



## **CROMWELL GROUP**

consisting of  
Cromwell Corporation Limited (ABN 44 001 056 980); and  
Cromwell Diversified Property Trust (ARSN 102 982 598)  
and their controlled entities

## **ANNUAL FINANCIAL REPORT**

**30 JUNE 2009**

Cromwell Corporation Limited  
ABN 44 001 056 980  
Level 19, 200 Mary Street  
BRISBANE QLD 4000

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**DIRECTORY**

<p><b>Board of Directors:</b>                      Geoffrey H Levy                      Robert J Pullar                      Michelle A McKellar                      David E Usasz                      Paul L Weightman                      W Richard Foster                      Daryl J Wilson</p>	<p><b>Registered Office:</b>                      Level 19                      200 Mary Street                      BRISBANE QLD 4000                      Tel: (07) 3225 7777                      Fax: (07) 3225 7788                      Web: <a href="http://www.cromwell.com.au">www.cromwell.com.au</a></p>
<p><b>Secretary:</b>                      Nicole E Riethmuller</p>	<p><b>Listing:</b>                      The company is listed on the Australian Securities Exchange (ASX: CMW).</p>
<p><b>Share Registry:</b>                      Computershare Investor Services Pty Ltd                      Level 19                      307 Queen Street                      BRISBANE QLD 4000                      Tel: 1300 550 841                      Fax: (07) 3237 2147                      Web: <a href="http://www.computershare.com.au">www.computershare.com.au</a></p>	<p><b>Auditor:</b>                      Johnston Rorke                      Chartered Accountants                      Level 30, Central Plaza One                      345 Queen Street                      BRISBANE QLD 4000                      Tel: (07) 3222 8444                      Fax: (07) 3221 7779                      Web: <a href="http://www.jr.com.au">www.jr.com.au</a></p>

CROMWELL GROUP  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2009

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The Directors of Cromwell Corporation Limited ("the Company") present their report for Cromwell Group ("the Group") consisting of Cromwell Corporation Limited and its controlled entities for the year ended 30 June 2009.

The shares of the Company and units of Cromwell Diversified Property Trust ("the Trust") are combined and issued as stapled securities in the Group. The shares of the Company and units of the Trust cannot be traded separately and can only be traded as stapled securities.

1. Directors & Officers

(a) Directors

The persons who were Directors of the Company at any time during the financial year and up to the date of this report were:

(i) *Mr Geoffrey Levy (AO) - Chairman - Appointed April 2008*

Mr Levy has extensive public company executive and directorship experience and is the former Chief Executive Officer and current Deputy Chairman of Investec Bank (Australia) Ltd. He is currently Chairman of Speciality Fashion Group Limited and MZL Investments Pty Ltd. He was appointed an Officer in the Order of Australia in the Queen's Birthday Honours List in June 2005.

(ii) *Mr Robert Pullar - Non-Executive Director - Appointed July 2002*

Mr Pullar is a Director of the Brisbane based property development company operating in Australia and Asia, Citimark Properties. He was previously a partner with chartered accounting firm Douglas Heck and Burrell, specialising in property investment, taxation and corporate reorganisation. Mr Pullar is a member of the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors. He is also Chairman of Cromwell's Nomination & Remuneration Committee, Chairman of Cromwell's Investment Committee and a member of Cromwell's Audit & Risk Committee.

(iii) *Ms Michelle McKellar - Non-Executive Director - Appointed March 2007*

Ms McKellar has a wealth of property and portfolio management experience, having held a number of senior positions with Intro International Limited (now Jen Retail Properties) and CB Richard Ellis throughout Asia-Pacific. She is a Senior Member of the Property and Land Economy Institute and runs her private property companies. Ms McKellar is a member of Cromwell's Nomination & Remuneration, Audit & Risk and Investment Committees.

(iv) *Mr David Usasz - Non-Executive Director - Appointed April 2007*

Mr Usasz has 20 years experience as partner with PricewaterhouseCoopers and has been involved in merger and acquisition advice, accounting and financial consultancy, specialising in corporate reorganisations. He holds a Bachelor of Commerce and is a Fellow of the Institute of Chartered Accountants. Mr Usasz is Chairman of Cromwell's Audit & Risk Committee and a member of Cromwell's Nomination & Remuneration Committee.

(v) *Mr Paul Weightman - Chief Executive Officer - Appointed August 1998*

Mr Weightman practised as a solicitor for more than 20 years, and holds degrees in commerce and law. He has extensive experience in property development and investment, financial structuring, public listings, mergers and acquisitions, revenue matters and joint ventures. Mr Weightman was Cromwell's Executive Chairman from 1998 until the appointment of Mr Levy in April 2008, and has acted as a Director of companies in the property, energy and retail sectors. Mr Weightman is a member of Cromwell's Investment Committee.

(vi) *Mr Richard Foster - Executive Director - Appointed July 2005*

Mr Foster is a licensed real estate agent with substantial experience in the real property industry specialising in large-scale property acquisition for most of his professional life. He has also been closely involved with the acquisition and marketing of direct property investments valued in excess of \$1.2 billion. He has had substantial input to the growth and development of the business and the Group's investment products. Mr Foster is a member of Cromwell's Investment Committee.

(vii) *Mr Daryl Wilson - Finance Director - Appointed January 2007*

Mr Wilson is a member of the Institute of Chartered Accountants, and joined Cromwell in August 1999 in the role of Chief Financial Officer. He has many years experience in senior finance roles. Mr Wilson has led the development of Cromwell's funds management capabilities, and has primary responsibility for the finance function. He holds a Bachelor of Commerce and a Diploma of Financial Planning. Mr Wilson is a member of Cromwell's Investment Committee.

All Directors of the Company are also Directors of Cromwell Property Securities Limited.

1. Directors & Officers (continued)

(b) Directorships of other listed entities in last 3 years

Mr. Geoffrey Levy has been a Director of Specialty Fashion Group since 8 April 2005. Mr. Levy was a director of Ten Network Holdings from 3 April 1998 until his resignation from the Board on 25 October 2007 and a director of STW Group Limited from 24 November 1993 until his resignation from the Board on 1 July 2008.

Mr Usasz has been a director of Queensland Mining Corporation Limited since 15 June 2007.

No other Director has been a director of any other listed company during the 3 years preceding the end of the financial year, and up to the date of this report.

(c) Company Secretaries

(i) *Ms Nicole Riethmuller - Appointed November 2008*

Ms Riethmuller has 14 years experience as a corporate lawyer having worked primarily in the financial services industry. Prior to joining Cromwell, Nicole was General Counsel at the Queensland Investment Corporation where she headed the in-house legal team. Before that she was a Senior Associate in the Funds Management team at Minter Ellison lawyers in Sydney. Nicole has also been a lawyer and Assistant Company Secretary at Queensland Sugar Corporation. She has a Bachelor of Laws and a Bachelor of Commerce from the University of Queensland.

(ii) *Ms Suzanne Morgan - Appointed January 2007; Resigned November 2008*

Ms Morgan was the Company Secretary for the Cromwell Group from 25 January 2007 until her resignation on 11 November 2008. Ms Morgan joined Cromwell in 2006 as the Cromwell Group's Corporate Legal Counsel. She has over 12 years experience as an in-house corporate legal lawyer having worked primarily in the banking and financial services industry. Ms Morgan has a Bachelor of Laws and an Associate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

(d) Directors' Meetings

The number of Directors' meetings (including meetings of committees of the Board) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Board		Nomination & Remuneration Committee		Audit & Risk Committee		Investment Committee	
	A	B	A	B	A	B	A	B
Geoffrey Levy	14	15	-	-	-	-	-	-
Robert Pullar	13	15	2	2	4	6	1	2
Michelle McKellar	15	15	1	2	6	6	2	2
David Usasz	14	15	2	2	6	6	-	-
Paul Weightman	15	15	-	-	-	-	2	2
Richard Foster	15	15	-	-	-	-	2	2
Daryl Wilson	15	15	-	-	-	-	2	2

A - Number of meetings attended      B - Number of meetings eligible to attend

2. Principal Activities

The principal activities of the Group during the financial year consisted of property investment and management, the promotion and management of property related managed investment schemes and property development.

There were no significant changes in the nature of the Group's principal activities during the financial year.

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3. Dividends/ Distributions

	Dividend per Security	Distribution per Security	Total per Security	Total \$'000	Franked amt per Security	Record Date	Payment Date
<b>2009</b>							
Interim distribution	-	2.50¢	2.50¢	17,577	-	01/10/08	14/11/08
Interim distribution	-	2.50¢	2.50¢	17,577	-	31/12/08	16/02/09
Interim distribution	-	2.50¢	2.50¢	17,577	-	14/04/09	15/05/09
Final distribution	-	1.50¢	1.50¢	10,546	-	30/06/09	31/08/09 <sup>(1)</sup>
	-	9.00¢	9.00¢	63,277	-		
<b>2008</b>							
Interim distribution	-	2.50¢	2.50¢	17,574	-	02/10/07	15/11/07
Interim distribution	-	2.50¢	2.50¢	17,651	-	31/12/07	15/02/08
Interim distribution	-	2.50¢	2.50¢	17,628	-	31/03/08	15/05/08
Final dividend/distribution	1.00¢	1.50¢	2.50¢	17,583	0.50¢	30/06/08	29/08/08
	1.00¢	9.00¢	10.00¢	70,436	0.50¢		

(1) Expected payment date

4. Review of Operations

(a) Financial Performance

The Group delivered a loss attributable to securityholders after tax and external minority interests of \$113,511,000 for the year ended 30 June 2009 compared with a profit of \$107,997,000 for the previous year. Despite the statutory result, and in what has been an extremely challenging period, underlying operating profit for the Group remained very resilient.

The statutory accounting loss was impacted by a number of substantial non-cash items. These included:

- A decrease in the fair value of the Group's investment properties of \$104,288,000 which represented a decrease of approximately 9% in the value of investment properties <sup>(1)</sup>;
- A share of losses of \$13,231,000 arising from investments in unlisted property funds managed by the Group, mainly due to falls in the fair value of the underlying investment property held by the funds;
- A decrease in fair value of the interest rate derivatives of \$22,479,000 primarily due to the effect of substantial decreases in underlying short and long-term variable interest rates during the year; and
- Write-downs in the value of listed investments (\$6,770,000), property development inventories (\$11,463,000) and receivables (\$4,890,000) all of which were impacted by the difficult climate.

Other significant items impacting the operating results for the year included:

- Rental income and recoverable outgoings of \$112,522,000 increased by 26% on the previous year, mainly due to the acquisition of the Tuggeranong Office Park in June 2008;
- Lower income and costs associated with funds management and development, due to much lower levels of activity;
- Other income of \$6,217,000 included income received from settlement of a dispute with the Queensland Office of State Revenue with regards to the Stapling transaction in 2006 and a discount negotiated on the early repayment of part of the CMBS notes on issue in November 2008; and
- Finance costs of \$50,294,000 increased by 58% on the previous year, due to a combination of additional borrowings in relation to the Tuggeranong investment property coupled with additional interest costs during a 5 month period between drawdown of a new loan facility for \$452,000,000 and repayment of \$300,000,000 of the existing CMBS notes.

(1) Includes adjustment to June 2008 carrying value for remaining cost to complete of Synergy investment property.

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4. Review of Operations (continued)

(b) Operating Profit

The loss for the year includes a number of items which, in the opinion of the Directors, need to be adjusted for in order to allow securityholders to gain a better understanding of the Group's profit from operations. A reconciliation of profit from operations, as assessed by the Directors, to the reported net profit/(loss) for the year is as follows:

	Consolidated	
	2009 \$'000	2008 \$'000
Profit from operations <sup>(1)</sup>	63,761	70,791
<i>Reconciliation to profit/(loss) for the year</i>		
Gain on sale of investment properties	-	7,470
Property development - minority interest share	-	11,904
Fair value adjustments/write-downs:		
• Investment properties	(104,288)	34,649
• Interest rate derivatives	(22,479)	4,479
• Investments at fair value through profit and loss	(3,107)	-
• Available for sale financial assets	(3,663)	(9,011)
• Inventory	(11,463)	-
• Investment in associate	(232)	-
• Loan receivable	(4,890)	-
Non-cash property investment income:		
• Straight-line lease income	1,716	735
• Lease incentive and lease cost amortisation	(4,303)	(4,182)
• Amortisation of finance costs	(1,415)	(890)
Other non-cash expenses:		
• Employee options expense	(233)	(73)
• Amortisation and depreciation	(545)	(470)
• Relating to equity accounted investments <sup>(2)</sup>	(20,237)	4,618
• Gain on dilution of interest in associate	-	826
• Net tax losses incurred/(utilised) <sup>(3)</sup>	(2,133)	(945)
<b>Net profit/(loss) for the year</b>	<b>(113,511)</b>	<b>119,901</b>
Attributable to:		
Company shareholders	(18,971)	19,440
Trust unitholders - minority interest	(94,540)	88,557
Net profit/(loss) attributable to stapled securityholders	(113,511)	107,997
External minority interests	-	11,904
	<b>(113,511)</b>	<b>119,901</b>

(1) Includes other income of \$6,217,000 (2008: \$nil).

(2) Comprises fair value adjustments included in share of profit of equity accounted entities.

(3) Comprises change in value of deferred tax asset due to recognition of future tax benefits associated with carried forward tax losses.

Profit from operations for the year was \$63,761,000 (2008: \$70,791,000). Given the turmoil in global markets and economies experienced during the year, this is considered an exceptional result. The results reflected a higher contribution from the property portfolio, coupled with lower contributions from funds management and development activities.

The performance of the investment property portfolio remained strong during the year, and reflects Cromwell Group's commitment to an in-sourced management model, with significant benefits attached to the integrated property management and tenant relationship management activities. High renewal rates with tenants continue to be achieved, and the portfolio was 99% leased at year-end, with a 5.1 year weighted average lease term. Importantly, tenant quality is also exceptional, with 51% of rental income at balance date underpinned by Government or Government owned/funded entities, and a further 31% from listed companies or their subsidiaries.

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4. Review of Operations (continued)

(c) Earnings per Stapled Security

	Consolidated	
	2009 Cents	2008 Cents
Basic/diluted operating earnings per stapled security <sup>(1) (2)</sup>	9.1	10.1
Basic/diluted earnings/(loss) per stapled security <sup>(2)</sup>	(16.1)	15.3

(1) Based on profits from operations disclosed above.

(2) Excludes external minority interests.

Basic operating earnings attributable to stapled securityholders were 9.1 cents (2008: 10.1 cents). Distributions paid for the year were 9.0 cents (2008: 10.0 cents), including a June quarter distribution of 1.5 cents per stapled security to be paid on 31 August 2009.

(d) Financial Position

	Consolidated	
	2009	2008
Total assets (\$'000)	1,308,823	1,368,523
Net assets (\$'000)	539,593	715,236
Net tangible assets <sup>(1)</sup> (\$'000)	537,358	710,938
Net debt (\$'000) <sup>(2)</sup>	656,195	589,465
Gearing (%) <sup>(3)</sup>	53%	44%
Securities issued ('000)	702,943	702,816
NTA per security	\$0.76	\$1.01

(1) Net assets less deferred tax asset and intangible assets.

(2) Borrowings less cash and cash equivalents and restricted cash.

(3) Net debt divided by total assets less cash and cash equivalents and restricted cash.

NTA per security has decreased during the year, from \$1.01 to \$0.76, primarily as a result of the decreases in fair value of the investment properties and other non-cash items noted above. NTA per security remains at approximately the same level as when the Group was stapled in December 2006.

Construction of the Synergy office building in Brisbane was completed on schedule and on budget in November 2008, with no other changes to the composition of the property portfolio during the year.

During the year the Group completed the refinance of the CMBS notes with the drawdown of a new 3 year syndicated debt facility for \$452,000,000, which expires in 2011. The Group now has no debt facilities expiring until March 2011. Gearing at balance date was 53% (2008: 44%). The increase was primarily as a result of the decreases in fair value of investment property and other non-cash items.

(e) Outlook

The outlook remains positive for the Group, despite the continuing market volatility. The proportion of earnings from recurring sources of property investment and funds management was higher during the current year, and this is expected to continue in the coming year.

The Groups' property portfolio is expected to continue to deliver stable earnings. Growth in funds under management and funds management earnings via the Group's retail distribution is expected to return during the 2010 year, commencing with the settlement of the Cromwell Riverpark Trust in July 2009, for which the Group raised over \$50 million from external investors to date.

The portfolio values have been very resilient compared to others, and this is expected to continue. The Group aims to maintain gearing below the target maximum of 55% through a combination of some sales of smaller non-core assets and prudent capital management.

**5. Significant Changes in the State of Affairs**

Changes in the state of affairs of the Group during the financial year are set out within the financial report.

There were no significant changes in the state of affairs of the Group during the financial year other than as disclosed in this report and the accompanying financial report.

**6. Subsequent Events**

Other than as set out in note 42 of the financial report, no matter or circumstance has arisen since 30 June 2009 that has significantly affected or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

**7. Likely Developments**

The Group will continue to pursue activities which increase profitability of the Group, and create value for securityholders. Further information in relation to likely developments, and the impact on the operations of the Group, has not been included in this report as the Directors believe it would result in unreasonable prejudice to the Group.

**8. Environmental Regulation**

The Directors are not aware of any particular and significant environmental regulation under a law of the Commonwealth, State or Territory relevant to the Group.

**9. Directors' Interests**

The interests of current Directors in securities of the Company are as follows:

	Stapled Securities	Performance Rights	Options over Securities
Geoffrey Levy	370,000	-	-
Robert Pullar	14,000,000	-	-
Michelle McKellar	300,000	-	-
David Usasz	1,877,580	-	-
Paul Weightman	15,464,167	738,733	-
Richard Foster	5,349,598	-	-
Daryl Wilson	2,215,006	344,200	-
	39,576,351	1,082,933	-

**10. Options**

**(a) Securities under option through the Performance Rights Plan**

Stapled securities in Cromwell Group under option through the Performance Rights Plan at the date of this report are as follows:

Date granted	Exercise date	Exercise price	Expiry date	Number of options
18/09/07	19/12/09 - 19/01/10	\$1.21	19/01/10	289,150
18/09/07	19/12/10 - 19/01/11	\$1.21	19/01/11	2,811,434
18/09/07	19/12/10 - 19/01/11	\$0.00	19/01/11	8,600
06/12/07	07/03/11 - 07/04/11	\$1.21	07/04/11	1,082,933
				4,192,117

No option holder has any right under the options to participate in any other share or interest issue of the Company or any other entity, except that the Performance Right holders have a matching in-substance option for units in Cromwell Diversified Property Trust as a result of the Group's stapling arrangement.

**(b) Securities issued on the exercise of options through the Performance Rights Plan**

No stapled securities have been issued on the exercise of options through the Performance Rights Plan during the year and up to the date of this report.



10. Options (continued)

(c) Securities under option through Employee Share Ownership Plan

Stapled securities in Cromwell Group held by the Employee Share Ownership Plan, which are accounted for as in-substance options, at the date of this report are as follows:

Date granted	Exercise date	Exercise price	Expiry date	Number of options
28/08/05	01/07/08 - 30/09/09	34.8¢	30/09/09	141,875

(d) Movement in number of options

	Number of options
Balance at 1 July 2008	268,707
Vested and exercised prior to year end	(126,832)
<b>Balance at 30 June 2009</b>	<b>141,875</b>

All remaining options expire on the earlier of their expiry date or termination of the employee's employment. Further details are included in the remuneration report. No option holder has any right under the options to participate in any other share or interest issue of the Company or any other entity.

11. Remuneration Report

The remuneration report outlines the remuneration practices for the Directors and Executives which include Key Management personnel ("KMP") and the five highest paid executives.

