

27 February 2009

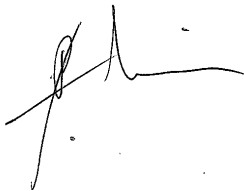
The Manager
Company Announcements Office
Australian Securities Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

**Appendix 4D – Half Year Report
For the Half Year ended 31 December 2008
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 2008 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 Statement of Significant Accounting Policies for details

Details of the Reporting Period

Current Period: 1 July 2008 to 31 December 2008

Previous Corresponding period: 1 July 2007 to 31 December 2007

Results for Announcement to the Market

Highlights

	31 Dec 2008	31 Dec 2007	Change	%
Revenue from ordinary activities (\$000)	13,979	20,911	down	33.15
Property revaluations (\$000)	(14,855)	27,879	down	153.28
Financial Instruments fair valuation (Loss) Gain	(12,044)	1,510	down	897.62
Goodwill impairment (Loss) Gain	(2,715)	-	-	-
(Loss) Profit after tax (\$000)	(33,199)	33,522	down	199.04
Basic earnings per security (cents)	(38.90)	44.35	down	187.71
Dividends/Distributions per security (cents)	5.0	10.0	down	50.00
Franked/tax deferred amount per security (cents)	To be determined	2.08253		
Record date for determining entitlements to dividend/distribution	31 Dec 2008	31 Dec 2007		
Distribution payment date	13 Mar 2009	14 Mar 2008		
Number of securities on issue	85,351,913	85,351,913	-	-
Number of Security holders	2,091	2,420	down	13.60
Net tangible assets per security \$	1.85	2.58	down	28.30
Details of entities over which control has been gained or lost	Refer to Interest in Joint Ventures on the following page			
Details of Dividend Reinvestment Plan	Not Operating	Not Operating		

Interests in Joint Ventures

	Activity	Ownership Interest		Share of Profits	
		31 Dec 2008 %	31 Dec 2007 %	31 Dec 2008 \$000	31 Dec 2007 \$000
The Frances Park Partnership	Residential Development	50.0	50.0	(44)	(77)
Renewing Homebush Bay Joint Venture	Residential Development	50.0	50.0	(1,702)	-
Sydney Airport Centre Joint Venture	Property Investment	6.813	6.813	(401)	296
Thomas St (Chatswood) Pty Limited	Commercial Development	50.0	50.0	67	41
T W Property Developments (Bonnyrigg)	Residential Development	50.0	50.0	-	-
Beverly SA Joint Venture	Industrial Development	50.0	50.0	-	-
TOTAL				(2,080)	260

Commentary

Results for the Half Year

The profitability of TGP was adversely impacted for the 6 months to 31 December 2008 as a result of:

- A \$14.9 million write down in the carrying value of the investment portfolio;
- A \$12.0 million reduction in the carrying value of the mark to market value of financial hedging instruments due to falling interest rates.
- A \$4.7 million impairment in the value of development projects due to the deterioration of the market.
- Write-off of goodwill following the decision to withdraw from future development activities.

During the December 2007 half year, revenue boosted as a result of the sale of selling 50% of the development rights for the Southbank project. No similar activity occurred during the December 2008 half year.

The net tangible assets per security has fallen from \$2.26 as at 30 June 2008 to \$1.85 as at 31 December 2008 as a result of the write-offs and impairments detailed above.

Trafalgar Corporate Group Limited
ABN 18 113 569 136

And Its Controlled Entities

Interim Financial Report
For the Half Year Ended
31 December 2008

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 2008 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 2008

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Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report

For the half year ended 31 December 2008

The Directors present their report together with the interim financial report of Trafalgar Corporate Group Limited and the consolidated entity ("Trafalgar Corporate Group" or "Group") for the half year ended 31 December 2008 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.

Directors

The Directors of Trafalgar Corporate Group Limited ("Company"), 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	
Richard J Grellman	Appointed Director 20 August 2002, Resigned 13 November 2008 Appointed Chairman 31 December 2005, Resigned 13 November 2008
Mark H Ford	Appointed Director 7 March 2005
Allan R Davison	Appointed Director 14 August 2007, Resigned 13 November 2008
Brendan P Crotty (Chairman)	Appointed Director 26 September 2007 Appointed Chairman 13 November 2008
Garry S Charny	Appointed Director 13 November 2008
Garry R Sladden	Appointed Director 13 November 2008

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 Stock 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:

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

The group announced last financial year that it would, progressively, withdraw from direct development activities and reduce risks associated with poorer performing residential markets.

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 2008

Review of operations

The interim financial report for the half year ended 31 December 2008 has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards ("AIFRS"). The performance of Trafalgar Corporate Group, as represented by the results of operations for the period, is as follows:

	31 Dec 08	31 Dec 07
Revenue and other income (\$'000)	13,979	20,941
(Loss) profit attributable to Securityholders of Trafalgar Corporate Group (\$'000)	(33,199)	33,522
Basic earnings (loss) per Company share (¢)	10.6	(6.1)
Basic earnings (loss) per Stapled security (¢)	(38.9)	44.3
Dividends and distributions provided or paid by Trafalgar Corporate Group (\$'000)	4,268	8,536
Weighted average number of stapled securities on issue ('000)	85,352	75,591
	31 Dec 08	30 Jun 08
Net assets (\$'000)	158,278	195,745
Number of fully paid stapled securities on issue ('000)	85,352	85,352
Net tangible assets per fully paid stapled security (\$)	1.85	2.26

