dec 12	30 Jun 12
	\$'000	\$'000
Opening balance	5,100	_
Reclassification of investment properties (refer to note 6)	18,348	5,098
Reclassification of receivables - straight lining of rental income	242	2
Closing balance	23,690	5,100
2B Factory Street, Granville NSW	5,098	5,100
158 Hume Street, Goulburn NSW	4,412	-
Mort Street, Canberra ACT	14,180	=
	23,690	5,100

#### Condensed notes to the Interim Financial Report

#### For the half year ended 31 December 2012

#### 8 Other current assets

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Prepayments	420	466
Other		18
	420	484

#### 9 Interest bearing loans and borrowings

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Current		
Secured borrowings	25,562	8,100
Capitalised finance costs	(55)	-
	25,507	8,100
Non current		
Secured borrowings	-	24,462
Capitalised finance costs	-	(131)
	-	24,331
	25,507	32,431

#### Secured borrowings

The loan facility is being provided by Westpac Banking Corporation ("the Bank") via a special purpose borrowing vehicle (Trafalgar Twelve Four Finance Pty Limited) which is 50% owned by each of TPF 12 and TOF 4. Through this vehicle the facility is available to both Funds and as at 31 December 2012, TOF 4 had no drawings and TPF 12 had drawn \$25.56 million. The facility limit is \$25.56 million. The loan facility expiry is March 2014.

During the 2012 financial year, to facilitate an extension of the loan facility expiry to March 2014, the Group provided the Bank with a \$5.5 million term deposit as additional security and agreed to loan repayments of \$750,000 per quarter (\$3 million per annum) commencing 29 June 2012. During the current period, the Group reduced its loan by \$7.0 million by utilising the \$5.5 million security term deposit for debt reduction and making two quarterly loan repayments of \$750,000 each.

The Group intends using net proceeds from the disposal of investment properties within the Group to pay down the Westpac loan. Accordingly, in addition to the \$3 million per annum loan repayments, a further \$22.56 million has been classified as a current liability to reflect the net proceeds expected from investment properties held for sale at 31 December 2012.

#### Condensed notes to the Interim Financial Report

#### For the half year ended 31 December 2012

#### 9 Interest bearing loans and borrowings (continued)

#### Funding Covenants

At the date of this report, the Group complies with all debt covenants and did at all times during the year. The Group continues to implement its Capital Management strategy and is continuing to comply with its covenants prescribed in the finance facility through a program of debt reduction and tight fiscal management.

#### 10 Issued capital

		1 (MILLO DE OL DOMINACIO			
		31 Dec 12	30 Jun 12	31 Dec 12 \$'000	30 Jun 12 \$'000
Ordinary Securities					7 7 7 7
Issued and fully paid		85,351,913	85,351,913	(3,092)	(3,092)
	_	85,351,913	85,351,913	(3,092)	(3,092)
Consolidated			Number of securities	Issue price	\$'000
Movement of fully paid	d securities issued				
1 July 2012	Opening balance		85,351,913		(3,092)
31 December 2012	Closing balance		85,351,913	_	(3,092)

**Number of Securities** 

85,351,913

85,351,913

(3,092)

(3,092)

#### Minority interests - TOF 4 and TPF 12

Movement of fully paid securities issued

Opening balance

Closing balance

1 July 2011

30 June 2012

As a result of the stapling in July 2005, TPF 12 and TOF 4 were stapled to the Company. When a new entity is formed to issue equity instruments to effect a business combination, one of the combining entities is to be identified as the acquirer on the basis of pertinent facts and circumstances regarding control. For the stapled group, Trafalgar Corporate Pty Limited (now wholly owned by TCGL) was deemed the acquirer and the acquisition of TPF 12 and TOF 4 formed the minority interest.