The remuneration report is set out under the following main headings:

- (a) Remuneration principles
- (b) Details of remuneration
- (c) Performance assessment
- (d) Share-based compensation
- (e) Employment contracts and termination provisions

(a) Remuneration principles

(i) *Governance*

The Group has appointed a nomination and remuneration committee ("Committee"). The Committee has overall responsibility for the remuneration strategies of the Group. The Committee also advises the Board on remuneration policy and practices. The Committee is chaired by Mr RJ Pullar, a non-executive director. External consultants are appointed to advise the Committee as required.

(ii) *Policy*

The Group aims to remunerate competitively and appropriately such that it attracts, retains and motivates the highest calibre employees. The Group seeks to emphasise payment for results when setting remuneration for executives, through providing short and long term incentives, and linking these to key performance indicators which reinforce both the short and long-term goals of the Group and provide a common interest between management and securityholders.

Executive remuneration is benchmarked periodically against the market, based on national remuneration levels for similar companies taking into account factors such as number of employees, revenue and market capitalisation/total assets. The Group seeks to align all of its key performance metrics for employees from the objectives set by the Board at the beginning of each financial year, such that all service agreements and key performance indicators for both executives and non-executives align with these objectives.

Performance is assessed not less than annually in light of performance against individual and Group related goals. The Group looks to mitigate risk by conservatively balancing the base pay to short term and long term incentives ratio. Long term incentives are paid by way of security based compensation. The remuneration of individual employees is structured in such a way that it reflects the individual's previous experience, qualifications, responsibility and performance. The employment or remuneration of any executive of the Group is not influenced by the executive's shareholding in the Group.

*Executive remuneration*

The executive remuneration framework has three components:

- base pay and benefits, including superannuation
- short term incentives
- long term incentives.

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11. Remuneration Report (continued)

Base pay may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. There are no guaranteed base pay increases included in any executive's contract.

Short term and long term incentives are linked to the achievement of individual objectives, both financial and non-financial, which are relevant to meeting the Group's business objectives.

Short term incentives are generally paid as cash bonuses. Cash bonus entitlements are assessed and paid based on the actual performance against the relevant key performance indicator targets. For all executives except the Chief Executive Officer, the Chief Executive Officer is responsible for assessing whether an executive's targets have been met, and key performance indicator targets are reviewed and reset annually. The key performance indicator targets for the Chief Executive Officer are set, revised and reviewed by the Committee or the Board.

Long term incentives comprise participation in equity compensation plans. The Group established a Performance Rights Plan ("PRP") during the 2008 year. The PRP enables eligible employees to acquire Performance Rights. Each Performance Right enables the holder to acquire a stapled security in Cromwell Group, at a future date and exercise price, subject to conditions. Eligibility for the PRP is approved having regard to individual circumstances and performance.

Performance Rights generally vest in 3 years. Until the Performance Rights have vested, the employee cannot sell or otherwise deal with the Performance Rights except in certain limited circumstances. An employee must remain employed by the Group in order for the Performance Rights to vest. Any Performance Rights which have not yet vested on an employee leaving service must be forfeited.

The number of key management personnel participating in the PRP during the year was 10 (2008: 10). The number of Performance Rights allocated to key management personnel at balance date was 2,663,982 (2008: 4,188,900).

The Group established the Cromwell Employee Share Ownership Plan ("ESOP") during the 2003 year. No grants were made under the ESOP during the 2008 or 2009 years, and it is not intended that any further grants will be made by this plan in the future. Under the ESOP, eligible employees were allocated shares in the Company. The shares were acquired by the eligible employees at the time of allocation, funded by a loan from the Company to the eligible employee. The loan was limited recourse to the shares only and interest was payable on the loan at the rate prescribed by the ATO for fringe benefit tax purposes from time to time. Dividends received on shares allocated to the eligible employee are applied against the outstanding loan balance.

Under AIFRS, the shares held within the ESOP are classified as in-substance options, and accounted for as treasury stock, reducing contributed capital. The Group is required to expense the options over the period from grant date to vesting date. Shares on issue under the ESOP at the time of the Stapling in December 2006 were effectively converted to Stapled Securities, in the same way as other shares issued by the Company.

The number of key management personnel participating in the ESOP in the 2009 year was 1 (2008: 1). The number of stapled securities allocated to key management personnel under the ESOP at balance date was 141,875 (2008: 250,950).

*Directors' remuneration*

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. The Board determines remuneration of non-executive Directors within the maximum amount approved by securityholders from time to time. This maximum currently stands at \$700,000 per annum in total for fees, to be divided among the non-executive Directors in such a proportion and manner as they agree. Non-executive Directors are paid a fixed remuneration, comprising base fees or salary and superannuation (if applicable). Non-executive Directors do not receive bonus payments or participate in security-based compensation plans, and are not provided with retirement benefits other than statutory superannuation.

Annual fees to Non-executive Directors for Board and Board Committees for 2009 are shown in the table below:

	2009 \$
Chairman	150,000
Non-Executive Director	75,000
Audit & Risk Committee - Chairman	18,000
Audit & Risk Committee - Member	7,500
Nomination & Remuneration Committee - Chairman	12,000
Nomination & Remuneration Committee - Member	5,000
Investment Committee	-

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11. Remuneration Report (continued)

(b) Details of remuneration

Remuneration paid, payable, or otherwise made available, directly or indirectly, to key management personnel is set out below. Other than the key management personnel shown below, there were no other key management personnel of the Company or Group during the year. Key management personnel below include the five highest remunerated Group executives and Company executives.

Key management personnel during the year were:

**Non-Executive Directors:**

Mr GH Levy (AO)	Chairman
Mr RJ Pullar	Director
Ms MA McKellar	Director
Mr DE Usasz	Director

**Executive Directors:**

Mr PL Weightman	Chief Executive Officer
Mr DJ Wilson	Chief Financial Officer
Mr WR Foster	Director - Acquisitions

**Other Key Management Personnel:**

Mr PW Howard	Chief Operating Officer
Ms SM Morgan <sup>(1)</sup>	Company Secretary
Mr DA Gippel	Structured Finance Manager
Ms MC McLaughlin	National Head of Investor Relations
Mr MJ Blake	National Head of Distribution
Mr PJ McDonnell	National Asset Manager
Mr PJ Cowling	Associate Director - Transactions
Ms NE Riethmuller <sup>(2)</sup>	General Counsel/Company Secretary
Ms JA Clark	Transactions Manager

(1) Resigned 11 November 2008

(2) Appointed 11 November 2008

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11. Remuneration Report (continued)

(b) Details of remuneration (continued)

	Short-term benefits Cash salary and fees \$	Short-term benefits Accrued leave <sup>(4)</sup> \$	Short-term benefits Cash bonus \$	Short-term benefits Non-cash benefits \$	Post- employment Super- annuation \$	Long-term benefits Long service leave \$	Share-based payments Options \$	Total Remuneration \$	% of Remun. that is performance based
<b>2009</b>									
<b>Non-Executive Directors</b>									
GH Levy	137,615	-	-	-	12,385	-	-	150,000	-
RJ Pullar	92,500	-	-	2,000	-	-	-	94,500	-
MA McKellar	84,404	-	-	-	7,596	-	-	92,000	-
DE Usasz	89,908	-	-	-	8,092	-	-	98,000	-
<b>Executive Directors</b>									
PL Weightman	678,355	77,688	-	157,900	14,718	7,369	28,725	964,755	3%
WR Foster	195,000	-	-	-	-	-	-	195,000	-
DJ Wilson	386,256	14,668	75,000	-	14,485	19,181	13,384	522,974	17%
<b>Other key management personnel</b>									
PW Howard	235,049	9,110	-	-	13,745	851	-	258,755	-
SM Morgan <sup>(1)</sup>	88,662	(6,691)	-	-	12,550	(1,689)	(3,610)	89,222	-
DA Gippel	246,956	1,841	75,000	19,568	13,745	8,003	31,450	396,563	27%
MC McLaughlin	182,092	1,652	-	-	13,745	3,461	13,733	214,683	6%
MJ Blake	236,038	(4,672)	-	-	13,745	4,743	17,654	267,508	7%
PJ McDonnell	200,000	3,077	-	-	13,745	2,438	10,453	229,713	5%
PJ Cowling	250,926	(8,340)	-	-	13,745	3,803	12,149	272,283	4%
NE Riethmuller <sup>(2)</sup>	158,654	3,070	-	-	10,309	255	-	172,288	-
JA Clark <sup>(3)</sup>	152,912	588	-	7,123	12,367	2,074	5,556	180,620	3%
	<b>3,415,327</b>	<b>91,991</b>	<b>150,000</b>	<b>186,591</b>	<b>174,972</b>	<b>50,489</b>	<b>129,494</b>	<b>4,198,864</b>	

(1) Resigned on 11 November 2008

(2) Appointed on 11 November 2008

(3) Became Key Management Person on 1 July 2009

(4) Comprises movement in annual leave entitlements

CROMWELL GROUP  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2009

11. Remuneration Report (continued)

(b) Details of remuneration (continued)

	Short-term benefits Cash salary and fees \$	Short-term benefits Accrued leave <sup>(4)</sup> \$	Short-term benefits Cash bonus \$	Short-term benefits Non-cash benefits \$	Post- employment Super- annuation \$	Long-term benefits Long service leave \$	Share-based payments Options \$	Total Remuneration \$	% of Remun. that is performance based
<b>2008</b>									
<b>Non-Executive Directors</b>									
GH Levy <sup>(1)</sup>	28,670	-	-	-	2,580	-	-	31,250	-
RJ Pullar	77,354	-	-	-	6,637	-	-	83,991	-
MA McKellar	72,150	-	-	-	13,129	-	-	85,279	-
DE Usasz	72,812	-	-	-	13,129	-	-	85,941	-
<b>Executive Directors</b>									
PL Weightman	614,252	48,199	-	222,900	13,129	3,853	12,660	914,993	1%
WR Foster	250,000	-	-	-	-	-	-	250,000	-
DJ Wilson	386,871	17,307	20,000	-	13,129	14,608	5,899	457,814	6%
<b>Other key management personnel</b>									
PA Cronan <sup>(2)</sup>	133,276	(3,722)	-	-	9,482	(93)	-	138,943	-
PW Howard <sup>(3)</sup>	48,201	4,205	-	-	9,744	90	-	62,240	-
SM Morgan	144,522	(1,131)	-	-	12,550	1,154	3,610	160,705	2%
DA Gippel	236,557	29,699	-	26,903	12,370	12,436	14,885	332,850	5%
MC McLaughlin	176,871	2,143	46,893	-	13,129	3,062	6,212	248,310	21%
MJ Blake	236,871	7	54,709	-	13,129	3,845	7,986	316,547	20%
PJ McDonnell	198,532	(5,661)	-	-	13,129	1,937	4,728	212,665	2%
PJ Cowling	254,319	8,417	-	-	13,129	3,612	5,131	284,608	2%
	2,931,258	99,463	121,602	249,803	158,395	44,504	61,111	3,666,136	

(1) Appointed on 17 April 2008

(2) Resigned on 22 February 2008

(3) Appointed on 31 March 2008

(4) Comprises movement in annual leave entitlements

11. Remuneration Report (continued)

(c) Performance assessment

Performance linked remuneration includes both short term and long term incentives. Performance remuneration seeks to link the overall level of executive reward with the performance of the Group over a number of years, with greater emphasis given to the current year. Performance is monitored through the identification of performance criteria which must be met for each executive.

*Short term incentives*

Executives receive performance related cash bonuses which are linked to the achievement of individual objectives relevant to their business unit and the Group's business objectives.

Although the performance criteria may be different for each executive the overriding principles involve assessment of performance against the following areas:

Financial	Including Group's financial performance and performance of the individual executive's business unit, with concentration on operating profit per security as assessed by the Directors and set out in part 4 of the Directors Report and Total Shareholder Returns ("TSR") relative to peers.
Non-Financial	Achievement of personal objectives related to identified non-financial business targets, implementing operational improvements for the Group, achieving performance enhancements and overseeing personal and staff development.
Governance	Achieving performance consistent with the Group's values and obligations and meeting standards of professional conduct.

*Long term incentives*

The Group has established a Performance Rights Plan. For executives, the ability to exercise the Performance Rights is conditional on the executive meeting internal performance hurdles, remaining employed by the Group for a specified period and reaching a year on year TSR of 13%. TSR is defined as being the amount of dividends/distributions paid/payable by the Group during the period and the change in the price at which securities in the Group are traded between the beginning and the end of the period.

The operating earnings for the past two years and TSR for the last one, three and five years are shown below.

	Consolidated		
	2009	2008	
<b>Operating profit</b>			
Operating profit (as assessed by the Directors - see part 4(b) above)	\$63,761,000	\$70,791,000	
Operating profit per security	9.1 cents	10.1 cents	
Change over previous year	(10%)	91%	
<b>TSR</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
TSR - Group	(21%)	(13%)	50%
TSR - S&P/ASX 300 A-REIT index	(42%)	(23%)	(9%)
<b>Over/(Under) performance</b>	<b>21%</b>	<b>10%</b>	<b>59%</b>

CROMWELL GROUP  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2009

11. Remuneration Report (continued)

(c) Performance assessment (continued)

*Details of remuneration: cash bonuses and options*

For each cash bonus and grant of options included in the tables in Section b above, the percentage of the available bonus or grant that was paid, or that vested, in the year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below. No part of the bonus is payable in future years. The options are subject to vesting conditions as outlined above (under the heading of long term incentives).

Name	Cash Bonus Paid %	Cash Bonus Forfeited %	Year Options Granted	Options Vested in 2009 %	Options Forfeited %	Years in which options may vest	Minimum total value of grant to vest \$	Maximum total value of grant to vest \$
PL Weightman	-	100%	2008	-	33%	2011	-	65,747
DJ Wilson	75%	25%	2008	-	33%	2011	-	30,634
WR Foster	-	-	-	-	-	-	-	-
SM Morgan	-	-	2008	-	100%	2011	-	-
PW Howard	-	-	-	-	-	-	-	-
DA Gippel	100%	-	2008	-	33%	2010-2011	-	45,916
PJ McDonnell	-	-	2008	-	33%	2011	-	21,214
PJ Cowling	-	-	2008	-	33%	2011	-	24,147
MJ Blake	-	100%	2008	-	33%	2011	-	35,828
MC McLaughlin	-	100%	2008	-	33%	2011	-	27,871
NE Riethmuller	-	-	-	-	-	-	-	-
JA Clark	-	-	2008	-	-	2011	-	13,815

(d) Share-based compensation

Details of the Performance Rights Plan and the Employee Share Ownership Plan are set out at part (a) of the remuneration report. No further securities are expected to be granted under the Employee Share Ownership Plan.

In prior years an allocation of options was granted to executive Directors and executives as share based compensation. All Directors and executives of the Company and its controlled entities are considered for participation in the Performance Rights Plan subject to a minimum period of service, which may be waived by the Committee. Participation by Directors is subject to securityholder approval.

Consideration for granting options, grant periods, vesting and exercise dates, exercise periods and exercise prices are determined by the Board or Committee in each case. Options granted under the Employee Share Ownership Plan carry the same voting rights as ordinary Stapled Securities. Performance rights granted under the Performance Rights Plan carry no voting rights. When exercisable, each performance right is convertible into one stapled security.

The terms and conditions of each grant of options under the Performance Rights Plan affecting remuneration in the previous, this or future reporting periods are as follows:

Grant Date	Expiry Date	Exercise Price	No of Options Granted	Assessed Value per Option at Grant Date
18/09/2007	19/01/2010	\$1.21	407,500	9.2¢
18/09/2007	19/01/2011	\$1.21	2,439,300	10.6¢
18/09/2007	19/01/2011	\$1.21	92,100 *	15.0¢
06/12/2007	07/04/2011	\$1.21	1,624,400	8.9¢

\* Granted to JA Clark who became a KMP on 1 July 2008.

No options under the Performance Rights Plan were granted during the 2009 year.

CROMWELL GROUP  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2009

11. Remuneration Report (continued)

(d) Share-based compensation (continued)

The terms and conditions of each grant of options under the Employee Share Ownership Plan affecting remuneration in the previous, this or future reporting periods are as follows:

Grant Date	Expiry Date	Exercise Price	No of Options Granted <sup>(1)</sup>	Assessed Value per Option at Grant Date
28/08/2005	30/09/2009	34.8¢	2,000,000	10.0¢

(1) The options were granted for no cash consideration, prior to the 0.8879:1 share reconstruction and stapling transaction undertaken in December 2006.

As a result of the stapling transaction during the 2007 year, all outstanding options at that time became vested and exercisable. Of the above 2,000,000 options, 1,000,000 were exercised at that time. The remaining 1,000,000 options were held by PJ Cowling and were reconstructed to 887,900 options at stapling.

No options under the Employee Share Ownership Plan were granted during the 2008 or 2009 years.

Details of changes during the 2009 year in Performance Rights which were provided to Key Management Personnel under the Performance Rights Plan are set out below.

	Opening balance	Granted during year	Vested during year	Exercised during the year	Forfeited during year	Closing balance
<b>2009</b>						
PL Weightman	1,108,100	-	-	-	(369,367)	738,733
DJ Wilson	516,300	-	-	-	(172,100)	344,200
SM Morgan	229,200	-	-	-	(229,200)	-
DA Gippel	792,000	-	-	-	(331,917)	460,083
PJ McDonnell	300,200	-	-	-	(100,067)	200,133
PJ Cowling	341,700	-	-	-	(113,900)	227,800
MJ Blake	507,000	-	-	-	(169,000)	338,000
MC McLaughlin	394,400	-	-	-	(131,467)	262,933
J A Clark*	92,100	-	-	-	-	92,100
	4,281,000	-	-	-	(1,617,018)	2,663,982

\* JA Clark became a KMP on 1 July 2008.

As the TSR for 2008 was below the hurdle of 13% all executive Performance Rights relating to that year were forfeited by executives. As the review dates for Performance Rights occur in September and December each year, the impact of the 2009 TSR will be reviewed in those months and Performance Rights will be forfeited if required.

The assessed fair value at grant date of Performance Rights granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair value at grant date for Performance Rights with no market based vesting conditions are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the security price at grant date and expected price volatility of the underlying securities, the expected dividend/distribution yield and the risk-free interest rate for the term of the option. Fair value at grant date for Performance Rights with market based vesting conditions are independently determined using a Monte Carlo simulation (TSR hurdle) and the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the security price at grant date and expected price volatility of the underlying securities, the expected dividend/distribution yield and the risk-free interest rate for the term of the option.

No Performance Rights were granted during the 2009 year. All Performance Rights granted during 2008 were for no consideration and vest over time. The model inputs for Performance Rights granted during the 2008 year are disclosed in Note 36.



CROMWELL GROUP  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2009

11. Remuneration Report (continued)

(d) Share-based compensation (continued)

Details of changes during the 2009 year in options which were provided to Key Management Personnel under the ESOP are set out below.

	Opening balance	Granted during year	Vested during year	Exercised during the year	Lapsed during year	Closing balance
<b>2009</b>						
PJ Cowling	250,950	-	-	(109,075)	-	141,875

For each option exercised one ordinary stapled security in Cromwell Corporation Limited was issued. The amount paid per share was 34.8¢.

No amounts are unpaid.

Plan rules contain a restriction on removing the "at risk" aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the "at risk" aspect of an instrument before it vests without explicit approval from the Board.

Further details relating to options are set out below:

Name	Remuneration consisting of options <sup>(1)</sup>	Value at grant date <sup>(2)</sup> \$	Value at exercise date <sup>(3)</sup> \$	Value at lapse date <sup>(4)</sup> \$
GH Levy	0%	-	-	-
RJ Pullar	0%	-	-	-
MA McKellar	0%	-	-	-
DE Usasz	0%	-	-	-
PL Weightman	3%	-	-	32,874
WR Foster	0%	-	-	-
DJ Wilson	3%	-	-	15,317
PW Howard	0%	-	-	-
SM Morgan	0%	-	-	24,295
DA Gippel	7%	-	-	32,331
MC McLaughlin	6%	-	-	13,936
MJ Blake	7%	-	-	17,914
PJ McDonnell	5%	-	-	10,607
PJ Cowling	4%	-	18,754	12,073
NE Riethmuller	0%	-	-	-
JA Clark	3%	-	-	-

- (1) The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.
- (2) The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.
- (3) The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.
- (4) The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because a vesting condition was not satisfied.