The following major financial transactions occurred during the period:

- (a) The Directors have revalued the consolidated entity's investment property assets at 31 December 2008, resulting in a diminution in the carrying amount of the assets being brought to account in the consolidated income statement of \$14.9 million.
- (b) The sale of the Southbank property development rights in 2008 was due to inject \$7.75 million cash into the Group during the period. The purchaser experienced delays in finalising funding with the financier prior to our balance date and payment has not yet been received. Terms have now been agreed and payment is now expected in early March 2009. Interest has been charged on the outstanding debt at 12% pa since 30 November 2008.
- (c) Following the Group's announcement that it is withdrawing from direct development activities and with an expected reduction in the level of investment and return from projects, the Directors reassessed the carrying value of Goodwill previously carried in the balance sheet. The Directors have formed a view that, with the cessation of new development activities, the goodwill created at the time of stapling is significantly impaired and should no longer be reflected as an asset of the Group. Hence at 31 December 2008, the Directors wrote off the Goodwill totalling \$2.715 million.
- (d) The Group had established a policy to protect against the volatility in the financial markets through utilisation of interest rate swap contracts. At 30 June 2008, 77.7% of the gross debt outstanding was hedged at fixed interest rates ranging between 5.985% and 6.67%. The swaps are valued at each balance date and any unrealised gain or loss brought to account through the income statement. At 31 December 2008, as a result of falling interest rates, the market value of the interest rate swaps resulted in an unrealised loss of \$7.063 million while also reversing the unrealised gain at 30 June 2008 of \$4.981 million resulting in a total loss recorded through the consolidated income statement of \$12.044 million.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the half year ended 31 December 2008

- (e) Several leases were reviewed during the period with rent reviews to market representing a \$0.157 million increase in revenue per annum. In addition, the Thiess Building review in June 2008 reflects a rent increase of \$1.168 million for the 6 months compared to the same period last year.
- (f) The two Funds TPF12 & TOF4 through their special purpose borrowing vehicle, Trafalgar Twelve Four Finance Pty Limited, have raised borrowings on behalf of the Stapled Group. Following the Group's announcement that it is withdrawing from direct development activities and with an expected reduction in the level of investment and return from projects, Trafalgar Corporate Group Limited will not be able to service the inter entity loans nor pay the interest already charged on these loans. Consequently, the Directors have decided to reverse the interest previously charged of \$18.464 million and impair the portion of debt considered to be uncollectable at balance date being \$35.9 million. This had no impact on the consolidated results of the Group. No tax expense has been brought to account due to tax losses incurred in previous years not recognised, due to the uncertainty as to their realisation.
- (g) Head office salary costs for the six months totalled \$1.205 million (including retention accruals of \$293,000) compared to \$1.969 million for the same period last year (including the payout for the Managing Director of \$500,000). The reduction in costs of 38% (before retentions & payouts) follows the redundancies actioned in June 2008.
- (h) The deterioration in the current market conditions as a result of the global credit crisis, have had a significant adverse impact on the net realisable value of Trafalgar's residential development assets located in New South Wales. As a result, the company has taken a \$4.7 million write down in the carrying value of its development assets, of which \$3 million was attributable to the Tallwoods development.

Dividends and distributions

Distributions declared by TOF 4 and TPF 12, directly to Securityholders during the half year ended 31 December 2008 were as follows:

	Distribution CPU	Total amount \$'000
Distributions for the half year ended 31 December 2008		
TOF4	1.0	854
TPF12	4.0	3,414
Total	5.0	4,268

Significant changes in the state of affairs

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

Westpac Financing Facilities

During the period, TC (Tallwoods) Pty Limited decreased its facility limit with Westpac Banking Corporation by \$4.0 million to \$22 million, which is drawn to \$19.2 million at balance date, while Trafalgar Corporate Group Limited also decreased its facility limit with Westpac Banking Corporation by \$3.5 million to \$6.5 million, which is undrawn at balance date.

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.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' report (continued)

For the half year ended 31 December 2008

Likely Developments and expected results of operations

Further information on likely developments in the operations of Trafalgar Corporate Group and the expected results of operations have not been included in this interim financial report because the Directors believe it would be likely to result in unreasonable commercial prejudice of Trafalgar Corporate Group.

Events subsequent to reporting date

A further decrease in cash rates announced by the Reserve Bank on 3 February 2009 would have a further adverse impact of the market value of the interest rate swaps. The 100 basis point cut results in a further \$232,000 unrealised loss to the Group.

Storm Financial Limited is a tenant in our Fujitsu property occupying 715 square metres at an annual rent of \$253,384 (including outgoings). The lease was paid to 31 January 2009 and the company went into administration on 12 January 2009. The lease has been terminated and while we have a bank guarantee for \$200,500, make good costs will be incurred and a loss of rent is likely to have a small impact on the results in the ensuing period until terms are agreed with a new tenant.

There are no matters or circumstance not otherwise dealt with in this report or the financial statements that have significantly or may significantly affect the operations of the consolidated entity, or the state of the consolidated entity's affairs in future financial years.

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 2008.

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:



Brendan P Crotty
Chairman



Mark H Ford
Director

Dated at Sydney this 26th day of February 2009



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 2008 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.