#### Condensed notes to the Interim Financial Report

#### For the half year ended 31 December 2012

#### 11 Capital and other commitments

	31 Dec 2012 \$'000	30 Jun 2012 \$'000
Capital expenditure commitments		
Investment properties		
Contracted but not provided for and payable		
Within one year		-
	-	-
Joint venture commitments		
Share of capital commitments of the joint venture		
Within one year	172	1,331
	172	1,331

#### Investment Properties

The Group has no commitments (30 June 2012: Nil) for the refurbishment of investment properties contracted for as at 31 December 2012.

#### Share of capital commitments of the joint venture

Renewing Homebush Bay Pty Limited (a 50/50 Joint Venture with Brookfield Multiplex Group) has entered into various agreements, primarily involved with civil works and landscaping at the Rhodes Shoreline site, to be undertaken over the next 12 months. The Group's share of capital commitments at 31 December 2012 is \$0.172 million (30 June 2012: \$1.331 million).

#### 12 Contingent assets and liabilities

#### Group Obligations

In accordance with the Stapling Deed executed on 8 June 2005, each party to the deed (i.e. TCGL, TPF 12 and TOF 4) have undertaken to guarantee the obligations of the other party and or its subsidiaries.

#### Condensed notes to the Interim Financial Report

#### For the half year ended 31 December 2012

#### 13 Related parties

Related party loan between TPF 12 and TCGL

In accordance with the Stapling Deed executed on 8 June 2005, each party to the deed (i.e. TCGL, TPF 12 and TOF 4) have undertaken to guarantee the obligations of the other party and or its subsidiaries. Following the Group's announcement that it is withdrawing from development activities and with an expected reduction in the level of investment and return from the current development activities, Trafalgar Corporate Group Limited will not be able to fully service the inter entity loan owed to TPF 12. At balance date, as a consequence of reviewing the recoverability of the loan, the Directors decided to further impair the portion considered to be unrecoverable. This impairment amounted to \$1.33 million (30 June 2012: \$0.67 million).

There have been no other significant changes to the related party transactions disclosed in the last Annual report at 30 June 2012. All other transactions with related parties are conducted on normal commercial terms and conditions.

#### 14 Events subsequent to balance date

Subsequent to balance date, the sale contract for 2B Factory Street Granville became unconditional. The lease to the sole tenant expired 31 January 2013. The tenant is paying holdover rent with negotiations to extend the lease to 30 September 2013 continuing.

On 10 January 2013, the Group entered into a Heads of Agreement to lease the remaining vacant space at Mort St Canberra. Lease documentation is proceeding. On 8 February 2013, the Group entered into a Heads of Agreement for the sale of Mort St Canberra. The potential purchaser is currently undertaking due diligence.

There are no further matters or circumstances not otherwise dealt with in this report or the financial statements that has significantly or may significantly affect the operations of the consolidated entity, or the state of the consolidated entity's affairs in this financial report or current and future financial periods.

#### Directors' declaration

#### For the half year ended 31 December 2012

- 1 In the opinion of the Directors of Trafalgar Corporate Group Limited:
  - (a) the consolidated financial statements and notes that are set out on pages 7 to 24, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half year ended on that date; and
    - (ii) comply with Australian Accounting Standard AASB 134 Interim Financial Reporting (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (b) there are reasonable grounds to believe that the Company will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

John R Green Chairman

Dated at Sydney this 22<sup>nd</sup> day of February 2013

Tony R Pitt Director

Month



## Independent auditor's review report to the members of Trafalgar Corporate Group Limited

#### Report on the financial report

We have reviewed the accompanying interim financial report of Trafalgar Corporate Group Limited (the Company), which comprises the consolidated interim statement of financial position as at 31 December 2012, consolidated interim statement of comprehensive income, consolidated interim statement of changes in equity and consolidated interim statement of cash flows for the half-year ended on that date, notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a 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 interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2012 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 Trafalgar Corporate Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



#### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Trafalgar Corporate Group Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance 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*.

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**KPMG** 

Paul Thomas Partner

Sydney

22 February 2013