11. Remuneration Report (continued)

(e) Employment contracts and termination provisions

*Termination*

There are no fixed terms in executive employment contracts. Where an employee is guilty of misconduct, fraud or serious or repeated breaches of the employee code of conduct, the Group may terminate immediately without notice. In the event of termination of employment by the Group for other reasons, termination payments are payable if minimum notice periods are not adhered to.

Notice periods for executives are as follows:

	Notice Period
CEO, Finance Director, Structured Finance Manager	6 months
All other executives	3 months

On termination, a portion of short term incentives may also be paid at the discretion of the CEO, or the Board in the case of termination of the CEO. In addition, other statutory entitlements such as accrued leave may be taken as termination benefits.

*Employment Contract - Chief Executive Officer*

Remuneration and other terms of employment for Paul Weightman, Chief Executive Officer, are formalised in an employment agreement. Mr Weightman may terminate the agreement at any time with six months notice. Other major provisions of the agreement are as follows:

- Term of agreement - Commencing 1 July 2006, no fixed termination date.
- Base salary, inclusive of superannuation, for the 2009 year of \$850,000, thereafter to be reviewed annually by the remuneration committee.
- Performance cash bonus of up to \$150,000 with targets to be reviewed annually by the remuneration committee.

*Employment Contract - Finance Director*

Remuneration and other terms of employment for Daryl Wilson, Chief Financial Officer, are formalised in an employment agreement. Mr Wilson may terminate the agreement at any time with six months notice. Other major provisions of the agreement are as follows:

- Term of agreement - commencing 1 July 2006, no fixed termination date.
- Base salary, inclusive of superannuation, for the 2009 year of \$400,000, to be reviewed annually by the remuneration committee.
- Performance cash bonus of up to \$100,000 with targets to be reviewed annually by the remuneration committee.

**12. Indemnifying Officers or Auditor**

Subject to the following, no indemnity or insurance premium was paid during the financial year for a person who is or has been an officer of the Group.

The constitution of the Company provides that to the extent permitted by law, a person who is or has been an officer of the Company is indemnified against certain liabilities and costs incurred by them in their capacity as an officer of the Company.

Further, the Company has entered into a Deed of access, insurance and indemnity with each of the Directors and the company secretary. Under the deed, the Company agrees to, amongst other things:

- indemnify the officer to the extent permitted by law against certain liabilities and legal costs incurred by the officer as an officer of the Company and its subsidiaries;
- maintain and pay the premium on an insurance policy in respect of the officer; and
- provide the officer with access to board papers and other documents provided or available to the officer as an officer of the Company and its subsidiaries.

The Group has paid premiums for Directors and officers' liability insurance with respect to the Directors, company secretary and senior management as permitted under the Corporations Act 2001. The terms of the policy prohibit disclosure of the nature of the liabilities covered and the premiums payable under the policy.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Company or any of its controlled entities.

**13. Rounding of Amounts to Nearest Thousand Dollars**

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars, or in certain cases to the nearest dollar, in accordance with that Class Order.

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14. Auditor

Johnston Rorke continues in office in accordance with section 327 of the Corporations Act 2001.

The Company may decide to employ Johnston Rorke on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Directors have considered the position and, in accordance with advice received from the Audit & Risk Committee, are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 as none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* and all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.

Details of the amounts paid or payable to the auditor and its related parties for non-audit services are set out below:

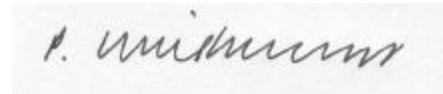
	Consolidated	
	2009	2008
	\$	\$
<b>Non-audit Services</b>		
Tax compliance services	860	48,350
Other	3,200	9,100
<b>Total remuneration for non-audit services</b>	<b>4,060</b>	<b>57,450</b>

The auditor receives remuneration for audit and other services relating to other entities for which Cromwell Property Securities Limited, a controlled entity, acts as responsible entity. The remuneration is disclosed in the relevant entity's financial reports and totalled \$97,500 (2008: \$85,000).

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached to this report.

This report is made in accordance with a resolution of the Directors.



P.L. Weightman  
Director

Dated this 21<sup>st</sup> day of August 2009

The Directors  
Cromwell Corporation Limited  
Level 19  
200 Mary Street  
BRISBANE QLD 4000

#### Auditor's Independence Declaration

As lead engagement partner for the audit of the financial report of Cromwell Corporation Limited for the financial year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

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

JOHNSTON RORKE  
Chartered Accountants



RCN WALKER  
Partner

Brisbane, Queensland  
21 August 2009

CROMWELL GROUP  
INCOME STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Revenue and other income</b>					
Rental income and recoverable outgoings		112,522	89,658	-	-
Funds management fees		4,863	14,747	-	8,972
Property development sales		2,847	38,000	-	12,504
Distributions		658	1,348	25	18
Dividends from controlled entities		-	-	3,500	2,000
Interest		11,973	10,553	1,479	1,198
Other revenue		44	84	-	-
Share of profits of equity accounted entities	18	-	10,357	-	-
Gain on sale of investment properties	4	-	7,470	-	-
Net gain from fair value adjustments to:					
• Interest rate derivatives		-	4,479	-	-
• Investment properties	15	-	34,649	-	-
Gain on dilution of interest in associate	18	-	826	-	-
Other income	5	6,217	-	-	-
<b>Total revenue and other income</b>		<b>139,124</b>	<b>212,171</b>	<b>5,004</b>	<b>24,692</b>
<b>Expenses</b>					
Property expenses and outgoings		17,545	16,497	-	-
Property development costs	13	3,874	13,594	-	1,140
Amortisation/depreciation:					
• Property, plant and equipment	20	251	291	-	-
• Intangibles	22	294	179	-	-
Funds management commissions		385	2,502	-	-
Employee benefits expense	6	10,196	9,011	712	402
Premises rental - minimum lease payments		149	104	-	-
Finance costs	7	50,294	31,815	488	37
Management fees - controlled entity		-	-	2,860	3,100
Share of losses of equity accounted entities	18	13,231	-	-	-
Net loss from fair value adjustments to:					
• Interest rate derivatives		22,479	-	-	-
• Investment properties	15	104,288	-	-	-
• Investments at fair value through profit and loss		3,107	-	-	-
Decrease in recoverable amount:					
• Available-for-sale financial assets		3,663	9,011	-	-
• Jointly controlled entity/associates	18	232	-	234	-
• Property development inventories	13	11,463	1,200	-	-
• Loans receivable	10	4,890	-	15,300	-
Other expenses		3,836	4,724	176	619
<b>Total expenses</b>		<b>250,177</b>	<b>88,928</b>	<b>19,770</b>	<b>5,298</b>
<b>Profit/(loss) before income tax</b>		<b>(111,053)</b>	<b>123,243</b>	<b>(14,766)</b>	<b>19,394</b>
Income tax expense	8	2,458	3,342	1,855	1,008
<b>Profit/(loss)</b>		<b>(113,511)</b>	<b>119,901</b>	<b>(16,621)</b>	<b>18,386</b>
Attributable to:					
Company shareholders		(18,971)	19,440		
Trust unitholders - minority interest		(94,540)	88,557		
External minority interests		-	11,904		
<b>Profit/(loss)</b>		<b>(113,511)</b>	<b>119,901</b>		
Basic earnings/(loss) per company share	33	(2.7¢)	2.8¢		
Diluted earnings/(loss) per company share	33	(2.7¢)	2.8¢		

The above income statements should be read in conjunction with the accompanying notes.

CROMWELL GROUP  
BALANCE SHEETS  
AS AT 30 JUNE 2009

	Notes	Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Current Assets</b>					
Cash and cash equivalents	9	66,653	8,283	1,771	705
Trade and other receivables	10	23,820	23,473	15,287	22,937
Current tax assets		74	-	74	-
Other financial assets	11	-	25,700	-	-
Derivative financial instruments	12	-	19,367	-	-
Inventories	13	-	4,030	-	-
Other current assets	14	2,771	2,027	-	-
<b>Total current assets</b>		<b>93,318</b>	<b>82,880</b>	<b>17,132</b>	<b>23,642</b>
<b>Non-Current Assets</b>					
Trade and other receivables	10	30,062	25,000	-	-
Investment properties	15	1,117,175	1,120,716	-	-
Available-for-sale financial assets	16	3,547	7,210	275	275
Investments at fair value through profit and loss	17	2,919	4,247	-	-
Investments in jointly controlled entity and associates	18	58,295	80,593	3	-
Investments in controlled entities	19	-	-	575	475
Property, plant and equipment	20	1,272	43,579	-	-
Deferred tax assets	21	1,721	3,846	1,735	5,379
Intangible assets	22	514	452	-	-
<b>Total non-current assets</b>		<b>1,215,505</b>	<b>1,285,643</b>	<b>2,588</b>	<b>6,129</b>
<b>Total assets</b>		<b>1,308,823</b>	<b>1,368,523</b>	<b>19,720</b>	<b>29,771</b>
<b>Current Liabilities</b>					
Trade and other payables	23	16,424	5,731	116	1,199
Borrowings	24	81,201	475,316	16,600	-
Dividends/distributions payable	25	10,546	17,583	-	7,028
Current tax liabilities		-	2,196	-	2,196
Derivative financial instruments	12	3,112	-	-	-
Provisions	26	7,804	738	-	-
Other current liabilities	27	8,131	3,314	-	-
<b>Total current liabilities</b>		<b>127,218</b>	<b>504,878</b>	<b>16,716</b>	<b>10,423</b>
<b>Non-Current Liabilities</b>					
Borrowings	24	641,647	148,132	-	-
Provisions	26	365	277	-	-
<b>Total non-current liabilities</b>		<b>642,012</b>	<b>148,409</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>769,230</b>	<b>653,287</b>	<b>16,716</b>	<b>10,423</b>
<b>Net assets</b>		<b>539,593</b>	<b>715,236</b>	<b>3,004</b>	<b>19,348</b>
<b>Equity attributable to shareholders</b>					
Contributed equity	28	43,688	43,644	43,688	43,644
Reserves	29	3,256	3,023	916	683
Accumulated losses	30	(38,371)	(18,800)	(41,600)	(24,979)
<b>Total equity attributable to shareholders</b>		<b>8,573</b>	<b>27,867</b>	<b>3,004</b>	<b>19,348</b>
<b>Minority Interests</b>					
<b>Equity attributable to unitholders</b>					
Contributed equity	31	531,853	531,853	-	-
Reserves	31	-	130,966	-	-
(Carried forward loss)/undistributed income	31	(833)	25,150	-	-
<b>Total equity attributable to unitholders</b>		<b>531,020</b>	<b>687,969</b>	<b>-</b>	<b>-</b>
External minority interest	31	-	(600)	-	-
<b>Total equity attributable to securityholders</b>		<b>539,593</b>	<b>715,236</b>	<b>3,004</b>	<b>19,348</b>

The above balance sheets should be read in conjunction with the accompanying notes.

CROMWELL GROUP  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Attributable to Equity Holders of the Company				Total	Minority Interest (Trust)	Minority Interest (External)	Total Equity (Consolidated)
		Contributed Equity	Accumulated Losses	Available-for-Sale Reserve	Share Based Payments Reserve				
		\$'000	\$'000	\$'000	\$'000				
<b>Consolidated</b>									
<b>Balance at 1 July 2008</b>		43,644	(18,800)	2,340	683	27,867	687,969	(600)	715,236
Changes in the fair value of available-for-sale financial assets	31	-	-	-	-	-	868	-	868
Net income/(expense) recognised directly in equity		-	-	-	-	-	868	-	868
Profit/(loss)		-	(18,971)	-	-	(18,971)	(94,540)	-	(113,511)
<b>Total recognised income and expense</b>		-	(18,971)	-	-	(18,971)	(93,672)	-	(112,643)
Transactions with equity holders:									
• Dividends/distributions paid/declared	32	-	-	-	-	-	(63,277)	-	(63,277)
• Contributions of equity	28	44	-	-	-	44	-	-	44
• Transfer from minority interest		-	(600)	-	-	(600)	-	600	-
• Employee share options	29	-	-	-	233	233	-	-	233
<b>Total transactions with equity holders</b>		44	(600)	-	233	(323)	(63,277)	600	(63,000)
<b>Balance at 30 June 2009</b>		43,688	(38,371)	2,340	916	8,573	531,020	-	539,593
<b>Balance at 1 July 2007</b>									
Changes in the fair value of available-for-sale financial assets	31	-	-	-	-	-	(868)	-	(868)
Net income/(expense) recognised directly in equity		-	-	-	-	-	(868)	-	(868)
Profit/loss		-	19,440	-	-	19,440	88,557	11,904	119,901
<b>Total recognised income and expense</b>		-	19,440	-	-	19,440	87,689	11,904	119,033
Transactions with equity holders:									
• Dividends/distributions paid/declared	32	-	(7,028)	-	-	(7,028)	(63,408)	-	(70,436)
• Contributions of equity	28,31	535	-	-	-	535	10,152	-	10,687
• Buy-back of stapled securities	28,31	(215)	-	-	-	(215)	(4,443)	-	(4,658)
• Buy-back transaction costs	28	(23)	-	-	-	(23)	-	-	(23)
• Employee share options	29	-	-	-	73	73	-	-	73
• Distribution to external minority interest		-	-	-	-	-	-	(12,504)	(12,504)
<b>Total transactions with equity holders</b>		297	(7,028)	-	73	(6,658)	(57,699)	(12,504)	(76,861)
<b>Balance at 30 June 2008</b>		43,644	(18,800)	2,340	683	27,867	687,969	(600)	715,236

The above statements of changes in equity should be read in conjunction with the accompanying notes.



CROMWELL GROUP  
STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009

	Notes	Contributed Equity \$'000	Accumulated Losses \$'000	Share Based Payments Reserve \$'000	Total \$'000
<b>Company</b>					
Balance at 1 July 2008		43,644	(24,979)	683	19,348
Net income recognised directly in equity		-	-	-	-
Loss		-	(16,621)	-	(16,621)
<b>Total recognised income and expense for the year</b>		-	(16,621)	-	(16,621)
Transactions with equity holders:					
• Dividends paid/declared	32	-	-	-	-
• Contributions of equity	28	44	-	-	44
• Employee share options	29	-	-	233	233
<b>Total transactions with equity holders</b>		44	-	233	277
<b>Balance at 30 June 2009</b>		43,688	(41,600)	916	3,004
<b>Balance at 1 July 2007</b>		43,347	(36,337)	610	7,620
Net income recognised directly in equity		-	-	-	-
Profit		-	18,386	-	18,386
<b>Total recognised income and expense for the year</b>		-	18,386	-	18,386
Transactions with equity holders:					
• Dividends paid/declared	32	-	(7,028)	-	(7,028)
• Contributions of equity	28	535	-	-	535
• Share buy-back	28	(215)	-	-	(215)
• Share buy-back transaction costs	28	(23)	-	-	(23)
• Employee share options	29	-	-	73	73
<b>Total transactions with equity holders</b>		297	(7,028)	73	(6,658)
<b>Balance at 30 June 2008</b>		43,644	(24,979)	683	19,348

The above statements of changes in equity should be read in conjunction with the accompanying notes.

**CROMWELL GROUP**  
**CASH FLOW STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	Consolidated		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Cash Flows From Operating Activities</b>					
Cash receipts in the course of operations		132,500	162,392	379	25,526
Cash payments in the course of operations		(44,114)	(59,457)	(4,684)	(5,204)
Dividends received		-	-	3,500	2,000
Distributions received		8,739	7,808	26	13
Interest received		12,942	10,450	71	393
Finance costs paid		(48,031)	(30,804)	(435)	(37)
Income tax paid		(2,605)	(868)	(2,605)	(868)
Reimbursements received from tax consolidated entities		-	-	1,655	661
<b>Net cash provided by/(used in) operating activities</b>	34	<b>59,431</b>	<b>89,521</b>	<b>(2,093)</b>	<b>22,484</b>
<b>Cash Flows From Investing Activities</b>					
Payments for investment properties		(15,480)	(188,542)	-	-
Proceeds from sale of investment properties		-	190,064	-	-
Payments for property, plant and equipment		(37,489)	(34,101)	-	-
Payments for investment in associate		(237)	(10,000)	(237)	-
Payments for investment in controlled entity		-	-	(100)	-
Payments for other financial assets		-	(25,700)	-	-
Proceeds from other financial assets		25,700	61,371	-	-
Payments for available-for-sale financial assets		-	(16,221)	-	-
Payments for investments at fair value through profit and loss		(2,411)	(5,116)	-	-
Proceeds from sale of investments at fair value through profit and loss		1,500	-	-	-
Payments for software		(362)	(263)	-	-
Loans to related entities		(5,062)	(45,052)	(10,304)	(20,167)
Repayment of loans by related entities		-	16,972	4,184	4,158
Loans to other persons		(219)	(1,606)	-	-
Refund of stamp duty on merger		5,284	-	-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(28,776)</b>	<b>(58,194)</b>	<b>(6,457)</b>	<b>(16,009)</b>
<b>Cash Flows From Financing Activities</b>					
Proceeds from borrowings		538,100	164,780	18,100	-
Repayment of borrowings		(437,356)	(128,475)	1,500	(211)
Payment of loan transaction costs		(2,759)	(713)	-	-
Proceeds from issue of treasury shares/securities		44	234	44	234
Payments for buy-back of stapled securities		-	(4,658)	-	(215)
Buy-back transaction costs		-	(23)	-	(23)
Payment of dividends/distributions		(70,314)	(58,140)	(7,028)	(5,590)
Payment for derivative financial instruments		-	(1,390)	-	-
Payment of distributions to external minority interests		-	(12,504)	-	-
<b>Net cash provided by/(used in) financing activities</b>		<b>27,715</b>	<b>(40,889)</b>	<b>9,616</b>	<b>(5,805)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>58,370</b>	<b>(9,562)</b>	<b>1,066</b>	<b>670</b>
Cash and cash equivalents at 1 July		8,283	17,845	705	35
<b>Cash and cash equivalents at 30 June</b>	9	<b>66,653</b>	<b>8,283</b>	<b>1,771</b>	<b>705</b>

The above cash flow statements should be read in conjunction with the accompanying notes.

## 1. Summary of Significant Accounting Policies

Cromwell Group was formed by the stapling of two entities comprising Cromwell Corporation Limited ('the Company') and its controlled entities, and Cromwell Diversified Property Trust ('the Trust') and its controlled entities. Cromwell Group is also defined as 'the Group'.

The Group was established for the purpose of facilitating a joint quotation of the Company and its controlled entities and the Trust and its controlled entities on the Australian Securities Exchange. The constitutions of the Trust and the Company ensure that, for so long as the two entities remain jointly quoted, the number of units in the Trust and the number of shares in the Company shall be equal and the unitholders and shareholders are identical. Both the Responsible Entity of the Trust and the Company must at all times act in the best interests of the Group.

To account for the stapling, Australian Accounting Standards requires an acquirer (Cromwell Corporation Limited) to be identified and an acquisition to be recognised. The net assets and net profit of the acquiree (the Trust and its controlled entities) are recognised as minority interest as they are not owned by the acquirer in the stapling agreement.

The stapling arrangement will cease upon the earliest of either the winding up of the Company or the Trust.