KPMG

KPMG


Eileen Hoggett
Partner

Sydney

26 February 2009

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated income statement

For the half year ended 31 December 2008

	Note	31 Dec 08 \$'000	31 Dec 07 \$'000
Revenue and other income			
Property development sales		-	7,750
Rent from investment properties		11,842	11,008
Arrangement fee income		-	653
Management fee income		204	193
Financial income		1,222	746
Other income		711	561
Net gain on disposal of investment properties		-	30
Total revenue and other income		13,979	20,941
Cost of property developments sold		-	(4,183)
Rates, taxes and other property outgoings		(1,774)	(1,630)
Consultants and professional fees		(735)	(1,190)
Management and administration expenses		(806)	(1,322)
Depreciation		(34)	(44)
Employee benefits expense		(2,296)	(2,913)
Other expenses		(598)	(604)
Finance expenses		(6,241)	(5,182)
Share of (loss) profit on investments accounted for using the equity method		(2,080)	260
Net (loss) gain on fair value adjustment of investment properties		(14,855)	27,879
Net (loss) gain on fair value adjustment of financial instruments		(12,044)	1,510
Impairment of inventory		(3,000)	-
Impairment of goodwill	13	(2,715)	-
(Loss) profit before income tax expense		(33,199)	33,522
Income tax expense		-	-
(Loss) profit for the period		(33,199)	33,522

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated income statement (continued)

For the half year ended 31 December 2008

	Note	31 Dec 08 \$'000	31 Dec 07 \$'000
Attributable to:			
Equity holders of the company		9,066	(4,642)
Minority interest		(42,265)	38,164
(Loss) profit for the period		(33,199)	33,522
Basic and diluted profit (loss) per company share	3	10.6c	(6.1)c

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

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated statement of changes in equity

For the half year ended 31 December 2008

	Trafalgar Corporate Group Limited			Minority Interest TPF12 and TOF4		Total
	Capital \$'000	Retained earnings \$'000	Total equity \$'000	Capital \$'000	Retained earnings \$'000	Total equity \$'000
Note						
Balance at 1 July 2008	(3,092)	(41,866)	(44,958)	240,703	-	240,703
Total income and expenses for the period	-	9,066	9,066	-	(42,265)	(33,199)
Transactions with Securityholders in their capacity as Securityholders						
Distribution to unitholders	-	-	-	-	(4,268)	(4,268)
2	-	-	-	-	(4,268)	(4,268)
	-	-	-	-	(4,268)	(4,268)
Balance at 31 December 2008	(3,092)	(32,800)	(35,892)	240,703	(46,533)	158,278

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated statement of changes in equity (continued)

For the half year ended 31 December 2008

	Trafalgar Corporate Group Limited			Minority Interest TPF12 and TOF4		Trafalgar Corporate Pty Ltd	Total \$'000
	Capital \$'000	Retained earnings \$'000	Total equity \$'000	Capital \$'000	Retained earnings \$'000	Total equity \$'000	Minority interest \$'000
Note							
Balance at 1 July 2007	3	(12,673)	(12,670)	209,145	-	209,145	2,194
Total income and expenses for the period	-	(4,642)	(4,642)	-	38,164	38,164	-
Transactions with Securityholders in their capacity as Securityholders							
Conversion of partly paid securities	353	-	353	4,942	-	4,942	-
Shares acquired by TCGL	(3,133)	-	(3,133)	-	-	-	(2,194)
Equity issued as per shareholder deed	(276)	-	(276)	-	-	-	-
Return of application monies	(1)	-	(1)	-	-	-	-
Distribution to unitholders	-	-	-	-	(8,536)	(8,536)	-
2							
	(3,057)	-	(3,057)	4,942	(8,536)	(3,594)	(2,194)
Balance at 31 December 2007	(3,054)	(17,315)	(20,369)	214,087	29,628	243,715	-
							223,346

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

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated balance sheet

As at 31 December 2008

	Note	31 Dec 08 \$'000	30 Jun 08 \$'000
Current assets			
Cash and cash equivalents	4	3,824	4,812
Trade and other receivables		19,087	2,120
Inventories		3,367	3,391
Other financial assets		3,350	13,907
Investments accounted for using the equity method		9,442	-
Other current assets	7	2,437	2,661
Total current assets		41,507	26,891
Non current assets			
Inventories		21,349	23,597
Investments		886	886
Investment properties	6	231,328	245,438
Other financial assets		19,571	26,247
Property, plant and equipment		343	376
Investments accounted for using the equity method		21,069	30,606
Goodwill	13	-	2,715
Other non current assets		14,091	14,648
Total non current assets		308,637	344,513
Total assets		350,144	371,404
Current liabilities			
Trade and other payables		7,799	6,833
Provisions		4,413	4,432
Other financial liabilities		3,065	-
Other current liabilities		2,105	2,180
Total current liabilities		17,382	13,445
Non current liabilities			
Interest bearing loans and borrowings	8	170,342	162,078
Provisions		144	136
Other financial liabilities		3,998	-
Total non current liabilities		174,484	162,214
Total liabilities		191,866	175,659
Net assets		158,278	195,745

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated balance sheet (continued)

As at 31 December 2008

	Note	31 Dec 08 \$'000	30 Jun 08 \$'000
Equity attributable to Shareholders of the Company			
Capital	9	(3,092)	(3,092)
Retained earnings (losses)		(32,800)	(41,866)
Total Equity attributable to Shareholders of the Company		<u>(35,892)</u>	<u>(44,958)</u>
 Minority interests - Equity attributable to Unitholders of TPF12 and TOF4			
Capital		240,703	240,703
Retained earnings (losses)		(46,533)	-
Total Minority interests Equity attributable to Unitholders of TPF12 and TOF4		<u>194,170</u>	<u>240,703</u>
 Total equity		<u>158,278</u>	<u>195,745</u>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying condensed notes.

Trafalgar Corporate Group Limited and its Controlled Entities

Consolidated statement of cash flows

For the half year ended 31 December 2008

	31 Dec 08 \$'000	31 Dec 07 \$'000
Cash flows from operating activities		
Cash receipts from customers	13,241	12,462
Cash paid to suppliers and employees	(7,550)	(5,755)
Income tax received or paid	72	(72)
Interest received	192	226
Interest paid	(6,134)	(5,129)
Net cash from operating activities	(180)	1,732
Cash flows from investing activities		
Payments for development inventory	(388)	(113)
Payments for investment properties	(794)	(12,994)
Proceeds from sale of investment properties	500	11,213
Payments for plant and equipment	(1)	(125)
Payments for equity accounted investments	(1,999)	(4,076)
Proceeds from equity accounted investments	14	464
Development loan - advances	(2,106)	-
Development loan - repayments	15	-
Secured vendor finance loan - advances	(13)	(1,226)
Secured vendor finance loan - repayments	60	-
Net cash from investing activities	(4,713)	(6,857)
Cash flows from financing activities		
Proceeds from issue of securities	-	4,943
Transaction costs associated with equity raising	-	(308)
Proceeds from borrowings	9,730	4,293
Repayment of borrowings	(1,559)	(3,332)
Acquisitions from TCL	-	(4,943)
Net proceeds from distribution support guarantee	-	2,024
Loans from related parties	-	271
Distributions and dividends paid	(4,268)	(10,454)
Net cash from financing activities	3,904	(7,506)
Net decrease in cash and cash equivalents held	(988)	(12,631)
Cash and cash equivalents at the beginning of the period	4,812	17,350
Cash and cash equivalents at the end of the period	3,824	4,719

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

Trafalgar Corporate Group Limited and its Controlled Entities

Condensed notes to the Interim Financial Report

For the half year ended 31 December 2008

1 Statement of significant accounting policies

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 2008 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 2008.

The annual financial report of the consolidated entity as at and for the year ended 30 June 2008 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 day of February 2009.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 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 2008.

Trafalgar Corporate Group Limited and its Controlled Entities
Condensed notes to the Interim Financial Report
For the half year ended 31 December 2008

2 Distributions and dividends

Distributions paid and payable for the half year are as follows:

	Cents per unit or share	Total amount \$'000	Date of payment	Franked %
2008				
TOF4 distribution	1.0 c	854	13-Mar-09	0.0%
TPF12 distribution	4.0 c	3,414	13-Mar-09	0.0%
Total	5.0 c	4,268		
2007				
TOF4 distribution	3.0 c	2,561	14-Mar-08	0.0%
TPF12 distribution	7.0 c	5,975	14-Mar-08	0.0%
Total	10.0 c	8,536		

The determination of distributable income of TOF4 and TPF12 excludes certain non cash items, property revaluation increments and decrements and amortisation costs associated with the IPO.

3 Earnings per Share (stapled security)

Basic and diluted earnings per share reflect earnings per share calculated in accordance with accounting standards. To provide further information to Securityholders on the stapled entity's results and management's assessment of the results refer to the calculations disclosed below.

Earnings per stapled security

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

	31 Dec 08 cents	31 Dec 07 cents
Basic earnings per security	(38.9)	44.3
Diluted earnings per security	(38.9)	44.0
	31 Dec 08 \$'000	31 Dec 07 \$'000
Basic earnings		
(Loss) profit for the period attributable to the stapled Securityholders of Trafalgar Corporate Group Limited	<u>(33,199)</u>	<u>33,522</u>
Diluted earnings		
(Loss) profit for the period attributable to the stapled Securityholders of Trafalgar Corporate Group Limited	<u>(33,199)</u>	<u>33,522</u>

Trafalgar Corporate Group Limited and its Controlled Entities

Condensed notes to the Interim Financial Report

For the half year ended 31 December 2008

3 Earnings per Share (stapled security) (continued)

	31 Dec 08 000's	31 Dec 07 000's
Weighted average number of stapled securities (basic)		
Weighted average number of stapled securities	85,352	75,591
Weighted average number of stapled securities (diluted)		
Weighted average number of stapled securities - basic	85,352	75,591
Effect of partly paid stapled securities	-	631
Weighted average number of stapled securities - diluted	85,352	76,222

Earnings per company share

The calculation of the basic and diluted profit (loss) per company share is calculated using the profit (loss) attributable to the Shareholders of the Company and the weighted average number of company shares.

	31 Dec 08 cents	31 Dec 07 cents
Basic and diluted profit (loss) per share	10.6	(6.1)

	31 Dec 08 \$'000	31 Dec 07 \$'000
Basic earnings		
Profit (loss) for the period attributable to the ordinary Shareholders of the Company	9,066	(4,642)

	31 Dec 08 \$'000	31 Dec 07 \$'000
Diluted earnings		
Profit (loss) for the period attributable to the ordinary Shareholders of the Company	9,066	(4,642)

	31 Dec 08 000's	31 Dec 07 000's
Weighted average number of ordinary shares (basic)		
Weighted average number of ordinary shares	85,352	75,591
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares - basic	85,352	75,591
Effect of partly paid ordinary shares	-	631
Weighted average number of ordinary shares - diluted	85,352	76,222

Trafalgar Corporate Group Limited and its Controlled Entities

Condensed notes to the Interim Financial Report

For the half year ended 31 December 2008

4 Cash and cash equivalents

	31 Dec 08 000's	30-Jun-08 000's
Bank balances	3,824	4,812
Cash and cash equivalents in the statement of cash flows	3,824	4,812

5 Segment reporting

Segment information is presented in respect of the consolidated entity's business segments, which are the primary basis of segment reporting. A business 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 business 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.