Cromwell Corporation Limited is a company domiciled in Australia. The financial report includes separate financial statements for Cromwell Corporation Limited as an individual entity ("the Company") and Cromwell Group, the stapled consolidated entity consisting of Cromwell Corporation Limited and its controlled entities and Cromwell Diversified Property Trust and its controlled entities.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

#### (i) Compliance with IFRS

The financial report complies with the International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

#### (ii) Historical cost convention

The financial report is prepared on the historical cost basis except for the following:

- investment properties are measured at fair value
- derivative financial instruments are measured at fair value
- available-for-sale financial assets and investments at fair value through profit and loss are measured at fair value.

The methods used to measure fair values are discussed further below.

#### (iii) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

1. Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

(iv) *Critical accounting estimates*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

*Estimates of fair value of investment properties*

The Group has investment properties with a carrying amount of approximately \$1,117,175,000 (2008: \$1,120,716,000) representing estimated fair value at balance date. In addition, the carrying amount of the Group's investments in jointly controlled entity/associate of approximately \$58,295,000 (2008: \$80,593,000) also reflect underlying investment properties of the jointly controlled entity/associate carried at fair value. These investment properties represent a significant proportion of the total assets of the Group.

Fair value is determined within a range of reasonable estimates utilising both capitalisation of net market income and discounted future cash flow methodologies and comparing the results to market sales evidence.

The best evidence of fair value is considered to be current prices in an active market for similar properties, however recent global economic and financial turmoil has had an impact on many classes of real estate, including commercial real estate in Australia. The most significant impact has been a reduction in the availability of capital (debt and equity) for real estate assets. This reduction in available capital has led to falls in asset values and a relatively low level of transactions in most markets, such that there are not necessarily a large number of comparable market transactions. Where sufficient market information is not available, or to supplement this information, management considers other relevant information including:

- Current prices for properties of a different nature, condition or location, adjusted to reflect those differences;
- Recent prices of similar properties in a less active market, with adjustments to reflect changes in economic conditions or other factors;
- Capitalised income calculations based on an assessment of current net market income based on current leases in place for that property or other similar properties, a capitalisation rate taking into account market evidence for similar properties and adjustment for short term vacancy or lease expiries, incentive costs and capital expenditure requirements; and
- Discounted cash flow forecasts including estimates of future cash flows based on current leases in place for that property, historical operating expenses, reasonable estimates of current and future rents and operating expenses based on external and internal assessments and using discount rates that appropriately reflect the degree of uncertainty and timing inherent in current and future cash flows.

The fair values adopted for investment properties have been supported by a combination of independent external valuations and detailed internal valuations, which are considered to reflect market conditions at balance date.

Key factors which impact assessments of value at each balance date include capitalisation rates, vacancy rates and weighted average lease terms. Details of these factors at each balance date were as follows:

	% Value of Portfolio by Sector		Weighted Average Cap Rate		Weighted Average Lease Term		Occupancy	
	2009	2008	2009	2008	2009	2008	2009	2008
Commercial	86%	84%	8.23%	7.33%	5.4 yrs	6.3 yrs	99.6%	99.6%
Industrial	11%	12%	9.07%	7.58%	3.1 yrs	3.2 yrs	100.0%	100.0%
Retail/Entertainment	3%	4%	10.45%	8.43%	5.1 yrs	6.1 yrs	100.0%	100.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>8.40%</b>	<b>7.40%</b>	<b>5.1 yrs</b>	<b>5.9 yrs</b>	<b>99.8%</b>	<b>99.8%</b>

Estimates of fair value take into account factors and market conditions evident at balance date. Ongoing uncertainty and changes in global market conditions in the future may impact fair values in the future.

*Estimates of fair value of interest rate derivatives*

The fair value of interest rate derivatives has been determined using a pricing model based on discounted cash flow analysis and incorporating assumptions supported by market data at balance date including market expectations of future interest rates and discount rates, and taking into account estimates prepared by external counterparties. Whilst certain derivatives may not be quoted on an active market, management have determined a value for those derivatives using market data adjusted for any specific features of the derivatives. All counterparties to interest rate derivatives are Australian financial institutions.

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1. Summary of Significant Accounting Policies (continued)

(b) Principles of consolidation

*Stapling*

The stapling of the Company and the Trust was approved at separate meetings of the respective shareholders and unitholders on 6 December 2006. Following approval of the stapling, shares in the Company and units in the Trust were stapled to one another and are quoted as a single security on the Australian Securities Exchange.

Australian Accounting Standards require an acquirer to be identified and an in-substance acquisition to be recognised. In relation to the stapling of the Company and the Trust, the Company is identified as having acquired control over the assets of the Trust. To recognise the in-substance acquisition, the following accounting principles have been applied:

- (1) no goodwill is recognised on acquisition of the Trust because no direct ownership interest was acquired by the Company in the Trust;
- (2) the equity issued by the Company to unitholders to give effect to the transaction is recognised at the dollar value of the consideration payable by the unitholders. This is because the issue of shares by the Company was administrative in nature rather than for the purposes of the Company acquiring an ownership interest in the Trust; and
- (3) the issued units of the Trust are not owned by the Company and are presented as minority interests in the Group notwithstanding that the unitholders are also the shareholders by virtue of the stapling arrangement. Accordingly, the equity in the net assets of the Trust and the profit/(loss) arising from these net assets have been separately identified in the Income Statement and Balance Sheet.

*Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries as at 30 June 2009 and the results of all subsidiaries for the year then ended.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity, so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Inter-entity transactions, balances and unrealised gains on transactions between the Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

*Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a holding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the investor's financial statements using the cost method and in the Group's financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends or distributions receivable from associates are recognised in the investor's individual income statement, while in the Group's financial statements they reduce the carrying amount of the investment.

1. Summary of Significant Accounting Policies (continued)

(b) Principles of consolidation (continued)

*Associates (continued)*

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

*Joint ventures*

*Joint venture entities*

The interest in a joint venture entity is accounted for in the Group's financial statements using the equity method and is accounted for using the cost method by the venturer. Under the equity method, the share of the profits or losses of the joint venture entity is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

Profits or losses on transactions establishing the joint venture entity and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture entity on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

*Jointly controlled assets*

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

(c) Revenue recognition

*Rental revenue*

Rental revenue from investment property is recognised on a straight-line basis over the lease term. Rental revenue not received at reporting date is reflected in the balance sheet as a receivable or if paid in advance, as rent in advance (unearned income). Lease incentives granted are considered an integral part of the total rental revenue and are recognised as a reduction in rental income over the term of the lease, on a straight-line basis. Contingent rents based on the future amount of a factor that changes other than with the passage of time, including turnover rents and CPI linked rental increases, are only recognised when contractually due.

*Funds management revenue*

Acquisition and capital raising fee revenue is recognised at settlement of the relevant property or proportionately as the equity interests are issued/sold to external investors as appropriate. Management fee revenue is recognised on a proportional basis over time as services are performed.

*Other*

Property development sales revenue is recognised on settlement of the relevant property.

Interest revenue is recognised as it accrues using the effective interest method.

Gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the income statement in the year of disposal. Where revenue is obtained from the sale of properties, it is recognised when the significant risks and rewards have transferred to the buyer, which is normally when legal title passes to the buyer.

(d) Income tax

Under current income tax legislation the Trust is not liable to pay tax provided its taxable income and taxable realised capital gains are distributed to unitholders. The liability for capital gains tax that may arise if the properties were sold is not accounted for in this report.

The Group's income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

1. Summary of Significant Accounting Policies (continued)

(d) Income tax (continued)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

*Tax consolidation*

The Company and its wholly-owned entities (this excludes the Trust and its controlled entities) have formed a tax-consolidated group with effect from 1 July 2003 and are, therefore, taxed as a single entity from that date. The head entity within the tax-consolidated group is Cromwell Corporation Limited.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group, using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities or assets and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts referred to in the following section. Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustment to deferred tax assets arising from unused tax losses, as a result of revised assessments of the probability of recoverability, is recognised by the head entity only.

*Nature of tax funding arrangements and tax sharing arrangements*

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement, which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivable (payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts under the tax sharing agreement is considered remote.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables relating to operating leases of investment properties are due on the first day of each month, payable in advance. Other receivables are usually due for settlement no more than 90 days from the date of recognition.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of trade and other receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term trade and other receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

1. Summary of Significant Accounting Policies (continued)

(g) Inventories

Development properties held for resale are stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of development properties held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the properties had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(h) Investment properties

Investment property is property which is held either to earn income or for capital appreciation or both. Initially, investment property is measured at cost including transaction costs. The investment property is subsequently measured at fair value, with any change therein recognised in profit or loss. As part of the process of determining fair value, an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values individual properties at least every two years on a rotation basis or on a more regular basis if considered appropriate and as determined by management in accordance with the valuation policy of the Group. In addition, the Group has utilised internal valuation processes for determining fair value at balance date.

These valuation processes are taken into consideration when determining the fair value of the investment properties. The fair value is based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuations are prepared by considering the capitalisation of net income and the discounting of future cash flows to their present value. These methods incorporate assumptions of future rental income and costs, appropriate capitalisation and discount rates and also consider market evidence of transaction prices for similar investment properties.

Valuations reflect, where appropriate:

- the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit-worthiness;
- the allocation of maintenance and other operating cost responsibilities between lessor and lessee; and
- the remaining economic life of the property.

Further information on assumptions underlying management's assessment of fair value is contained in note 1(a)(iv).

(i) Investments and other financial assets

The Group classifies its investments as either financial assets at fair value through profit or loss or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit. Derivatives are also categorised as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss also includes financial assets which upon initial recognition are designated as such.



1. Summary of Significant Accounting Policies (continued)

(i) Investments and other financial assets (continued)

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular purchases and sales of investments are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the income statement in the period in which they arise. Changes in the fair value of securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains or losses from investment securities.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available for sale are not reversed through the income statement.

(j) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate cost of assets, net of their residual values, over their estimated useful lives, as follows:

Class	Rate
Plant and equipment	10-67%
Leasehold improvements	18%
Leased plant and equipment	8-37%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(I)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Property that is being constructed or developed for future use as investment property is accounted for as property, plant and equipment and is stated at cost until construction of the development is complete. At this time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising on remeasurement is recognised in profit or loss.

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1. Summary of Significant Accounting Policies (continued)

(k) Intangible assets

Software assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software over its estimated useful lives of 3 years on average.

(l) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

At each reporting date, and whenever events or changes in circumstances occur, the Group assesses whether there is any indication that any other asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(n) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1. Summary of Significant Accounting Policies (continued)

(o) Lease incentives

Prospective lessees may be offered incentives as an inducement to enter into non-cancellable operating leases. These incentives may take various forms including up front cash payments, rent free periods, or a contribution to certain lessee costs such as fit out costs or relocation costs. They are recognised as an asset in the balance sheet as a component of the carrying amount of investment property and amortised over the lease period as a reduction of rental income.

(p) Initial direct leasing costs

Initial direct leasing costs incurred by the Group in negotiating and arranging operating leases are recognised as an asset in the balance sheet as a component of the carrying amount of investment property and are amortised as an expense on a straight line basis over the lease term.

(q) Repairs and maintenance

Repairs and maintenance costs and minor renewals are charged as expenses when incurred.

(r) Derivative financial instruments

The Group is exposed to changes in interest rates and uses interest rate swaps to hedge these risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

The Group enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates or vice versa. The swaps are entered into with the objective of hedging the risk of adverse interest rate fluctuations. While the Group has determined that these arrangements are economically effective, they have not satisfied the documentation, designation and effectiveness tests required by accounting standards. As a result, they do not qualify for hedge accounting and gains or losses arising from changes in fair value are recognised immediately in the income statement.

(s) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to the Group prior to the end of the year and which are unpaid. The amounts are usually unsecured and paid within 30-60 days of recognition.

(t) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest rate method. Under this method fees, costs, discounts and premiums directly related to the financial liability are spread over its expected life. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset the amount of borrowing costs capitalised is the actual borrowing costs incurred on that borrowing net of any interest earned on those borrowings. Where funds are borrowed generally the capitalisation rate used to determine the amount of borrowing costs to capitalise is the weighted average interest rate applicable to the Group's outstanding borrowings during the year.

(u) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less any cumulative amortisation.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

1. Summary of Significant Accounting Policies (continued)

(v) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

(w) Employee benefits

*Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Superannuation*

Contributions are made by the Group to defined contribution superannuation funds. Contributions are charged as expenses as they become payable.

*Share-based payments*

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

*Bonus plans*

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(x) Leases (as lessee)

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The depreciable assets acquired under finance leases are depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(y) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter. The amortisation rate for leasehold improvements is set out in note 1(j).

1. Summary of Significant Accounting Policies (continued)

(z) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from total equity. In the Company's financial statements, the transactions of the Employee Share Ownership Plan (ESOP) are treated as being executed directly by the Company. Accordingly, shares held by the ESOP are recognised as treasury shares and deducted from equity.

(aa) Dividends/distributions

Provision is made for the amount of any dividend/distribution declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at balance date.

(ab) Earnings per share

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(ac) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(ad) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(ae) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

1. Summary of Significant Accounting Policies (continued)

(af) New accounting standards and interpretations

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the year are as follows:

Standard/Interpretation	Application date of standard	Application date for the Group
AASB 3 <i>Business Combinations - revised</i> and consequential amendments to other accounting standards resulting from its issue	1 Jul 2009	1 Jul 2009
AASB 8 <i>Operating Segments</i> and consequential amendments to other accounting standards resulting from its issue	1 Jan 2009	1 Jul 2009
AASB 101 <i>Presentation of Financial Statements - revised</i> and consequential amendments to other accounting standards resulting from its issue	1 Jan 2009	1 Jul 2009
AASB 123 <i>Borrowing Costs - revised</i> and consequential amendments to other accounting standards resulting from its issue	1 Jan 2009	1 Jul 2009
AASB 127 <i>Consolidated and Separate Financial Statements - revised</i> and consequential amendments to other accounting standards resulting from its issue	1 Jul 2009	1 Jul 2009
AASB 2008-1 <i>Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations</i>	1 Jan 2009	1 Jul 2009
AASB 2008-5 <i>Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 Jan 2009	1 Jul 2009
AASB 2008-6 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 Jul 2009	1 Jul 2009
AASB 2008-7 <i>Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 Jan 2009	1 Jul 2009
AASB 2009-8 <i>Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions</i>	1 Jan 2010	1 Jul 2010

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

The revised AASB 3 applies prospectively for all business combinations after it becomes effective. It introduces a number of changes which may have a significant impact on accounting for future business combinations. For example, it allows a choice for measuring non-controlling interests (minority interest) in an acquiree - either fair value or at the proportionate share of the acquiree's net identifiable assets. It also requires acquisition related costs to be accounted for separately from the business combination - which will usually mean they will be expensed. The Directors have not yet assessed the impact the revised standard will have in future periods.

AASB 8 may impact segment disclosures. It is not expected to impact the amounts included in the financial statements except that it may impact the level at which goodwill, if any, is tested for impairment.

The revised AASB 101 is only expected to affect the presentation and disclosure of the financial report.

The revised AASB 123 will require that borrowing costs associated with qualifying assets be capitalised. The Directors do not expect the revised standard will have a material impact as the Group has already adopted the allowed alternative treatment of capitalising borrowing costs attributable to qualifying assets.

The revised AASB 127 introduces a number of changes including requiring that changes in an ownership interest in a subsidiary that do not result in a loss of control be accounted for as equity transactions and net income being attributed to the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The Directors have not yet assessed the impact the revised standard will have in future periods.

AASB 2008-1 introduces a number of amendments in accounting for share-based payments including clarifying that vesting conditions comprise service conditions and performance conditions only. The Group may have or enter into share-based payment arrangements that could be affected by these amendments. However, the Directors have not yet assessed the impact, if any.

1. Summary of Significant Accounting Policies (continued)

(af) New accounting standards and interpretations (continued)

AASB 2008-5 and AASB 2008-6 - These amendments introduce various changes to IFRSs. The Directors have not yet assessed the further impact of the amendments, if any.

AASB 2008-7 introduces amendments that result in all dividends from a subsidiary, jointly controlled entity or associate being recognised in the separate financial statements of an investor as income.

AASB 2009-8 introduces amendments to incorporate the requirements previously included in Interpretation 8 and Interpretation 11. The amendments require an entity that receives goods and services in share-based payment arrangements to account for those goods or services no matter which entity in the Group settles the transaction, and no matter whether the transaction is settled in shares or cash. The Directors have not yet assessed the further impact of the amendments, if any.

2. Capital Risk Management

The Group's capital management strategy seeks to maximise securityholder value through optimising the level and use of capital resources and the mix of debt and equity funding.

The Group's capital management objectives are to:

- ensure that Group entities comply with capital and dividend/distribution requirements of their constitutions and/or trust deeds;
- ensure sufficient capital resources to support the Group's operational requirements;
- continue to support the Group's creditworthiness;
- comply with capital requirements of relevant regulatory authorities; and
- safeguard the Group's ability to continue as a going concern.

The Group monitors the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its overall strategic plan. The Group's capital structure is continuously reviewed to ensure:

- sufficient funds and financing facilities are available, on a cost effective basis, to implement the Group's strategies; and
- dividends/distributions to members are made within the stated policy.

The Group is able to alter its capital mix by:

- issuing new stapled securities;
- activating its dividend/distribution reinvestment plan;
- adjusting the amount of dividends/distributions paid to members;
- activating its security buyback program; and
- selling assets to reduce borrowings.

The Group also protects its equity in assets by taking out insurance cover with creditworthy insurers.

Cromwell Property Securities Limited ("CPS") holds an Australian Financial Services Licence (AFSL) and acts as responsible entity for managed investment schemes, other than Cromwell Hybrid Property Fund, managed by the Group. The AFSL requires CPS to maintain net tangible assets of \$5 million. As such CPS is restricted from paying dividends to the parent entity that would breach its licence conditions and holds cash as part of its required minimum net tangible assets (see Note 34). CPS monitors its net tangible assets on an ongoing basis to ensure it continues to meet its licence requirements. CPS complied with its AFSL requirements during 2009 and 2008.

Cromwell Funds Management Limited ("CFM") holds an Australian Financial Services Licence (AFSL) and acts as responsible entity for Cromwell Hybrid Property Fund. The AFSL requires CFM to maintain net tangible assets of \$50,000. As such CFM is restricted from paying dividends to the parent entity that would breach its licence conditions and holds cash as part of its required minimum net tangible assets (see Note 34). CFM monitors its net tangible assets on an ongoing basis to ensure it continues to meet its licence requirements. CFM complied with its AFSL requirements during 2009.

CROMWELL GROUP  
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2. Capital Risk Management (continued)

The Group and the Company monitor capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by adjusted assets. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash. Adjusted assets are calculated as total assets less cash and cash equivalents, restricted cash and intangible assets. The gearing ratios at each balance date were as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total borrowings	722,848	623,448	16,600	-
Less: cash and cash equivalents and restricted cash	66,653	33,983	1,771	705
<b>Net debt</b>	<b>656,195</b>	<b>589,465</b>	<b>14,829</b>	<b>(705)</b>
Total assets	1,308,823	1,368,523	19,720	29,771
Less: intangible assets and deferred tax assets	2,235	4,298	1,735	5,379
Less: cash and cash equivalents and restricted cash	66,653	33,983	1,771	705
<b>Adjusted assets</b>	<b>1,239,935</b>	<b>1,330,242</b>	<b>16,214</b>	<b>23,687</b>
<b>Gearing ratio</b>	<b>53%</b>	<b>44%</b>	<b>91%</b>	<b>N/A</b>

3. Financial Risk Management

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (interest rate risk and price risk). The Group's overall risk management program focuses on managing these risks and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures. The Group seeks to deal only with creditworthy counterparties. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

The Group's management of treasury activities is centralised and governed by policies approved by the Directors who monitor the operating compliance and performance as required. The Group has policies for overall risk management as well as policies covering specific areas such as identifying risk exposure, analysing and deciding upon strategies, performance measurement, the segregation of duties and other controls around the treasury and cash management functions.