Business segments

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

- property development (direct and financing);
- property management and investment;
- consulting, professional advice and funds management; and
- other

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.

Trafalgar Corporate Group Limited and its Controlled Entities

Condensed notes to the Interim Financial Report

For the half year ended 31 December 2008

5 Segment reporting (continued)

2008	Property Development \$'000	Property Management and Investment \$'000	Consulting, Professional Advice and Funds Management \$'000	Other \$'000	Consolidated \$'000
Primary reporting business segments					
Revenue	125	11,842	79	-	12,046
External segment revenue	125	11,842	79	-	12,046
Total revenue					
Other income					
Share of losses on investments accounted for using the equity method	(1,679)	(401)	-	-	(2,080)
Fair value adjustment of investment properties	-	(14,855)	-	-	(14,855)
Fair value adjustment of financial instruments	-	-	-	-	-
Financial income	939	-	-	283	1,222
Other income	-	-	-	711	711
Total other income	(740)	(15,256)	-	994	(15,002)
Total revenue and other income	(615)	(3,414)	79	994	(2,956)
Result					
Segment result	(4,375)	(5,723)	(26)	310	(9,814)
Unallocated corporate expenses					(17,144)
Operating loss					(26,958)
Finance costs					(6,241)
Income tax expense					-
Loss for the period					(33,199)

Trafalgar Corporate Group Limited and its Controlled Entities
Condensed notes to the Interim Financial Report
For the half year ended 31 December 2008

5 Segment reporting (continued)

2007	Property Development \$'000	Property Management and Investment \$'000	Consulting, Professional Advice and Funds Management \$'000	Other \$'000	Consolidated \$'000
Primary reporting business segments					
Revenue					
External segment revenue	7,825	11,008	771	-	19,604
Total revenue	7,825	11,008	771	-	19,604
Other income					
Share of profits on investments accounted for using the equity method	(36)	296	-	-	260
Fair value adjustment of investment properties	-	27,879	-	-	27,879
Net gain on disposal of investment properties	-	30	-	-	30
Financial income	264	-	-	482	746
Other income	-	-	-	538	538
Total other income	228	28,205	-	1,020	29,453
Total revenue and other income	8,053	39,213	771	1,020	49,057
Result					
Segment result					
Unallocated corporate expenses	2,946	36,937	649	516	41,048
Operating profit					(2,344)
Finance costs					38,704
Income tax expense					(5,182)
Profit for the period					-
					33,522

Trafalgar Corporate Group Limited and its Controlled Entities

Condensed notes to the Interim Financial Report

For the half year ended 31 December 2008

6 Investment properties

Property	Type	Ownership	Acquisition Date	Cost Including All Additions \$'000	Director's Valuation Date	Director's Valuation Amount \$'000	Consolidated Carrying Amount 31 December 2008 \$'000	Consolidated Carrying Amount 30 June 2008 \$'000
Thiess Centre, South Brisbane QLD	A Grade office building*	100%	20 July 2005	34,773	December 2008	70,000	69,017	74,088
The Public Trustee Building, Canberra ACT	B Grade office building**	100%	20 July 2005	14,170	December 2008	17,680	17,496	17,969
Australian Taxation Office, Hurstville NSW	A Grade office building	100%	20 July 2005	50,075	December 2008	61,800 ²	51,206	53,310
Melbourne Broadcast Centre, Docklands VIC	A Grade office building***	100%	20 July 2005	45,540	December 2008	48,600	45,068	48,828
1 Breakfast Creek Road, Newstead QLD	A Grade office building	100%	20 July 2005	17,405	December 2008	29,722	29,709	30,983
2B Factory Street, Granville NSW	Modern office and warehouse industrial complex	100%	20 July 2005	6,989	December 2008	7,273	7,273	7,500
158 Hume Street, Goulburn NSW	Logistic distribution centre	100%	1 July 2007	13,633	December 2008	11,925 ³	11,559	12,760
Total				182,585		247,000 ¹	231,328 ¹	245,438 ¹

* Leasehold interest for a term of 999 years. The lease commenced on 31 January 2000.

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

*** Leasehold interest for a term of 199 years. The lease commenced on 20 June 2003.

1 Differences between the Director's valuation and consolidated carrying amounts represent the impact of straight lining rental income and lease incentives.

2 Included in the valuation is \$8,772,161 attributable to the component of rental income which exceeds market rent. This rental component is included in other current and non current assets and is being amortised over the term of the lease.

3 Included in the valuation is \$366,443 attributable to the value of the lease guarantee. This lease guarantee is included in other current and non current assets and is being amortised over the term of the guarantee.

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.