The Group and the Company hold the following financial instruments:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Financial Assets</b>				
Cash and cash equivalents <sup>(1)</sup>	66,653	8,283	1,771	705
Trade and other receivables <sup>(1)</sup>	53,882	48,473	15,287	22,937
Derivative financial instruments <sup>(2)</sup>	-	19,367	-	-
Available-for-sale financial assets	3,547	7,210	275	275
Investments at fair value through profit and loss <sup>(3)</sup>	2,919	4,247	-	-
Other financial assets <sup>(1)</sup>	-	25,700	-	-
<b>Total financial assets</b>	<b>127,001</b>	<b>113,280</b>	<b>17,333</b>	<b>23,917</b>
<b>Financial Liabilities</b>				
Trade and other payables <sup>(4)</sup>	16,424	5,731	116	1,199
Derivative financial instruments <sup>(2)</sup>	3,112	-	-	-
Borrowings <sup>(4)</sup>	722,848	623,448	16,600	-
Dividends/distributions payable <sup>(4)</sup>	10,546	17,583	-	7,028
<b>Total financial liabilities</b>	<b>752,930</b>	<b>646,762</b>	<b>16,716</b>	<b>8,227</b>

- (1) Loans and receivables  
(2) At fair value - held for trading  
(3) At fair value - designated  
(4) At amortised cost

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3. Financial Risk Management (continued)

(a) Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations under a financial instrument and result in a financial loss to the Group. The Group and the Company have exposure to credit risk on all financial assets included in their balance sheets except available-for-sale financial assets and investments at fair value through profit and loss.

The Group and the Company manage this risk by:

- establishing credit limits for customers and managing exposure to individual entities;
- monitoring the credit quality of all financial assets in order to identify any potential adverse changes in credit quality;
- derivative counterparties and cash transactions, when utilised, are transacted with high credit quality financial institutions;
- providing loans as an investment in controlled entities and associates where the Group and the Company are comfortable with the underlying exposure;
- regularly monitoring loans and receivables on an ongoing basis; and
- regularly monitoring the performance of controlled entities and associates on an ongoing basis.

The maximum exposure to credit risk at balance date is the carrying amount of financial assets recognised in the balance sheets of the Group and the Company plus undrawn loan commitments described in note 39. The Group and the Company hold no significant collateral as security. There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

The ageing analysis of receivables past due at balance date but not impaired is as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
1 to 3 months	1,358	2,045	-	-
3 to 6 months	-	-	-	-
Over 6 months	2,847	4,981	-	-
	4,205	7,026	-	-

The Group and Company had the following concentrations of credit risk at balance date:

- the Group has amounts owing from Cromwell Property Fund of \$48,405,000 (2008: \$40,052,000) (refer note 10);
- the Company has \$15,287,000 (2008: \$22,592,000) in loans to controlled entities, net of provision for impairment (refer note 10);
- cash and cash equivalents which is primarily held with Westpac Banking Corporation and ANZ bank;
- loan commitments as described in note 39; and
- in 2008 other concentrations of credit risk related to restricted cash which was held with Westpac Banking Corporation and derivative interest rate swaps which were held with the same financial institution.

(b) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash reserves and finance facilities to meet the ongoing operational requirements of the business. It is the Group's policy to maintain sufficient funds in cash and cash equivalents to meet expected near term operational requirements. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow. The Group monitors the maturity profile of borrowings and puts in place strategies designed to ensure that all maturing borrowings are refinanced in the required timeframes.

The current weighted average debt maturity of the Group is 2.8 years (2008: 2.2 years). The current weighted average debt maturity of the Company is less than 1 year (2008: Company had no borrowings in 2008).

Contractual maturity of financial liabilities, including interest thereon, is as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Due within one year	141,313	543,547	16,831	8,227
Due between one and five years	597,481	83,634	-	-
Due after five years	121,679	126,758	-	-
	860,473	753,939	16,831	8,227

3. Financial Risk Management (continued)

(c) Market Risk

(i) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group classified on the balance sheet as available-for-sale financial assets and investments at fair value through profit and loss. Neither the Group nor the Company are exposed to commodity price risk. The majority of the Group's equity investments are publicly traded and are included in the ASX All Ordinaries index.

*Group sensitivity*

Based on the financial instruments held at balance date, had the ASX All Ordinaries index increased/decreased by 20% (2008: 10%) with all other variables held constant and all the Group's equity instruments moved in correlation with the index, the impact on the Group's profit and equity for the year would have been \$1,294,000 (2008: \$1,146,000) higher/lower.

*Company sensitivity*

The Company had no significant exposure to price risk on equity securities in 2009 or 2008.

(ii) Interest rate risk

The Group's interest-rate risk primarily arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group's policy is to effectively maintain hedging arrangements on not less than 50% of its borrowings. At balance date, 37% (2008: 73%) of the Group's borrowings were effectively hedged due to the expiry of interest rate swaps with notional principal amounts of \$246,015,000 in June 2009.

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long term borrowings at floating rates and swaps a portion of them into fixed rates. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals (usually 30 days), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The fixed interest rates range between 4.88% and 5.95% (2008: 5.30% and 6.69%) and the variable rates are at the 30 day bank bill swap bid rate which at balance date was 3.20% (2008: 7.66%). At balance date, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Less than 1 year	71,060	246,015	-	-
1-2 years	76,745	15,060	-	-
2-3 years	-	76,745	-	-
3-4 years	-	-	-	-
4-5 years	-	-	-	-
Greater than 5 years	118,180	118,180	-	-
	265,985	456,000	-	-

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Gains or losses arising from changes in fair value have been reflected in the income statement.

The Group had no fixed rate borrowings at balance date. In the prior year the Group's fixed rate borrowings related to fixed interest debentures issued by a subsidiary and which bore interest at 8% and were measured at amortised cost. The fixed rate debentures were repaid in full during the current year.

Information on borrowings, the maturity profile of borrowings including interest thereon and the effective weighted average interest rate by maturity periods is set out in Note 24.

*Group sensitivity*

At balance date, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, profit would have been \$1,627,000 higher/lower (2008 - change of 100 bps: \$9,933,000 higher/lower), mainly as a result of increase/decrease in the fair value of interest rate swaps. Equity would have been \$1,627,000 higher/lower (2008: \$9,933,000 higher/lower) mainly as a result of an increase/decrease in the fair value of interest rate swaps.

*Company sensitivity*

At balance date, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, profit would have been \$111,000 higher/lower (2008 - change of 100 bps: \$209,000 higher/lower), mainly as a result of increase/decrease in interest income. Equity would have been \$111,000 higher/lower (2008: \$209,000 higher/lower) mainly as a result of an increase/decrease in interest income.

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3. Financial Risk Management (continued)

(d) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

Derivative interest rate swaps classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

The carrying value of loans and receivables and financial liabilities at amortised cost are assumed to approximate their fair value due to either their short-term nature or their terms and conditions including interest receivable/payment at variable rates.

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>4. Gain on Sale of Investment Properties</b>				
Net proceeds from sale of investment properties	-	190,064	-	-
Carrying value of investment properties sold and other costs of sale*	-	(182,594)	-	-
<b>Gain on sale of investment properties</b>	<b>-</b>	<b>7,470</b>	<b>-</b>	<b>-</b>
* Includes \$156,452,000 of investment properties previously classified as held for sale in prior years.				
<b>5. Other Income</b>				
Refund of stamp duty paid on merger	5,284	-	-	-
Other	933	-	-	-
<b>Other income</b>	<b>6,217</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Employee Benefits Expense</b>				
Wages and salaries including on costs	9,226	8,115	479	329
Contributions to defined contribution plans	562	512	-	-
Equity settled share-based payments	233	95	233	73
Increase in liability for long service and annual leave	175	289	-	-
<b>Employee benefits expense</b>	<b>10,196</b>	<b>9,011</b>	<b>712</b>	<b>402</b>
<b>7. Finance Costs</b>				
Total interest	50,461	33,111	488	37
Less: interest capitalised	(1,582)	(2,186)	-	-
Interest expense	48,879	30,925	488	37
Amortisation of loan transaction costs	1,415	890	-	-
<b>Finance costs</b>	<b>50,294</b>	<b>31,815</b>	<b>488</b>	<b>37</b>
<b>8. Income Tax</b>				
<b>(a) Income tax expense</b>				
Current tax	964	6,100	(1,119)	4,414
Deferred tax	(1,465)	103	53	130
Prior year tax losses (recognised)/written off	2,983	(2,959)	2,983	(2,959)
Adjustment in relation to prior periods	(24)	98	(62)	(577)
<b>Income tax expense</b>	<b>2,458</b>	<b>3,342</b>	<b>1,855</b>	<b>1,008</b>

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8. Income Tax (continued)

(b) Numerical reconciliation of income tax expense to prima facie tax

	Consolidated		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Profit/(loss) before income tax	(111,053)	123,243	(14,766)	19,394
Tax at the Australian tax rate of 30% (2008: 30%)	(33,316)	36,973	(4,430)	5,818
<i>Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:</i>				
Non-taxable trust (income)/loss	29,067	(26,567)	-	-
Non-deductible expenses	155	43	140	24
Non-deductible loan impairment	-	-	4,590	-
Share of partnership (income)/loss	3,593	(4,099)	(316)	(698)
Non-assessable income	-	(147)	(1,050)	(600)
Losses (recognised)/written off (note 21)	2,983	(2,959)	2,983	(2,959)
Adjustment in relation to prior periods	(24)	98	(62)	(577)
<b>Income tax expense</b>	<b>2,458</b>	<b>3,342</b>	<b>1,855</b>	<b>1,008</b>

(c) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

<b>Tax losses</b>	<b>17,009</b>	<b>14,020</b>	<b>17,009</b>	<b>14,020</b>
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The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the consolidated entity can utilise the benefits from the deferred tax assets. All unused tax losses were incurred by Australian entities.

(d) Amounts recognised directly in equity

Refer to Note 21 for the aggregate deferred tax relating to items that are charged or credited to equity.

(e) Tax consolidation

Refer note 1(d) for details regarding the relevance of the tax consolidation system to the consolidated entity, the tax funding arrangements and other information.

No amounts were recognised during the year (2008: \$nil) as tax consolidation contributions by, or distributions to, equity participants (refer Note 37 for further information).

9. Cash and Cash Equivalents

Cash at bank	66,653	5,499	1,771	112
Deposits	-	2,784	-	593
<b>Cash and cash equivalents</b>	<b>66,653</b>	<b>8,283</b>	<b>1,771</b>	<b>705</b>

Cash at bank held with Australian financial institutions earns variable interest at market rates with a weighted average of 3.85% at balance date (2008: 6.95%). Deposits held with Australian financial institutions at 30 June 2008 earned variable interest at market rates with a weighted average of 7.53%.

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10. Trade and Other Receivables

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Current Assets</b>				
Trade and other receivables:				
▪ Jointly controlled entity/associates	4,802	405	-	-
▪ Other entities	3,966	3,345	-	345
Loans:				
▪ Controlled entities	-	-	30,587	22,592
▪ Associates	15,052	15,052	-	-
▪ Other entities	4,890	4,671	-	-
Provision for impairment of receivables	(4,890)	-	(15,300)	-
<b>Trade and other receivables - current</b>	<b>23,820</b>	<b>23,473</b>	<b>15,287</b>	<b>22,937</b>
<b>Non-Current Assets</b>				
Loans:				
▪ Associates	30,062	25,000	-	-
<b>Trade and other receivables - non-current</b>	<b>30,062</b>	<b>25,000</b>	<b>-</b>	<b>-</b>

Trade and other receivables - other entities mainly comprises amounts owing by tenants of the Group's investment properties and recoverable costs owing by other managed investment schemes. These amounts are usually non-interest bearing, unsecured and generally payable on no more than 30 day terms.

Trade and other receivables - jointly controlled entity/associates mainly comprises June 2009 distributions receivable and an amount of \$2,847,000 owing by Cromwell Property Fund in relation to the sale of property development inventory. These receivables are payable in cash.

(a) Loans - associates

*Cromwell Property Fund*

The Group advanced \$5,000,000 (2008: \$30,000,000) to Cromwell Property Fund ("CPF") during the year under the loan facility between the Group and CPF. During the year CPF made no repayments (2008: \$5,000,000). The loan is unsecured, repayable in cash in 2010 and earns interest at a floating rate plus margin of 0.7% capped at 8.00%, which was 3.91% (2008: 8.00%) at balance date. The comparative has been represented this year as the loan facility does not fall due until 2010.

Cromwell Paclib Nominees Pty Ltd, a subsidiary of the Company, provided loans of \$15,052,000 to Cromwell Property Fund and its subsidiaries during the prior year. The loans are unsecured, at call, repayable in cash, with no fixed repayment terms and earn interest at a variable rate (BBSW) plus a margin of 1.50%, which was 4.71% (2008: 9.05%) at balance date.

*Phoenix Portfolios Pty Ltd*

During the 2009 year the Group made a 50% investment in Phoenix Portfolios Pty Ltd and made a finance facility of \$62,000 available to the company which was fully drawn at balance date. The loan is unsecured, repayable in cash in 2011 and earns interest at a variable rate (BBSW) plus a margin of 3.00%, which was 6.25% at balance date.

(b) Loans - controlled entities

*Cromwell Paclib Nominees Pty Ltd*

The Company advanced \$2,854,000 to Cromwell Paclib Nominees Pty Ltd during the 2009 year (2008: \$20,167,000). The loan is unsecured, at call with no fixed repayment terms, repayable in cash and earns interest at a variable rate (BBSW) plus a margin of 1.50%, which was 4.71% at balance date.

*Other controlled entities*

During the year the Company advanced \$7,450,000 (2008: \$nil) to other controlled entities and received \$4,184,000 (2008: \$4,158,000) in repayments. These amounts are generally non-interest bearing, unsecured and repayable in cash at call.

(c) Past due but not impaired receivables

At balance date, trade and other receivables of \$4,205,000 (2008: \$7,026,000) were past due but not impaired. These relate to a number of tenants for whom there is no recent history of default (\$1,358,000) and Cromwell Property Fund (\$2,847,000). At balance date, no receivables relating to the Company were past due.

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10. Trade and Other Receivables (Continued)

(d) Impaired receivables

*Group*

In 2009 a loan to a property developer of \$4,890,000 (2008: loan balance \$4,671,000) was deemed fully impaired and was written down accordingly. In December 2007, the Group utilised its security to become mortgagee in possession of the collateral property. The impairment was based on an estimate of the net proceeds expected to be recovered on the sale of the collateral property (estimated at \$12,358,000) after paying selling costs and the amount owing to the first mortgage security holder.

*Company*

The Company has recognised a provision for impairment of \$14,300,000 (2008: \$nil) in relation to its loan to CPN on the basis of the value of property development inventory held by CPN and associated liabilities under the development leases. In addition, the Company has recognised a provision for impairment of \$1,000,000 (2008: \$nil) in relation to its loan to another controlled entity on the basis of its underlying net assets.

*Movements in the provision for impairment are as follows:*

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at 1 July	-	-	-	-
Provision for impairment recognised during the year	4,890	-	15,300	-
<b>Balance at 30 June</b>	<b>4,890</b>	<b>-</b>	<b>15,300</b>	<b>-</b>

The provision has been recognised as "decrease in recoverable amount - loans receivable" in the income statements.

11. Other Financial Assets

<b>Restricted cash</b>	-	25,700	-	-
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In 2008 restricted cash was held with an Australian financial institution and earned interest at floating rates with a weighted average rate of 6.95%. Restricted cash was held on bank deposit and used to provide security in relation to the CMBS Note Issue which was repaid during the year (refer note 24).

12. Derivative Financial Instruments

**Current Assets**

<b>Interest rate swaps - at fair value</b>	-	19,367	-	-
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**Current liabilities**

<b>Interest rate swaps - at fair value</b>	3,112	-	-	-
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13. Inventories

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Development property - at cost				
Construction costs	-	1,990	-	-
Development property - at net realisable value				
Construction costs	-	2,040	-	-
<b>Inventories</b>	<b>-</b>	<b>4,030</b>	<b>-</b>	<b>-</b>

Movement in inventories/provision for property development liabilities

	Consolidated	
	2009 \$'000	2008 \$'000
Balance at 1 July	4,030	12,013
Project costs incurred	4,328	6,811
Transferred to profit and loss	(3,874)	(13,594)
Impairment - property development inventories/provision	(11,463)	(1,200)
	(6,979)	4,030
Recognition of provision (see note 26)	6,979	-
<b>Inventories</b>	<b>-</b>	<b>4,030</b>

14. Other Current Assets

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Prepayments	2,771	2,027	-	-

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15. Investment Properties

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Investment properties at fair value</b>	<b>1,117,175</b>	<b>1,120,716</b>	-	-
<b>(a) Movement in investment properties</b>				
Balance at 1 July	1,120,716	927,113	-	-
Additions at cost			-	-
▪ Acquisition price	-	166,025	-	-
▪ Transfer from property, plant and equipment	79,545	-	-	-
• Transaction costs	55	13,259	-	-
• Improvements	10,197	3,215	-	-
Disposals	-	(24,603)	-	-
Straight-lining rentals	1,716	735	-	-
Lease costs and incentives	13,537	4,505	-	-
Amortisation of lease costs and incentives	(4,303)	(4,182)	-	-
Net gain/(loss) from fair value adjustments	(104,288)	34,649	-	-
<b>Balance at 30 June</b>	<b>1,117,175</b>	<b>1,120,716</b>	-	-
<b>(b) Amounts recognised in profit and loss for investment properties</b>				
Rental and outgoings from investment properties	112,522	89,658	-	-
Direct operating expense from properties that generated rental income	(17,545)	(16,497)	-	-
	<b>94,977</b>	<b>73,161</b>	-	-
<b>(c) Assets pledged as security</b>				
Borrowings (refer Note 24) are secured by fixed and floating charges over each investment property plus charges over any building document, lease document, performance bond and bank guarantee in addition to a real property mortgage over each property.				
<b>(d) Leases as a lessor</b>				
The investment properties are generally leased to tenants on long term operating leases with rentals payable monthly. Minimum lease payments under the non-cancellable operating leases of the investment properties not recognised in the financial statements are receivable as follows:				
Within one year	93,841	90,260	-	-
Later than one year but not later than five years	310,616	296,670	-	-
Later than five years	164,426	173,995	-	-
	<b>568,883</b>	<b>560,925</b>	-	-

**(e) Valuation basis**

Independent valuations of properties were carried out by qualified valuers with relevant experience in the types of property being valued. Independent valuations are mostly carried out at least annually but no later than every two years. The value of investment properties is measured on a fair value basis, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. In assessing the value of the investment properties, the independent valuers have considered both discounted cash flow, and capitalisation methodologies. In addition, the Group has utilised similar internal valuation processes for determining fair value where independent valuations are not obtained. Further information on assumptions underlying management's assessment of fair value is contained in note 1(a)(iv).