Trafalgar Corporate Group Limited and its Controlled Entities
Condensed notes to the Interim Financial Report
For the half year ended 31 December 2008

6 Investment properties (continued)

	31 Dec 08	30-Jun-08
	\$'000	\$'000
Balance at 1 July	245,438	208,014
Expenditure capitalised	-	138
Additions	745	13,032
Fair value adjustments	(14,855)	24,254
Balance at end of the period	<u>231,328</u>	<u>245,438</u>

The carrying amount of investment properties is the fair value of the property as determined by the Directors. Fair values were determined using the capitalisation of net passing income and the discounted cash flow methods and also having regard to recent market transactions and similar properties in the same location and condition and subject to a similar lease.

7 Other current assets

	31 Dec 08	30-Jun-08
	\$'000	\$'000
Prepayments	440	692
Deferred rental income	21	21
ATO property over rent	1,432	1,430
Southbank Towers property over rent	-	88
Goulburn lease guarantee	245	245
Income tax refund	-	72
Other	299	113
	<u>2,437</u>	<u>2,661</u>

8 Interest bearing loans and borrowings

	31 Dec 08	30-Jun-08
	\$'000	\$'000
Cash advance facility	-	709
Secured borrowings	170,757	161,876
Capitalised finance costs	(415)	(507)
	<u>170,342</u>	<u>162,078</u>

Trafalgar Corporate Group Limited and its Controlled Entities
Condensed notes to the Interim Financial Report
For the half year ended 31 December 2008

8 Interest bearing loans and borrowings (continued)

Cash advance facility

The cash advance facility between the Company and Westpac Banking Corporation is for a total of \$6.5 million (June 2008: \$10 million) and as at 31 December 2008 was undrawn. This facility is used to supplement working capital and is subject to floating interest rates.

This facility is secured by a fixed and floating charge over all assets and uncalled capital of the Company, a guarantee supported by a mortgage from TC (Tallwoods) Pty Limited over the Tallwoods property, a fixed and floating charge over all assets and uncalled capital of TC (Tallwoods) Pty Limited, an interlocking guarantee over each core investment property held by Trafalgar Corporate Group and a limited guarantee by Trafalgar Corporate (Sales) Pty Limited.

Secured borrowings

Trafalgar Twelve Four Finance Pty Limited

This facility is with Westpac Banking Corporation and is for \$154 million and is being provided to a special purpose borrowing vehicle (Trafalgar Twelve Four Finance Pty Limited) which is 50% owned by both TOF4 and TPF12. Through this vehicle the facility is available to both Funds and as at 31 December 2008 TOF4 has drawn \$45.84 million and TPF12 has drawn \$105.75 million. In addition to funds drawn, a bank guarantee of \$2.04 million has been provided through this facility.

The facility is secured by a mortgage in favour of the Bank over each core investment property held by Trafalgar Corporate Group and a fixed and floating charge over the present and future real property assets of the Funds, their subsidiaries and Trafalgar Managed Investments Limited. The facility is subject to floating interest rates and derivative contracts currently totalling \$125.75 million, which have been entered into in order to minimise interest rate volatility. This facility expires in March 2011.

TC (Tallwoods) Pty Limited

This facility is with Westpac Banking Corporation and is for \$22 million (June 2008: \$26 million) and is being provided to TC (Tallwoods) Pty Limited, a wholly owned subsidiary of Trafalgar Corporate Group Limited. The facility as at 31 December 2008 has been drawn to \$19.2 million.

The facility is secured by a mortgage in favour of the Bank over the Tallwoods estate, an interlocking guarantee over each core investment property held by Trafalgar Corporate Group, a limited guarantee by Trafalgar Corporate (Sales) Pty Limited and a fixed and floating charge over all assets and uncalled capital of TC (Tallwoods) Pty Limited. This facility expires in September 2011.

Funding Covenants

At the date of this report, the Group complies with debt covenants for all facilities. The major borrowing, through Trafalgar Twelve Four Finance Pty Limited, has an LVR covenant of 65% and minimum interest coverage of 1.5 times Trust net income. At 31 December 2008, based on Directors' valuations, the LVR was 62.2% with interest coverage 1.7 times. The Group has initiated a Capital Management strategy and is continuing to comply with its covenants prescribed in the finance facilities through a program of debt reduction and tight fiscal management.

Trafalgar Corporate Group Limited and its Controlled Entities
Condensed notes to the Interim Financial Report
For the half year ended 31 December 2008

9 Issued capital

	Number of Securities		31 Dec 08 \$'000	30 Jun 08 \$'000
	31 Dec 08	30 Jun 08		
Consolidated				
Ordinary Securities				
Issued and fully paid	85,351,913	85,351,913	(3,092)	(3,092)
	<u>85,351,913</u>	<u>85,351,913</u>	<u>(3,092)</u>	<u>(3,092)</u>

Consolidated		Number of securities	Issue price	\$'000
Movement of fully paid securities issued				
1 July 2008	Opening balance	85,351,913	-	(3,092)
31 December 2008	Closing balance	<u>85,351,913</u>		<u>(3,092)</u>
Movement of fully paid securities issued				
1 July 2007	Opening balance	67,886,789	-	2
6 July 2007	Conversion of partly paid securities	162,803	-	33
11 September 2007	Conversion of partly paid securities	1,602,321	-	321
16 October 2007	Shares acquired by TCGL	<u>15,700,000</u>	-	<u>(3,448)</u>
30 June 2008	Closing balance	<u>85,351,913</u>		<u>(3,092)</u>
Movement of partly paid securities issued				
1 July 2007	Opening balance	1,765,124	-	1
6 July 2007	Conversion of partly paid securities	(162,803)	-	-
11 September 2007	Conversion of partly paid securities	<u>(1,602,321)</u>	-	<u>(1)</u>
30 June 2008	Closing balance	<u>-</u>		<u>-</u>

Minority interests- TOF4 and TPF12

As a result of the stapling in July 2005, TOF4 and TPF12 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 TCL (now wholly owned by TCGL) was deemed the acquirer and the acquisition of TOF4 and TPF12 formed the minority interest.