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**15. Investment Properties (continued)**

**(f) Details of investment properties**

	Title	Acquisition Date (1)	Acquisition Price (1)	Most recent independent valuation date	Independent valuation amount		Carrying amount		Fair value adjustment	
					2009	2008	2009	2008	2009	2008
					\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
200 Mary St, QLD	Freehold	Jun 2001	29,250	Apr 2009	90,000	100,000	90,000	100,000	(10,637)	(420)
Terrace Office Park, QLD	Freehold	Jun 1999	13,600	Dec 2008	33,500	36,000	32,000	35,973	(4,552)	-
243 Northbourne Ave, ACT	Leasehold	Nov 2001	23,550	Jun 2009	34,000	34,000	34,000	34,000	(360)	413
Quadrant Building, ACT	Leasehold	Jun 2000	5,800	Jun 2009	9,700	10,350	9,700	10,350	(702)	166
Scrivener Buildings, ACT	Leasehold	Jun 2000	10,750	Jun 2009	11,000	12,800	11,000	12,800	(1,787)	(1,920)
NQX Property, QLD	Freehold	Feb 2003	17,778	Dec 2008	24,000	27,300	23,400	27,301	(3,847)	2,243
Henry Waymouth Centre, SA	Freehold	Apr 2003	30,420	Dec 2008	40,000	42,000	38,250	42,035	(3,785)	3,500
Hellman Distribution Centre, VIC	Freehold	Jun 2003	9,700	Jun 2009	8,425	11,260	8,425	11,260	(2,736)	(613)
Wesfarmers Woolstore, VIC	Freehold	Jun 2004	34,000	Dec 2008	36,500	41,000	37,300	41,074	(3,788)	(230)
Village Geelong Cinema, VIC	Freehold	Jun 2004	8,900	Dec 2008	10,300	11,000	9,800	11,001	(1,201)	488
Vodafone House, TAS	Freehold	Jun 2004	15,900	Jun 2009	12,500	18,100	12,500	18,054	(5,399)	1,584
Hobart Cinema Complex, TAS	Freehold	Jun 2004	16,000	Dec 2008	14,400	15,450	13,000	15,573	(2,821)	(175)
Village Launceston, TAS	Freehold	Jun 2004	3,500	Dec 2008	3,150	3,100	3,000	3,139	(139)	(331)
Albury Cinema Centre, NSW	Freehold	Jun 2004	9,900	Dec 2008	11,900	12,000	10,900	12,011	(1,126)	1,077
Spicers Paper, WA	Freehold	Jun 2004	7,600	Dec 2008	10,000	12,500	9,800	12,491	(2,677)	-
Elders Woolstore, SA	Freehold	Jun 2004	10,900	Apr 2009	14,100	15,400	14,100	15,400	(1,340)	(481)
700 Collins Street, VIC	Freehold	Dec 2004	133,000	Dec 2008	167,750	183,500	162,000	183,479	(21,648)	22,272
Forsyth Centre, VIC	Freehold	Feb 2005	41,000	Dec 2008	39,000	44,450	37,500	44,450	(6,952)	(2,550)
Centenary House, ACT	Leasehold	July 2005	35,530	Jun 2009	33,500	35,500	33,500	35,500	(3,268)	(6,025)
380 LaTrobe Street, VIC	Freehold	Dec 2005	88,000	Jun 2009	102,800	110,000	102,800	110,000	(7,031)	14,517
101 Grenfell St, SA	Freehold	Jan 2006	30,375	May 2009	36,500	36,800	36,500	36,800	(5,492)	1,215
475 Victoria Av, NSW	Freehold	Mar 2006	102,650	May 2009	135,000	142,000	135,000	142,000	(7,829)	13,178
Synergy Building, QLD	Freehold	Nov 2008	85,727	Dec 2008	83,500	-	82,700	-	(8,260)	-
Tuggeranong Office Park, ACT	Leasehold	Jun 2008	166,025	May 2009	170,000	166,025	170,000	166,025	3,089	(13,259)
<b>Total investment properties</b>			<b>929,855</b>		<b>1,131,525</b>	<b>1,120,535</b>	<b>1,117,175</b>	<b>1,120,716</b>	<b>(104,288)</b>	<b>34,649</b>

(1) Comprises original acquisition date and price for Cromwell Diversified Property Trust or the relevant Syndicate which was mostly prior to the merger and stapling transactions in December 2006.

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16. Available-for-sale Financial Assets

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Listed equity securities at fair value	3,547	7,210	-	-
Interests in Cromwell Diversified Property Trust	-	-	275	275
<b>Available-for-sale financial assets</b>	<b>3,547</b>	<b>7,210</b>	<b>275</b>	<b>275</b>

Movements in the fair value of available-for-sale financial assets are taken to a reserve.

17. Investments at Fair Value Through Profit and Loss

Listed equity securities at fair value	2,919	4,247	-	-
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These investments are designated at fair value through profit and loss. Gains and losses are shown in the income statement.

18. Investments in Jointly Controlled Entity and Associates

The Group has investments in a jointly controlled entity, Cromwell TGA Planned Investment ("TGA"), and two associates, Cromwell Property Fund ("CPF") and Phoenix Portfolios Pty Ltd ("Phoenix"). These entities were formed in Australia and their principal activities are property investment (TGA and CPF) and investment management (Phoenix).

The reporting dates of the jointly controlled entity and associates are the same as for the Group. The proportion of voting power held equates to the proportion of ownership interest held except for TGA for which both the Group and the CPF must consent to the strategic, financial and operating decisions. TGA and CPF do not recognise income tax expense or liabilities given their nature.

Investments in equity accounted entities are initially accounted for (recognised) at cost by the relevant entity holding the interest. The carrying amount is reduced where the fair value of the underlying interest, which for TGA and CPF primarily represents an indirect interest in a share of investment properties, is less than cost or the equity accounted carrying amount.

(a) Investments - Company

	Ownership Interest		Company	
	2009 %	2008 %	2009 \$'000	2008 \$'000
Phoenix - associate	50	-	3	-

The Company acquired 50% of the shares of Phoenix during the year for a cost of \$237,000. At balance date the Company recognised a decrease in recoverable amount of \$234,000 to the carrying amount of the investment on the basis of the underlying assets and liabilities of Phoenix.

(b) Investments - Consolidated

The investments are accounted for in the consolidated financial statements using the equity method of accounting. Information relating to the investments is detailed below:

	Ownership Interest		Consolidated	
	2009 %	2008 %	2009 \$'000	2008 \$'000
Investments accounted for using the equity method:				
TGA - jointly controlled entity	67	67	51,850	58,569
CPF - associate	18	18	6,442	22,024
Phoenix - associate	50	-	3	-
			<b>58,295</b>	<b>80,593</b>

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18. Investments in Jointly Controlled Entity and Associates (Continued)

*TGA*

The Group holds a 67% (2008: 67%) interest in TGA. The remaining 33% interest was acquired by CPF during the 2008 year from an external investor. The Group exercises joint control over TGA, but neither the Group nor CPF has control in its own right, irrespective of their ownership interest, as both the Group and CPF must consent to the strategic, financial and operating decisions relating to TGA. TGA has no borrowings and no material liabilities.

*CPF*

CPF was originally a controlled entity. Control was lost in February 2007 following continuing issues of units to external investors under a Product Disclosure Statement.

At balance date the Group held 18% (2008: 18%) of the issued units of CPF. The Group is considered to have significant influence over CPF due to it being the single largest investor in the CPF, with the next largest investor holding 1.3% (2008: less than 1%) of the issued units of CPF.

*Phoenix*

The Group holds a 50% interest in Phoenix which was acquired in the 2009 financial year.

(c) Movement in consolidated carrying amount of investment in jointly controlled entity and associates

	Phoenix \$'000	CPF \$'000	TGA \$'000	Total \$'000
<b>2009 - Consolidated</b>				
Balance at 1 July 2008	-	22,024	58,569	80,593
Additions - at cost	237	-	-	237
Share of profit/(loss) <sup>(2)</sup>	(2)	(13,332)	103	(13,231)
Distributions received	-	(2,250)	(6,822)	(9,072)
Decrease to recoverable amount	(232)	-	-	(232)
<b>Balance at 30 June 2009</b>	<b>3</b>	<b>6,442</b>	<b>51,850</b>	<b>58,295</b>
<b>2008 - Consolidated</b>				
Balance at 1 July 2007	-	13,896	52,349	66,245
Additions - at cost	-	10,000	-	10,000
Gain on dilution <sup>(1)</sup>	-	826	-	826
Share of profit/(loss) <sup>(2)</sup>	-	(630)	10,987	10,357
Distributions received	-	(2,068)	(4,767)	(6,835)
<b>Balance at 30 June 2008</b>	<b>-</b>	<b>22,024</b>	<b>58,569</b>	<b>80,593</b>

(1) The gain on dilution of \$nil (2008: \$826,000) was recognised on the basis of the Group's interest in the net assets attributable to unitholders of the CPF increasing since deconsolidation following the raising of additional funds from external unitholders.

(2) Share of profit/(loss) includes gain/(loss) on fair value adjustment to investment property.

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18. Investments in Jointly Controlled Entity and Associates (Continued)

(d) Share of assets and liabilities of jointly controlled entity and associates - consolidated

	2009			2008		
	Phoenix \$'000	CPF \$'000	TGA \$'000	Phoenix \$'000	CPF \$'000	TGA \$'000
<b>Assets</b>						
Current assets	41	813	1,619	-	2,554	245
<b>Non-current assets</b>						
Investment properties - at fair value	-	56,265	51,667	-	70,812	58,624
Other	8	11,124	-	-	13,139	-
<b>Total non-current assets</b>	<b>8</b>	<b>67,389</b>	<b>51,667</b>	<b>-</b>	<b>83,951</b>	<b>58,624</b>
<b>Total assets</b>	<b>49</b>	<b>68,202</b>	<b>53,286</b>	<b>-</b>	<b>86,505</b>	<b>58,869</b>
<b>Liabilities</b>						
Current liabilities						
Borrowings	31	(52,405)	-	-	(11,249)	-
Other	15	(9,355)	(1,436)	-	(1,875)	(300)
<b>Total current liabilities</b>	<b>46</b>	<b>(61,760)</b>	<b>(1,436)</b>	<b>-</b>	<b>(13,124)</b>	<b>(300)</b>
Non-current liabilities						
Borrowings	-	-	-	-	(51,357)	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(51,357)</b>	<b>-</b>
<b>Total liabilities</b>	<b>46</b>	<b>(61,760)</b>	<b>(1,436)</b>	<b>-</b>	<b>(64,481)</b>	<b>(300)</b>
<b>Net assets</b>	<b>3</b>	<b>6,442</b>	<b>51,850</b>	<b>-</b>	<b>22,024</b>	<b>58,569</b>

(e) Share of revenues, expenses and results of jointly controlled entity and associates - consolidated

	2009			2008		
	Phoenix \$'000	CPF \$'000	TGA \$'000	Phoenix \$'000	CPF \$'000	TGA \$'000
Revenue <sup>(1)</sup>	37	7,788	5,497	-	8,175	11,410
Expenses <sup>(1)</sup>	(39)	(21,120)	(5,394)	-	(8,805)	(423)
<b>Share of profit/(loss)</b>	<b>(2)</b>	<b>(13,332)</b>	<b>103</b>	<b>-</b>	<b>(630)</b>	<b>10,987</b>

(1) Includes fair value adjustment to investment properties.

(f) Assets pledged as security

Borrowings (refer note 24) are secured by a registered floating charge over the investments.

19. Investments in Controlled Entities

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Shares in subsidiaries - at cost	-	-	575	475

19. Investments in Controlled Entities (Continued)

Details of investment in controlled entities

The Company's investment in controlled entities are shown below, all of which are domiciled in Australia.

Name	Equity Holding		Carrying Value of Company's Investment	
	2009	2008	2009	2008
	%	%	\$'000	\$'000
Cromwell Property Securities Limited	100	100	345	345
Cromwell Property Services Pty Ltd	100	100	-	-
Marcoola Developments Pty Ltd	100	100	30	30
Votrait No. 662 Pty Ltd	100	100	-	-
Cromwell Capital Limited	100	100	-	-
Cromwell Finance Limited	100	100	100	100
Cromwell Operations Pty Ltd	100	100	-	-
Bundall Corporate Centre Holdings Pty Ltd	50	50	-	-
Bundall Corporate Centre Partnership	50	50	-	-
Cromwell Paclib Nominees Pty Ltd	50	50	-	-
Cromwell Funds Management Limited	100	-	100	-
			575	475

Trust and its controlled entities <sup>(1)</sup>

Name

Cromwell CMBS Pty Ltd
Cromwell Loan Note Pty Ltd
Cromwell Holding Trust No 1
Cromwell Holding Trust No 2
Cromwell Holding Trust No 4
Terrace Office Park Property Trust/Planned Investment
Cromwell Mary Street Property Trust/Planned Investment
Cromwell Goulburn Street Property Trust/Planned Investment
Cromwell Northbourne Planned Investment
Cromwell Planned Investment #3
Tuggeranong Head Trust
Tuggeranong Trust
Cromwell Phoenix Property Securities Fund
CDPT Finance Pty Ltd

(1) The Trust and its controlled entities listed above are consolidated as part of the Group as required under accounting standards (refer to Note 1(b)). The Trust owns 100% of each of its controlled entities except for Cromwell Phoenix Property Securities Fund (83%) (2008: 94%) and Cromwell Mary Street Planned Investment (92%) (2008: 92%). The other 8% of Cromwell Mary Street Planned Investment is held by a subsidiary of the Company (being Cromwell Property Securities Limited). The units in the Trust are stapled with the shares of the Company as described in note 28.

Cromwell Property Securities Limited ("CPS") holds an Australian Financial Services Licence (AFSL) and acts as responsible entity for the managed investment schemes managed by the Group. The AFSL requires CPS to maintain net tangible assets of at least \$5 million (2008: \$5 million). As such CPS is restricted from paying dividends to the Company that would breach its licence conditions.

Bundall Corporate Centre Holdings Pty Ltd ("BCCH") is the nominee for the Bundall Corporate Centre Partnership which the Company holds a 50% interest but controls through the appointment of a chairman with a casting vote. The partnership was formed during the 2006 year to lease property at Bundall on the Gold Coast from Cromwell Diversified Property Trust. Under the arrangement the partnership was to develop the land. The property was sold in October 2007 for \$38,000,000 at a cost of sales of \$13,594,000. The partnership profit was shared between the Company and the 50% external minority interest. Apart from the holding of the land and subsequent sale, the partnership has had no other significant trading and no equity contributions.

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19. Investments in Controlled Entities (continued)

Cromwell Paclib Nominees Pty Ltd ("CPN") was formed in the 2008 year. The Company holds a 50% interest but controls CPN through the appointment of a chairman with a casting vote. CPN was formed to develop property held by Cromwell Property Fund ("CPF") under development leases. Development costs are included in inventories (see note 13). Any profit is to be shared between the Company and the 50% external minority interest. The Company has provided loans to CPN totalling \$23,021,000 (2008: \$20,167,000) (see note 10). CPN has provided loans totalling \$15,052,000 (2008: \$15,052,000) to CPF (see Note 10). Apart from the loans and inventory, CPN has had no other significant trading. In particular, it has had no other significant revenue, expenses or equity contributions.

Cromwell Funds Management Limited ("CFM") was formed in the current year. CFM issued 100,000 shares at \$1 each for cash. All shares are owned by the Company. CFM holds an Australian Financial Services Licence (AFSL) and acts as responsible entity for Cromwell Hybrid Property Fund. The AFSL requires CFM to maintain net tangible assets of at least \$50,000. As such CFM is restricted from paying dividends to the Company that would breach its licence conditions.

20. Property, Plant and Equipment

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Property under construction at cost	-	42,155	-	-
Leasehold improvements at cost	1,172	992	-	-
Accumulated depreciation	(422)	(288)	-	-
	750	704	-	-
Plant and equipment at cost	1,150	1,105	-	-
Accumulated depreciation	(772)	(672)	-	-
	378	433	-	-
Plant and equipment under finance lease at cost	267	514	-	-
Accumulated depreciation	(123)	(227)	-	-
	144	287	-	-
<b>Property, plant and equipment</b>	<b>1,272</b>	<b>43,579</b>	<b>-</b>	<b>-</b>

(a) Movement in property, plant and equipment

Reconciliations of the carrying amounts of each class of property, plant and equipment are set out below.

Consolidated	Property Under Construction	Leasehold Improvements	Plant and Equipment		Total
	\$'000	\$'000	Owned \$'000	Under Lease \$'000	\$'000
Balance at 1 July 2008	42,155	704	433	287	43,579
Additions	37,390	9	90	-	37,489
Transfer to investment properties	(79,545)	-	-	-	(79,545)
Transfers	-	103	-	(103)	-
Disposals	-	-	-	-	-
Depreciation	-	(66)	(145)	(40)	(251)
<b>Balance at 30 June 2009</b>	<b>-</b>	<b>750</b>	<b>378</b>	<b>144</b>	<b>1,272</b>
Balance at 1 July 2007	8,507	484	465	338	9,794
Additions	33,648	309	144	-	34,101
Disposals	-	(6)	(19)	-	(25)
Depreciation	-	(83)	(157)	(51)	(291)
<b>Balance at 30 June 2008</b>	<b>42,155</b>	<b>704</b>	<b>433</b>	<b>287</b>	<b>43,579</b>
<b>Company</b>					
Balance at 30 June 2009	-	-	-	-	-
Balance at 30 June 2008	-	-	-	-	-

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20. Property, Plant and Equipment (continued)

(b) Additions relating to property under construction

	Consolidated	
	2009 \$'000	2008 \$'000
Additions at cost		
· Transaction costs	-	8
· Construction costs	35,591	30,965
· Holding costs	217	489
· Capitalised interest	1,582	2,186
	<b>37,390</b>	<b>33,648</b>

Contractual commitments for the acquisition of property, plant and equipment are disclosed in note 39.

21. Deferred Tax Assets

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Deferred tax assets</b>	<b>1,721</b>	<b>3,846</b>	<b>1,735</b>	<b>5,379</b>
<i>Deferred tax assets and liabilities are attributable to the following:</i>				
Interests in managed investment schemes	(1,870)	(1,860)	(13)	(7)
Receivables	1,467	-	-	-
Payables	36	27	20	17
Employee benefits	331	279	-	-
Provisions	30	30	-	-
Other accruals and sundry items	102	145	103	144
Tax losses recognised	1,625	5,225	1,625	5,225
	<b>1,721</b>	<b>3,846</b>	<b>1,735</b>	<b>5,379</b>
<i>Movements</i>				
Balance at 1 July	3,846	5,005	5,379	5,860
Reduction in current tax liability on use of tax losses previously recognised	(618)	(3,904)	(618)	(3,904)
(Debit)/credit to income statement	1,465	(103)	(53)	(130)
Losses (recognised)/written off	(2,983)	2,959	(2,983)	2,959
Adjustments in relation to prior periods	11	(111)	10	594
<b>Balance at 30 June</b>	<b>1,721</b>	<b>3,846</b>	<b>1,735</b>	<b>5,379</b>

The benefit of temporary differences and prior year tax losses recognised as a deferred tax asset was based on projected earnings over a limited period that the Directors considered to be probable. Projected earnings have been re-assessed at each reporting date. There remains a significant amount of tax losses that have not been recognised as a deferred tax asset (refer note 8).

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22. Intangible Assets

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Software - at cost	1,467	1,111	-	-
Accumulated amortisation	(953)	(659)	-	-
<b>Intangible assets</b>	<b>514</b>	<b>452</b>	<b>-</b>	<b>-</b>

Software has been acquired externally. Amortisation of software is included in amortisation expense in the income statement.

Reconciliations of the carrying amounts of software are set out below:

Balance at 1 July	452	368	-	-
Additions - acquired separately	362	263	-	-
Disposals	(6)	-	-	-
Amortisation	(294)	(179)	-	-
<b>Balance at 30 June</b>	<b>514</b>	<b>452</b>	<b>-</b>	<b>-</b>

23. Trade and Other Payables

Trade payables and accruals	7,934	5,555	116	1,199
Tenant security deposits	181	176	-	-
Other payables	8,309	-	-	-
<b>Trade and other payables</b>	<b>16,424</b>	<b>5,731</b>	<b>116</b>	<b>1,199</b>

Trade and other payables are generally unsecured, non-interest bearing and paid in cash within 30-60 days of recognition.

24. Borrowings

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Current</b>				
<i>Secured</i>				
CMBS Notes	-	428,265	-	-
Loans - financial institutions	81,181	43,566	-	-
Debentures	-	3,429	-	-
Lease liabilities	20	56	-	-
<i>Unsecured</i>				
Loan payable to Cromwell Diversified Property Trust <sup>(1)</sup>	-	-	16,600	-
<b>Borrowings - current</b>	<b>81,201</b>	<b>475,316</b>	<b>16,600</b>	<b>-</b>
<b>Non-Current</b>				
<i>Secured</i>				
Loans - financial institutions	641,647	147,615	-	-
Debentures	-	497	-	-
Lease liabilities	-	20	-	-
<b>Borrowings - non-current</b>	<b>641,647</b>	<b>148,132</b>	<b>-</b>	<b>-</b>

(1) See note 37.

The amounts of the loans shown above comprise the net values of the respective borrowings. Under accounting standards the amounts recognised in the balance sheet are net of transaction costs which are subsequently amortised using the effective interest method.



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24. Borrowings (Continued)

(a) Borrowing details

Details of borrowings of the Group at balance date are set out below:

Facility	Note	Secured	Maturity Date	Facility 2009 \$'000	Utilised 2009 \$'000	Facility 2008 \$'000	Utilised 2008 \$'000
Bank Loan - Syndicate Finance	(i)	Yes	Nov 2011	452,000	452,000	-	-
CMBS note issue	(ii)	-	-	-	-	429,000	429,000
Bank loan - Tuggeranong (Tranche 1)	(iii)	Yes	June 2015	107,916	107,916	107,916	107,916
Bank loan - Tuggeranong (Tranche 2)	(iii)	Yes	June 2013	13,282	13,282	16,602	16,602
Bank loan - Synergy	(iv)	Yes	July 2009	77,861	77,861	93,500	40,261
Bank loan - TGA	(v)	Yes	Mar 2011	25,946	25,946	27,000	27,000
Bank loan - Mary Street	(vi)	Yes	Aug 2011	49,500	48,500	-	-
Lease liabilities	(vii)	Yes	Oct 2009	20	20	76	76
Debentures	(viii)	-	-	-	-	3,926	3,926
<b>Total facilities</b>				<b>726,525</b>	<b>725,525</b>	<b>678,020</b>	<b>624,781</b>
Less unamortised transaction costs					(2,677)		(1,333)
<b>Total borrowings</b>					<b>722,848</b>		<b>623,448</b>

(i) *Bank Loan - Syndicate Finance*

The Syndicate finance facility is secured by first registered mortgages over the majority of the investment properties held by the Group and a registered floating charge over the assets of the Trust. Interest is payable monthly in arrears at variable rates based on a margin over the 30 day BBSW rate and was 4.2% at balance date. An amount of \$238,985,000 was effectively fixed at balance date through interest rate swap arrangements which expire in Jul-09 (\$56,000,000), Nov-09 (\$15,060,000), Jul-10 (\$49,745,000), Feb-16 (\$31,730,000) and Sep-17 (\$86,450,000).

(ii) *CMBS Note Issue*

The CMBS facility was fully repaid during the 2009 year from the proceeds of the Syndicate Finance Facility.

(iii) *Bank Loan - Tuggeranong*

The Group has a \$121,198,000 (2008: \$124,518,000) loan in relation to its investment in Tuggeranong Office Park. The loan is secured by a first registered mortgage over the investment property and a registered floating charge over the assets of Tuggeranong Trust. The first tranche of the loan matures in June 2015. The second tranche matures in June 2013 with \$830,000 repayable each quarter until June 2013. The loan bears interest at a variable rate based on a margin over the 30 day BBSW rate which for tranche 1 was 4.53% and for tranche 2 was 4.27% (2008: both tranche 1 and 2 were 8.73%) at balance date.

(iv) *Bank Loan - Synergy*

The Group has a \$77,861,000 (2008: \$40,261,000) loan in relation to the Synergy investment property. The loan is secured by a registered floating charge over the assets of the Group specific to the Synergy investment property. The loan matured on 31 July 2009 and was extended for a further 2 years (see Note 42). The loan bears interest at a variable rate based on a margin over the 30 day BBSW rate which was 6.7% (2008: 8.25%) at balance date.

(v) *Bank Loan - TGA*

The Group has a \$25,946,000 (2008: \$27,000,000) loan in relation to its investment in Cromwell TGA Planned Investment. The loan is secured by a first registered mortgage over the TGA property and a registered floating charge over the assets of TGA. These assets are reflected in the carrying value of the investment in jointly controlled entity. The loan bears interest at a variable rate based on a margin over the 30 day BBSW rate which was 3.77% (2008: 8.40%) at balance date. The loan was effectively fixed at balance date through interest rate swap arrangements to August 2010.

(vi) *Bank Loan - Mary Street*

The Group has a \$49,500,000 (2008: \$nil) facility secured over the 200 Mary Street investment property. The loan has been drawn down in two tranches, Tranche 1 for \$20,000,000 and Tranche 2 for \$28,500,000. The loan bears interest at a variable rate based on a margin over the 30 day BBSW rate and for tranche 1 was 4.49% and for tranche 2 was 5.04% at balance date.

(vii) *Lease Liabilities*

Lease liabilities are effectively secured as the rights to the relevant assets (being leased property, plant and equipment) revert to the lessor or financier in the event of default.

(viii) *Debentures*

All debentures were repaid during 2009.

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24. Borrowings (continued)

(b) Maturity Profile

Maturity profile of the principal amounts of current and non-current borrowings together with estimated interest thereon:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Due within one year	109,062	520,233	16,715	-
Due between one and five years	584,342	83,634	-	-
Due after five years	112,524	126,758	-	-
	<b>805,928</b>	<b>730,625</b>	<b>16,715</b>	<b>-</b>

(c) Unused Finance Facilities

At balance date the Group had unused finance facilities totalling \$1,000,000 (2008: \$53,239,000).

(d) Interest Rate Risk

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table.

	Floating interest rate \$'000	Fixed interest rate maturing in						Total \$'000
		1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000	
<b>2009</b>								
Financial institution loans	722,828	-	-	-	-	-	-	722,828
Lease liabilities	-	20	-	-	-	-	-	20
Interest rate swaps <sup>(1)</sup>	(265,985)	71,060	76,745	-	-	-	118,180	-
	<b>456,843</b>	<b>71,080</b>	<b>76,745</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,180</b>	<b>722,848</b>
<b>Weighted average interest rate %</b>	<b>4.78%</b>	<b>5.06%</b>	<b>5.56%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.94%</b>	
<b>2008</b>								
CMBS note issue	428,265	-	-	-	-	-	-	428,265
Financial institution loans	191,181	-	-	-	-	-	-	191,181
Debentures	-	3,429	497	-	-	-	-	3,926
Lease liabilities	-	56	20	-	-	-	-	76
Interest rate swaps <sup>(1)</sup>	(456,000)	246,015	15,060	76,745	-	-	118,180	-
	<b>163,446</b>	<b>249,500</b>	<b>15,577</b>	<b>76,745</b>	<b>-</b>	<b>-</b>	<b>118,180</b>	<b>623,448</b>
<b>Weighted average interest rate %</b>	<b>7.15%</b>	<b>6.15%</b>	<b>5.72%</b>	<b>5.53%</b>	<b>-</b>	<b>-</b>	<b>5.89%</b>	

(1) notional principal amounts

25. Dividends/Distributions Payable

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Dividends/distributions payable	10,546	17,583	-	7,028

Distributions payable relate to June quarter distributions declared in June and payable in August of each year.

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26. Provisions

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Current</b>				
Employee benefits	825	738	-	-
Property development	6,979	-	-	-
	<b>7,804</b>	<b>738</b>	<b>-</b>	<b>-</b>
<b>Non-Current</b>				
Employee benefits	265	177	-	-
Restoration	100	100	-	-
<b>Provisions</b>	<b>365</b>	<b>277</b>	<b>-</b>	<b>-</b>

Movement in provisions - consolidated

	Property Development		Restoration	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Balance at 1 July	-	-	100	100
Additional provisions recognised	6,979	-	-	-
<b>Balance at 30 June</b>	<b>6,979</b>	<b>-</b>	<b>100</b>	<b>100</b>

*Property development*

Cromwell Paclib Nominees Pty Ltd ("CPN"), a controlled entity (see note 19) has entered into development agreements with Cromwell Property Fund ("CPF") in respect of certain properties leased from CPF. Under the development agreements CPN can develop the land on the basis that CPF would fully recover its cost. At 30 June 2009 the Group assessed the recoverable amount of the properties held by CPF at less than CPF's cost and has provided for the difference (see note 13). The recoverable amount of these properties was assessed on the basis of their expected realisation values without further development.

*Restoration*

The Group's operating leases of its premises requires the asset to be returned to the lessor in a lease stipulated condition. The operating lease payments do not include an element for the refurbishment costs. A provision for refurbishment costs (make good obligations) is recognised over the period of the lease, measured at each reporting date as the expected cost of returning the asset to its agreed condition.

27. Other Current Liabilities

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Unearned income</b>	<b>8,131</b>	<b>3,314</b>	<b>-</b>	<b>-</b>

Unearned income primarily comprises rent paid in advance.

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28. Contributed Equity

(a) Share Capital

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>702,943,059 (2008: 702,816,227) fully paid ordinary shares</b>	<b>43,688</b>	<b>43,644</b>	<b>43,688</b>	<b>43,644</b>

Effective 1 July 1998, the corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

Movements in ordinary share capital

	No. of Shares	\$'000
Balance at 1 July 2008	702,816,227	43,644
Issue of treasury shares to employees for cash on exercise of options	126,832	44
<b>Balance at 30 June 2009</b>	<b>702,943,059</b>	<b>43,688</b>
Balance at 1 July 2007	698,783,980	43,347
Reinvestment of dividends/distributions <sup>(1)</sup>	8,930,200	301
Share buy-back <sup>(2)</sup>	(5,565,342)	(215)
Issue of treasury shares to employees for cash on exercise of options	667,389	234
Share buy-back transaction costs	-	(23)
<b>Balance at 30 June 2008</b>	<b>702,816,227</b>	<b>43,644</b>

(1) The Group has established a dividend/distribution reinvestment plan (DRP) under which stapled security holders may elect to have all or part of their dividend/distribution entitlements satisfied by the issue of new stapled securities rather than being paid in cash. The DRP was suspended in March 2008.

(2) The Group announced an on-market buy-back of up to 69 million stapled securities in January 2008 and acquired the securities between 13 February 2008 and 26 June 2008.

The basis of allocation of the issue price of stapled securities issued post stapling is determined by agreement between the Company and the Trust as set out in the Stapling Deed.

Treasury shares are held by the Employee Share Ownership Plan (ESOP) (refer note 36). Total number of fully paid ordinary shares at balance date comprises:

	2009 Number	2008 Number
Ordinary shares as shown above	702,943,059	702,816,227
Treasury shares held by ESOP	141,875	268,707
	<b>703,084,934</b>	<b>703,084,934</b>

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28. Contributed Equity (continued)

(b) Stapled Securities

The ordinary shares of the Company are stapled with the units of the Trust. These entitle the holder to participate in dividends and distributions as declared from time to time and the proceeds on winding up. On a show of hands every holder of stapled securities present at a meeting in person, or by proxy, is entitled to one vote, and upon a poll each stapled security is entitled to one vote.

A reconciliation of the stapled number of ordinary shares of the Company and ordinary units of the Trust is as follows:

	2009 Company Number	2009 Trust Number	2008 Company Number	2008 Trust Number
Ordinary shares / ordinary units	702,943,059	703,360,040	702,816,227	703,360,040
Treasury stapled securities held by ESOP *	141,875	-	268,707	-
Unstapled units (held by the Company)	-	(275,106)	-	(275,106)
	<b>703,084,934</b>	<b>703,084,934</b>	<b>703,084,934</b>	<b>703,084,934</b>

\* The ESOP holds a similar number of Trust units which are included in the total of 703,084,934 (2008: 703,084,934) units.

(c) Options

Information relating to the Employee Share Ownership Plan and Performance Rights Plan, including details of options issued, exercised and lapsed during the financial year, is set out in note 36.

29. Reserves

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Share based payments	916	683	916	683
Available-for-sale financial assets revaluation reserve	2,340	2,340	-	-
<b>Reserves</b>	<b>3,256</b>	<b>3,023</b>	<b>916</b>	<b>683</b>
<b>Movements in reserves</b>				
<i>Share based payments</i>				
Balance at 1 July	683	610	683	610
Options expensed	233	73	233	73
<b>Balance at 30 June</b>	<b>916</b>	<b>683</b>	<b>916</b>	<b>683</b>

The share based payments reserve is used to recognise the fair value of options issued for goods and services including employee services.

*Available-for-sale financial assets revaluation reserve*

Changes in the fair value of investments classified as available-for-sale are taken to the available-for-sale financial assets revaluation reserve. Amounts are recognised in profit or loss when the associated assets are disposed/sold or impaired. The balance at year end comprises a reserve of a subsidiary attributable to its pre-stapling interest in a Syndicate which continues to be held. There was no movement in the available-for-sale financial assets revaluation reserve over the last two financial years.

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30. Accumulated Losses

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>Accumulated losses</b>	<b>(38,371)</b>	<b>(18,800)</b>	<b>(41,600)</b>	<b>(24,979)</b>
<b>Movements in accumulated losses</b>				
Balance at 1 July	(18,800)	(31,212)	(24,979)	(36,337)
Profit/(loss) for the year	(18,971)	19,440	(16,621)	18,386
Transfer from minority interest (external)	(600)	-	-	-
Dividends paid/payable	-	(7,028)	-	(7,028)
<b>Balance at 30 June</b>	<b>(38,371)</b>	<b>(18,800)</b>	<b>(41,600)</b>	<b>(24,979)</b>

31. Minority Interests

	Consolidated	
	2009 \$'000	2008 \$'000
<b>Equity attributable to unitholders:</b>		
Contributed equity	531,853	531,853
Reserves	-	130,966
(Carried forward loss)/undistributed income	(833)	25,150
<b>Equity attributable to unitholders</b>	<b>531,020</b>	<b>687,969</b>
<b>External minority interest</b>	<b>-</b>	<b>(600)</b>

Losses attributable to external minority interest were recognised on the basis that the external minority interest had a binding obligation and was able to make an additional investment to cover the losses. These losses were transferred to the Group during the current year.

Application of AASB Interpretation 1002 *Post-Date-of-Transition Stapling Arrangements* and AASB 3 *Business Combinations* requires, for stapling arrangements which do not involve one of the combining entities obtaining an ownership interest in another combining entity, the net assets and profit or loss of the consolidated acquiree to be identified as minority interests. Even though the interests of the equity holders of the identified acquiree (the Trust) are treated as minority interests (as above) the equity holders of the acquiree are also equity holders in the acquirer (the Company) by virtue of the stapling arrangement.

**Movements in contributed equity - unitholders**

	Consolidated	
	2009 \$'000	2008 \$'000
Balance at 1 July	531,853	526,145
DRP issues	-	10,151
Buyback of units	-	(4,443)
<b>Balance at 30 June</b>	<b>531,853</b>	<b>531,853</b>

**Movements in reserves - unitholders**

*Available-for-sale financial assets revaluation reserve*

	2009	2008
	\$'000	\$'000
Balance at 1 July	(868)	-
Revaluation	(3,663)	(9,879)
Impairment loss transferred to income statement	3,663	9,011
Other	868	-
<b>Balance at 30 June</b>	<b>-</b>	<b>(868)</b>

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31. Minority Interests (continued)

	Consolidated	
	2009 \$'000	2008 \$'000
<i>General reserve</i>		
Balance at 1 July	131,834	131,834
Transfer to (carried forward loss)/undistributed income	(131,834)	-
<b>Balance at 30 June</b>	<b>-</b>	<b>131,834</b>
<b>Total reserves - unitholders</b>	<b>-</b>	<b>130,966</b>
<i>Movement in (carried forward loss)/undistributed income - unitholders</i>		
Balance at 1 July	25,150	-
Profit/(loss) for the year	(94,540)	88,557
Distributions paid/payable	(63,277)	(63,407)
Transfer from general reserve	131,834	-
<b>Balance at 30 June</b>	<b>(833)</b>	<b>25,150</b>

32. Dividends/Distributions

	Company	
	2009 \$'000	2008 \$'000
<i>Dividends paid/payable by the Company</i>		
Final dividend for the year ended 30 June 2008 of 1.0 cents per fully paid ordinary share, declared with a record date of 24 June 2008 and paid/payable on 29 August 2008:		
• Fully franked based on tax paid @ 30% - 0.50 cents per share	-	3,514
• Unfranked - 0.50 cents per share	-	3,514
	-	7,028

No dividend was declared by the Company during 2009.

*Franking credits*

Franking credits available for subsequent years based on a tax rate of 30% (2008 - 30%)	1,025	690
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The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

	Consolidated	
	2009 \$'000	2008 \$'000
<i>Distributions paid/payable by the Trust</i>		
Interim distribution of 2.5 cents per stapled security paid on 15 November 2007	-	17,573
Interim distribution of 2.5 cents per stapled security paid on 15 February 2008	-	17,651
Interim distribution of 2.5 cents per stapled security paid on 15 May 2008	-	17,628
Final distribution of 1.5 cents per stapled security paid on 29 August 2008	-	10,555
Interim distribution of 2.5 cents per stapled security paid on 14 November 2008	17,577	-
Interim distribution of 2.5 cents per stapled security paid on 16 February 2009	17,577	-
Interim distribution of 2.5 cents per stapled security paid on 15 May 2009	17,577	-
Final distribution of 1.5 cents per stapled security payable on 31 August 2009	10,546	-
	<b>63,277</b>	<b>63,407</b>

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32. Dividends/Distributions (continued)

All distributions from the Trust are unfranked. The determination of the Trust's distributable income excludes unrealised gains/(losses) including fair value adjustments to investment properties.

Dividends/distributions paid in cash, payable at balance date or satisfied by the issue of securities under the reinvestment plan during past two years were as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Paid in cash <sup>(1)</sup>	70,314	58,140	7,028	5,590
Satisfied by issue of securities <sup>(2)</sup>	-	10,453	-	-
Payable at balance date	10,546	17,583	-	7,028
	<b>80,860</b>	<b>86,176</b>	<b>7,028</b>	<b>12,618</b>

(1) Includes June dividends/distributions from prior year paid in August.

(2) Recognised, in part, by both the Company and the Trust.

33. Earnings/(Loss) per Share

	Consolidated	
	2009	2008
Basic earnings/(loss) per share	(2.7¢)	2.8¢
Diluted earnings/(loss) per share	(2.7¢)	2.8¢
	\$'000	\$'000
Earnings used to calculate basic and diluted earnings/(loss) per share		
Profit/(loss) for the year	(113,511)	119,901
Profit/(loss) attributable to minority interests	94,540	(100,461)
Profit/(loss) attributable to ordinary equity holders of the company used in calculating basic/diluted earnings/(loss) per share	(18,971)	19,440
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	702,816,227	702,988,443
Effect of dilutive securities:		
- Director and employee share options	63,006	180,150
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings/(loss) per share	702,879,233	703,168,593

Options granted under the Employee Share Ownership Plan and the Performance Rights Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings/(loss) per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings/(loss) per share. Details relating to the options are set out in Note 36.