Trafalgar Corporate Group Limited and its Controlled Entities
Condensed notes to the Interim Financial Report
For the half year ended 31 December 2008

9 Issued capital (continued)

Minority interests – Trafalgar Corporate Pty Limited

At the time of the IPO Trafalgar Corporate Group Limited acquired 49.6% interest in TCL from the original shareholders. In the 2007 financial year the company acquired a further 15.1% of TCL, the remaining 35.3% was acquired in the 2008 financial year.

Fully paid stapled securities

As per the Shareholder Deeds, dated 8 June 2005, between Trafalgar Corporate Group Limited, Trafalgar Managed Investments Limited (in its capacity as RE for TOF4 and TPF12), Tangir Pty Limited ATF Geoffrey Dunstan Family Trust, RM Whyte, Clanricarde Investments Pty Limited and Ostor (No 14) Pty Limited (“the Original Shareholders”), the Original Shareholders exercised an option which required Trafalgar Corporate Group Limited to purchase the balance of shares held by these parties in Trafalgar Corporate Pty Limited (“TCL”). This resulted in Trafalgar Corporate Group Limited increasing its equity interest in TCL by 35.3% to 100%. These options were exercised in July 2007 and September 2007. The proceeds from the above transaction were used by the parties to satisfy the balance payable in respect of their partly paid securities.

Securities issued in relation to Peninsula Keys

An additional 15.7 million securities were issued to the original Shareholders of Trafalgar Corporate Pty Limited (“the Rhodes Consideration”) in October 2007 as a consequence of the shareholders exercising their option as stated in the shareholder deed dated 8 June 2005 and allowed for at the Initial Public Offer (“IPO”) which followed satisfaction of certain conditions, namely, all partly paid securities became fully paid and the first 2 stages of remediation of the Rhodes project being achieved.

10 Capital and other commitments

	31 Dec 08	30-Jun-08
	\$'000	\$'000
Capital expenditure commitments		
<i>Investment properties</i>		
Contracted but not provided for and payable		
Within one year	-	807
	-	807
Joint venture commitments		
<i>Share of capital commitments of the joint venture</i>		
Within one year	18,012	15,900
	18,012	15,900

Trafalgar Corporate Group Limited and its Controlled Entities
Condensed notes to the Interim Financial Report
For the half year ended 31 December 2008

10 Capital and other commitments (continued)

On 23 December 2004, Renewing Homebush Bay Pty Limited (a 50/50 Joint Venture with Brookfield Multiplex) entered into a Remediation Agreement which provides that Thiess Services Pty Limited will undertake the remediation of Rhodes Shoreline site for an aggregate price of \$82.8 million. \$51 million has been settled up to 31 December 2008 with a further \$31.8 million due in 2009. The payment obligation will be met from a facility with BOS International secured by the land once remediated and is expected to then be reduced by sale contracts for two lots totalling \$33.9 million.

Other commitments

TOF5

TC (TOF No 5) Pty Limited, a wholly owned subsidiary of Trafalgar Corporate Pty Limited entered into a Shareholders Agreement in July 2005 with Trafalgar Opportunity Fund No 5 Pty Limited. Under this agreement TC (TOF No 5) Pty Limited subscribed for 3.0 million \$1.00 ordinary shares which as at 31 December 2008 were paid to \$0.29. The remaining uncalled amount of \$2.1 million can be called upon as required by the Directors of Trafalgar Opportunity Fund No 5 Pty Limited for projects that have satisfied its investment criteria and business objectives.

11 Contingent assets and liabilities

Thomas St (Chatswood) Pty Limited

TCL received a performance fee of \$1,399,717 from Thomas St (Chatswood) Pty Limited during the 2003 financial year in accordance with the transaction documentation approved by the shareholders of Thomas St (Chatswood) Pty Limited at a general meeting held on 15 April 2003. As part of this transaction, in the event that the profit on sale of the remaining building held by Thomas St (Chatswood) Pty Limited did not achieve a rate of return to investors as set out in the transaction documents then TCL would be obliged to repay a portion of the fees already received. In June 2007 a payment of \$628,124 was refunded to Thomas St (Chatswood) Pty Limited based on results to that date. In addition an amount of \$211,956 was also paid for interest accrued on the performance fee over payment. A further provision has been made this period. A further sum may be payable, dependant upon the sale proceeds of the remaining strata property.

The Frances Park Partnership

On the sale to United Super Investments (Frances Park) Pty Limited ("Cbus") of half of its interest in The Frances Park Partnership, TCL provided a number of warranties and representations to Cbus.

On 26 July 2005 the Company purchased the 25% interest held by Reisig Pty Limited (Reisig) in The Frances Park Partnership. As a result of this transaction the Company assumed a number of warranties and representations to Cbus previously held by Reisig Pty Limited.

Up until the purchase by the Company of Reisig's interest, TCL had a liability for 50% of any claim made by Cbus. As a result of the purchase of Reisig's interest Trafalgar Corporate Group now assumes 100% of any claim made by Cbus. Cbus must make a claim within 6 years after the completion date of its purchase, being December 2002, for any tax claim. The total liability is limited to the purchase amount paid by Cbus, namely \$3.8m. The Directors are not aware of any likely claim being submitted.

Trafalgar Corporate Group Limited and its Controlled Entities
Condensed notes to the Interim Financial Report
For the half year ended 31 December 2008

11 Contingent assets and liabilities (continued)

Goulburn Property

In July 2007, Trafalgar Opportunity Fund No 4 acquired a property at Hume Street, Goulburn. A condition of purchase entitles the vendor to a 50% share of any valuation increase from the date of purchase to July 2010 (on signing a tenant for at least 5 years). The profit share entitlement is capped at \$2.5 million.

Tallwoods Golf Acquisition

In September 2007, the consolidated group acquired a golf course located adjacent to the company's Tallwoods residential property development.

The purchase included a future development site which when sold entitles the vendor to 50% of the sale proceeds less 50% of the development costs. Alternatively, if the consolidated group elects to retain title to the land, then a payment of 50% of the market value less 50% of the development costs is to be paid to the vendor.

The pre condition of any payment is the successful determination of the development application submitted to the Greater Taree City Council.

Park View Estate, Bonnyrigg NSW

TW Property Developments Pty Limited (TWPD), a company in which the consolidated group has a 50% interest, acquired a parcel of land on 20 March 2008 in Bonnyrigg NSW. This land will be developed into a 42 lot residential subdivision.

The consolidated group provided a bank guarantee for \$2,043,775 as security over the balance of the purchase price of the land due for payment in March 2009.

Rhodes

BOSIAL

(a) Interest

Under a Sponsor Guarantee & Indemnity Agreement between Trafalgar Corporate Group Limited, its joint venture partner Brookfield Multiplex Limited and BOS International (Australia) Limited ("BOSIAL"), the Joint Venture partners have guaranteed the interest and fees associated with the BOSIAL facility used to fund the Rhodes project. The current loans & bank guarantee provided by BOSIAL total \$71.9 million and the Group's half share of interest & finance costs are approximately \$2.2 million per annum.

(b) Land Value

The Joint Venture has provided an undertaking to fund any shortfall between 60% of the Land Value and the total debt due to BOSIAL. The Group's half share of the guarantee is limited to \$16.5 million.

Trafalgar Corporate Group Limited and its Controlled Entities
Condensed notes to the Interim Financial Report
For the half year ended 31 December 2008

11 Contingent assets and liabilities (continued)

Crown Sale

The Joint Venture has exchanged contracts with Crown International Limited ("Crown") for the sale of superlot 204 due for settlement in August 2009. The first tranche of deposit monies \$829,000 has been released to the Joint Venture and used to reduce debt with BOSIAL. Under the sale agreement, the deposit monies are refundable if Crown is not able to successfully obtain a DA for the site within 12 months from August 2008. Trafalgar Corporate Group Limited has issued a corporate guarantee in favour of Crown undertaking to refund the deposit should the sale not proceed.

Group Obligations

In accordance with the Stapling Deed executed on 8 June 2005, each party to the deed (i.e. the Company, TPF12 and TOF4) have undertaken to guarantee the obligations of the other party and/or its subsidiaries.

12 Events subsequent to balance date

A further decrease in cash rates announced by the Reserve Bank on 3 February 2009 would have a further adverse impact of the market value of the interest rate swaps. The 100 basis point cut results in a further \$300,000 unrealised loss to the Group.

Storm Financial Limited is a tenant in our Fujitsu property occupying 715 square metres at an annual rent of \$253,384 (including outgoings). The lease was paid to 31 January 2009 and the company went into administration on 12 January 2009. The lease has been terminated and while we have a bank guarantee for \$200,500, make good costs will be incurred and a loss of rent is likely to impact on the results in the ensuing period until terms agreed with a new tenant.

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 years.

13 Goodwill

	31 Dec 08 \$'000	30-Jun-08 \$'000
Goodwill - Stapling	-	2,715
	-	2,715

Goodwill acquired in July 2005 is related to the costs of stapling TOF4 and TPF12 with the Company. These costs included legal, accounting and valuers fees.

Following the Group's announcement that it is withdrawing from direct development activities and with an expected reduction in the level of investment and return from projects, the Directors reassessed the carrying value of Goodwill previously carried in the balance sheet. The Directors have formed a view that, with the cessation of new development activities, the goodwill created at the time of stapling is significantly impaired and should no longer be reflected as an asset of the Group. Hence at 31 December, the Directors wrote off the Goodwill totalling \$2.715 million.

Trafalgar Corporate Group Limited and its Controlled Entities

Directors' declaration

For the half year ended 31 December 2008

In the opinion of the Directors of Trafalgar Corporate Group Limited:

- a) the financial statements and notes set out on pages 7 to 27, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and Group's financial position as at 31 December 2008 and of its their performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company and Group will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Brendan P Crotty

Chairman



Mark H Ford

Director

Dated at Sydney this 26th day of February 2009

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, which comprises the consolidated balance sheet as at 31 December 2008, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes (1 to 13) and the directors' declaration of the consolidated entity 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 half-year financial report

The directors of Trafalgar Corporate Group Limited are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express 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 Interim and Other Financial Reports 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 consolidated entity's financial position as at 31 December 2008 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 consolidated entity's financial position as at 31 December 2008 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*.

KPMG

KPMG


Eileen Hoggett
Partner

Sydney

26 February 2009