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34. Cashflow Information

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Reconciliation of profit/(loss) to net cash provided by operating activities</b>				
Net profit/(loss)	(113,511)	119,901	(16,621)	18,386
Tax expense	2,458	3,342	1,855	1,008
Tax paid	(2,605)	(868)	(2,605)	(868)
Reimbursements received from tax consolidated entities	-	-	1,655	661
Amortisation and depreciation	545	470	-	-
Amortisation (loan transaction costs)	1,415	890	-	-
Amortisation of lease costs and incentives	4,303	4,182	-	-
Share of profits/(losses) of jointly controlled entity/associates (net of distributions)	22,303	(3,522)	-	-
Gain on sale of investment properties	-	(7,470)	-	-
Share based payments	233	73	233	73
Net gain on fair value adjustments of:				
· Investment properties	104,288	(34,649)	-	-
· Interest rate derivatives	22,479	(4,479)	-	-
· Investments at fair value through profit and loss	3,107	-	-	-
Gain on dilution of interest in associate	-	(826)	-	-
Decrease to recoverable amount:				
· Available-for-sale financial assets	3,663	9,011	-	-
· Property development inventories	11,463	1,200	-	-
· Jointly controlled entity/associates	232	-	234	-
· Loans receivable	4,890	-	15,300	-
Straight-line rentals	(1,716)	(735)	-	-
Refund of stamp duty paid on merger	(5,284)	-	-	-
Other	6	25	-	-
Changes in operating assets and liabilities:				
(Increase)/decrease:				
· Trade and other receivables	(5,016)	5,555	(1,061)	1,066
· Prepayments	(744)	(919)	-	-
· Inventories*	(454)	6,783	-	1,140
Increase/(decrease):				
· Trade payables and accruals	2,384	(8,190)	(1,083)	1,018
· Provisions (employee benefits/restoration)	175	295	-	-
· Unearned revenue	4,817	(548)	-	-
<b>Net cash provided by operating activities</b>	<b>59,431</b>	<b>89,521</b>	<b>(2,093)</b>	<b>22,484</b>

\* Prior to decrease to recoverable amount.

**(b) Non-cash activities**

Securities issued on reinvestment of distributions <sup>(1)</sup>	-	10,453	-	301
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(1) Recognised in part, by both the Company and the Trust.

**(c) Finance facilities**

Refer to note 24 for details of unused finance facilities.

**(d) Cash held by Cromwell Property Securities Limited ("CPS")**

At balance date cash was held by CPS, a controlled entity, of \$2,746,000 (2008: \$2,432,000). Of this amount, approximately \$500,000 (2008: \$500,000) was held as part of the \$5 million net tangible assets (NTA) required to be maintained by CPS under its Australian Financial Services Licence (AFSL). As such, the cash is effectively restricted in its use as it cannot readily be used to meet expenses and obligations of other Group entities without consideration of the AFSL requirements.

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34. Cashflow Information (continued)

(e) Cash held by Cromwell Funds Management Limited ("CFM")

At balance date cash was held by CFM, a controlled entity, of \$101,000 (2008: \$nil). Of this amount, approximately \$50,000 (2008: \$nil) was held as part of the \$50,000 net tangible assets (NTA) required to be maintained by CFM under its Australian Financial Services Licence (AFSL). As such, the cash is effectively restricted in its use as it cannot readily be used to meet expenses and obligations of other Group entities without consideration of the AFSL requirements.

35. Key Management Personnel Disclosures

(a) Key management personnel compensation

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	3,843,909	3,402,126	1,991,294	1,810,515
Post-employment benefits	174,972	158,395	57,276	61,733
Other long-term benefits	50,489	44,504	26,550	18,461
Share-based payments	129,494	61,111	42,109	18,559
	<b>4,198,864</b>	<b>3,666,136</b>	<b>2,117,229</b>	<b>1,909,268</b>

Key management personnel compensation for the Company comprises amounts paid to Directors of the Company principally by subsidiaries.

(b) Equity instrument disclosures relating to key management personnel

(i) *Option holdings*

The numbers of options over ordinary shares in the Company held during the financial year by each director of Cromwell Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out below.

Name	Balance at 1 July	Granted during the year as compensation	Exercised during the year	Forfeited during the year	Balance at 30 June Vested	Balance at 30 June Not Vested
<b>2009</b>						
<i>Directors:</i>						
GH Levy	-	-	-	-	-	-
PL Weightman	1,108,100	-	-	(369,367)	-	738,733
RJ Pullar	-	-	-	-	-	-
MA McKellar	-	-	-	-	-	-
DE Usasz	-	-	-	-	-	-
DJ Wilson	516,300	-	-	(172,100)	-	344,200
WR Foster	-	-	-	-	-	-
<i>Other key management personnel of the Group:</i>						
PW Howard	-	-	-	-	-	-
SM Morgan	229,200	-	-	(229,200)	-	-
DA Gippel	792,000	-	-	(331,917)	-	460,083
MC McLaughlin	394,400	-	-	(131,467)	-	262,933
MJ Blake	507,000	-	-	(169,000)	-	338,000
PJ McDonnell	300,200	-	-	(100,067)	-	200,133
PJ Cowling	592,650	-	(109,075)	(113,900)	141,875	227,800
NE Riethmuller	-	-	-	-	-	-
JA Clark*	92,100	-	-	-	-	92,100
	<b>4,531,950</b>	<b>-</b>	<b>(109,075)</b>	<b>(1,617,018)</b>	<b>141,875</b>	<b>2,663,982</b>

\* JA Clark became a KMP on 1 July 2008.

At balance date, options entitle the holder to acquire stapled securities in the Group - refer Note 36.

Vested options are exercisable.

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35. Key Management Personnel Disclosures (continued)

Name	Balance at 1 July	Granted during the year as compensation	Exercised during the year	Forfeited during the year	Balance at 30 June Vested	Balance at 30 June Not Vested
<b>2008</b>						
<i>Directors:</i>						
GH Levy	-	-	-	-	-	-
PL Weightman	-	1,108,100	-	-	-	1,108,100
RJ Pullar	-	-	-	-	-	-
MA McKellar	-	-	-	-	-	-
DE Usasz	-	-	-	-	-	-
DJ Wilson	-	516,300	-	-	-	516,300
WR Foster	-	-	-	-	-	-
<i>Other key management personnel of the Group:</i>						
SM Morgan	-	229,200	-	-	-	229,200
PA Cronan	-	282,300	-	(282,300)	-	-
PW Howard	-	-	-	-	-	-
DA Gippel	-	792,000	-	-	-	792,000
MC McLaughlin	-	394,400	-	-	-	394,400
MJ Blake	-	507,000	-	-	-	507,000
PJ McDonnell	-	300,200	-	-	-	300,200
PJ Cowling	887,900	341,700	(636,950)	-	250,950	341,700
	887,900	4,471,200	(636,950)	(282,300)	250,950	4,188,900

(ii) *Share holdings*

The numbers of shares in the Company held during the financial year by each director of Cromwell Corporation Limited and other key management personnel of the Group, including their personally related parties, are set out below.

Ordinary share holdings

Name	Balance at 1 July	On exercise of options	Net purchases (sales)	Balance at 30 June
<b>2009</b>				
<i>Directors:</i>				
GH Levy <sup>(1)</sup>	-	-	370,000	370,000
PL Weightman	15,464,167	-	-	15,464,167
RJ Pullar	14,000,000	-	-	14,000,000
MA McKellar	120,000	-	180,000	300,000
DE Usasz	1,747,602	-	129,978	1,877,580
DJ Wilson	2,215,006	-	-	2,215,006
WR Foster	5,349,598	-	-	5,349,598
<i>Other key management personnel of the Group:</i>				
PW Howard	-	-	-	-
SM Morgan	-	-	-	-
DA Gippel	547,264	-	-	547,264
MC McLaughlin	467,151	-	(157,536)	309,615
MJ Blake	1,975,612	-	(200,000)	1,775,612
PJ McDonnell	200,000	-	-	200,000
PJ Cowling	1,524,850	109,075	-	1,633,925
NE Riethmuller	-	-	-	-
JA Clark*	71,032	-	-	71,032
	43,682,282	109,075	322,442	44,113,799

\* JA Clark became a KMP on 1 July 2008.

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35. Key Management Personnel Disclosures (continued)

Name	Balance at 1 July	On exercise of options	Net purchases (sales)	Balance at 30 June
<b>2008</b>				
<i>Directors:</i>				
GH Levy <sup>(1)</sup>	-	-	-	-
PL Weightman	15,364,167	-	100,000	15,464,167
RJ Pullar	13,545,269	-	454,731	14,000,000
MA Mckellar	20,000	-	100,000	120,000
DE Usasz	1,490,400	-	257,202	1,747,602
DJ Wilson	2,205,982	-	9,024	2,215,006
WR Foster	5,349,598	-	-	5,349,598
 <i>Other key management personnel of the Group:</i>				
SM Morgan	-	-	-	-
PA Cronan	-	-	-	-
PW Howard	-	-	-	-
DA Gippel	547,264	-	-	547,264
MC McLaughlin	457,140	-	10,011	467,151
MJ Blake	1,966,712	-	8,900	1,975,612
PJ McDonnell	-	-	200,000	200,000
PJ Cowling	1,331,850	636,950	(443,950)	1,524,850
	<b>42,278,382</b>	<b>636,950</b>	<b>695,918</b>	<b>43,611,250</b>

Comparative shareholdings have been amended for 2008 for purchases (400,000) and sales (443,950) by certain key management personnel not included in prior year.

(1) Mr GH Levy is a director of MZL Investments Pty Ltd, which is the manager of the MZL Opportunity Fund, which owned 862,995 (2008: 462,963) stapled securities in the Cromwell Group. Mr GH Levy has indirect beneficial ownership of the shares as a unitholder in the fund.

There were no shares granted during 2009 or 2008 as compensation.

At balance date the numbers above for the Directors and other key management personnel represent the number of stapled securities of the Group held by them.

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35. Key Management Personnel Disclosures (continued)

(iii) Property preference share holdings

All property preference shares were redeemed by the Company during 2008.

The numbers of property preference shares in the Company held during the 2008 year by each director of the Company and other key management personnel of the Group, including their personally related parties, are set out below.

	Balance at 1 July 2007	Net Change Other	Balance 30 June 2008
<b>2008</b>			
<i>Directors:</i>			
GH Levy	-	-	-
PL Weightman	3,500	(3,500)	-
RJ Pullar	1,000	(1,000)	-
MA McKellar	-	-	-
DE Usasz	-	-	-
DJ Wilson	2,000	(2,000)	-
WR Foster	-	-	-
<i>Other key management personnel of the Group:</i>			
SM Morgan	-	-	-
PA Cronan	-	-	-
DA Gippel	2,000	(2,000)	-
MC McLaughlin	-	-	-
MJ Blake	-	-	-
PJ McDonnell	-	-	-
PJ Cowling	-	-	-
	8,500	(8,500)	-

(c) Loans to key management personnel

No loans were made during the 2009 or 2008 year to key management personnel and no loans were outstanding at the reporting date.

(d) Other transactions with key management personnel

The Group entered into a development agreement in 2007 with Citimark Properties Limited ("Citimark"), an entity related to Mr. Robert Pullar, who is a director of the Company. Under the agreement, Citimark developed the Synergy investment property in Kelvin Grove, Brisbane in accordance with specified terms, and to agreed standards. Construction was completed in November 2008. Under the development agreement, the Group reimbursed Citimark for the costs of the project, and paid fees contingent upon the outcomes of certain events, primarily total construction costs of the property and leasing outcomes. Citimark provided a rental guarantee to the Group over the entire property for 18 months from the date construction was complete. During the year the Group paid \$49,706,942 (2008: \$31,303,340) to Citimark for development and construction costs and received \$4,286,354 (2008: \$nil) by way of rental guarantee.

The Group rents an apartment, located at 185 Macquarie Street, Sydney, which is owned by Mr. Paul Weightman, a director of the Company. Total rent paid during 2009 was \$88,400 (2008: \$88,400). The payment of rent is on normal commercial terms and conditions and at market rates.

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36. Share Based Payments

(a) Performance Rights Plan

A Performance Rights Plan (PRP) was established in September 2007 by the Company. All full-time and part-time employees who meet minimum service, remuneration and performance requirements, including executive Directors of Cromwell Corporation Limited, are eligible to participate in the PRP at the discretion of the Board. Participation in the PRP by executive Directors is subject to securityholder approval. The PRP is designed to provide long-term incentives for senior managers and executive Directors to continue employment and deliver long-term securityholder returns.

Under the PRP, eligible employees are allocated Performance Rights. Each Performance Right enables the participant to acquire a stapled security in Cromwell Group, at a future date and exercise price, subject to conditions. The number of Performance Rights allocated to each participant is set by the Board or the Remuneration Committee and based on individual circumstances and performance.

The amount of Performance Rights that will vest under the PRP depends on a combination of factors which may include the Group's total securityholder returns (including price growth, dividends and capital returns), internal performance measures and the participant's continued employment.

Performance Rights allocated under the PRP generally vest in 3 years. Until Performance Rights have vested, the participant cannot sell or otherwise deal with the Performance Rights except in certain limited circumstances. It is a condition of the PRP that a participant must remain employed by the Group in order for Performance Rights to vest. Any Performance Rights which have not yet vested on a participant leaving employment must be forfeited.

Under AASB 2 "Share based Payment", the rights granted to employees to securities acquired by the plan are treated as options for accounting purposes.

Set out below are summaries of Performance Rights granted and exercised.

Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted during the year	Lapsed during the year	Exercised during the year	Balance at year end
<b>2009</b>							
18/09/2007	19/01/2010	\$1.21	492,900	-	(203,750)	-	289,150
18/09/2007	19/01/2011	\$1.21	3,886,800	-	(1,075,366)	-	2,811,434
18/09/2007	19/01/2011	\$0.00	8,600	-	-	-	8,600
06/12/2007	07/04/2011	\$1.21	1,624,400	-	(541,467)	-	1,082,933
			<b>6,012,700</b>	<b>-</b>	<b>(1,820,583)</b>	<b>-</b>	<b>4,192,117</b>
<b>Weighted average exercise price</b>			<b>\$1.21</b>	<b>-</b>	<b>\$1.21</b>	<b>-</b>	<b>\$1.21</b>
<b>2008</b>							
18/09/2007	19/01/2010	\$1.21	-	492,900	-	-	492,900
18/09/2007	19/01/2011	\$1.21	-	4,255,100	(368,300)	-	3,886,800
18/09/2007	19/01/2011	\$0.00	-	8,600	-	-	8,600
06/12/2007	07/04/2011	\$1.21	-	1,624,400	-	-	1,624,400
			<b>-</b>	<b>6,381,000</b>	<b>(368,300)</b>	<b>-</b>	<b>6,012,700</b>
<b>Weighted average exercise price</b>			<b>-</b>	<b>\$1.21</b>	<b>\$1.21</b>	<b>-</b>	<b>\$1.21</b>

At balance date nil Performance Rights (2008: nil) were vested and exercisable.

The weighted average remaining contractual life of Performance Rights outstanding at the end of the year was 1.7 years (2008: 2.7 years).

All Performance Rights were granted in 2008. The assessed fair value of Performance Rights granted is as follows:

- 14.3 cents for Performance Rights with non-market based vesting conditions expiring on 19/01/2010
- 9.2 cents for all Performance Rights with market based vesting conditions expiring on 19/01/2010\*
- 15.0 cents for Performance Rights with non-market based vesting conditions expiring on 19/01/2011
- 10.6 cents for Performance Rights with market based vesting conditions expiring on 19/01/2011\*
- 96.9 cents for Performance Rights with \$nil exercise price
- 8.9 cents for Performance Rights with market based vesting conditions expiring on 07/04/2011\*

\* The assessed fair value of these Performance Rights was adjusted during the current year based on a review of the underlying model assumptions. In 2008 the assessed fair value of these Performance Rights was \$nil. The effect of the change on the income statement is immaterial.

36. Share Based Payments (continued)

(a) Performance Rights Plan (continued)

*Fair Value of Performance Rights Granted*

The fair values at grant date for Performance Rights with no market based vesting conditions were determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the security price at grant date and expected price volatility of the underlying security, the expected dividend/distribution yield and the risk-free interest rate for the term of the option. The fair values at grant date for Performance Rights with market based vesting conditions were determined using a Monte Carlo simulation (TSR hurdle) and the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the security price at grant date and expected price volatility of the underlying security, the expected dividend/distribution yield and the risk-free interest rate for the term of the option.

The model inputs for Performance Rights granted during the year ended 30 June 2008 included:

Market based vesting conditions	Performance Rights Granted		
Exercise price	\$1.21		
Grant date	18/9/2007 - 6/12/2007		
Share price at grant date	\$1.25		
Expected price volatility	23%		
Expected dividend yield	8.06%		
Risk free interest rate	6.22%		
Expiry date	19/01/2010 - 07/04/2011		
TSR hurdle	13%		
Non-market based vesting conditions	Performance Rights Granted		
Exercise price	\$1.21	\$1.21	-
Grant date	18/09/07	18/09/07	18/09/07
Share price at grant date	\$1.26	\$1.26	\$1.26
Expected price volatility	23%	23%	23%
Expected dividend yield	8.06%	8.06%	8.06%
Risk free interest rate	6.26%	6.22%	6.22%
Expiry date	19/01/2010	19/01/2011	19/01/2011

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(b) Tax Exempt Plan

The Tax Exempt Plan enables eligible employees to acquire up to \$1,000 of stapled securities on-market in a tax effective manner within a 12 month period. Eligibility for the Tax Exempt Plan is approved by the Board having regard to individual circumstances and performance. No Directors or KMP are eligible for the Tax Exempt Plan.

Expenses relating to the plan are recorded in employee benefits expense and all securities are purchased on-market.

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36. Share Based Payments (continued)

(c) Employee Share Ownership Plan

The Employee Share Ownership Plan ("ESOP") was established in 2003 by the Company. No grants were made under the ESOP in the 2008 or 2009 years and it is not intended any further grants will be made by this plan in the future.

Under the ESOP, eligible employees were allocated shares in the Company. The shares were acquired by the eligible employees at the time of allocation, funded by a loan from the Company to the eligible employee. The loan was limited recourse to the shares only and interest was payable on the loan at the rate prescribed by the ATO for fringe benefits tax purposes from time to time. Dividends received on shares allocated to the eligible employee are applied against the outstanding loan balance.

Under AIFRS, the shares held within the ESOP are classified as in-substance options, and accounted for as treasury stock, reducing contributed capital. The Group is required to expense the options over the period from grant date to vesting date. Shares on issue under the ESOP at the time of the Stapling in December 2006 were effectively converted to Stapled Securities, in the same way as other shares issued by the Company.

As a result of the stapling transaction in December 2006 all outstanding options under the ESOP became vested and exercisable. Options not exercised were subject to the same reconstruction as ordinary issued shares. Although vested, any options not exercised at stapling are still subject to the same exercisable timetable as prior to stapling.

Set out below are summaries of options granted and exercised.

Grant Date	Expiry Date	Exercise price	Balance at 1 July	Granted during the year	Exercised during the year	Balance at 30 June
<b>2009</b>						
28/8/2005	30/6/2009	34.8¢	17,757	-	(17,757)	-
28/8/2005	30/9/2009	34.8¢	250,950	-	(109,075)	141,875
			<b>268,707</b>	<b>-</b>	<b>(126,832)</b>	<b>141,875</b>
<b>Weighted average exercise price (cents)</b>			<b>34.8¢</b>	<b>-</b>	<b>34.8¢</b>	<b>34.8¢</b>
<b>2008</b>						
28/8/2005	30/6/2009	34.8¢	48,196	-	(30,439)	17,757
28/8/2005	30/9/2009	34.8¢	887,900	-	(636,950)	250,950
			<b>936,096</b>	<b>-</b>	<b>(667,389)</b>	<b>268,707</b>
<b>Weighted average exercise price (cents)</b>			<b>34.8¢</b>	<b>-</b>	<b>34.8¢</b>	<b>34.8¢</b>

At 30 June 2009 all options (2008: all) were vested and exercisable with a weighted average exercise price of 34.8 cents (2008: 34.8 cents). All options became vested and exercisable on approval of the stapling by shareholders and unitholders in December 2006.

The weighted average remaining contractual life of share options outstanding at the end of the year was 0.3 years (2008: 1.3 years).

No options were granted in 2009 or 2008. The assessed fair value of options granted in 2006 was 10.1 cents.

126,832 options were exercised during 2009 (667,389 options were exercised during 2008). 126,832 shares (2008: 667,389 shares) were issued to employees on exercise of the options. The aggregate proceeds received from employees on the exercise of options and recognised as issued capital was \$44,000 (2008: \$234,000) for the Company and \$nil (2008: \$nil) for the Trust. The fair value of securities issued at the option exercise date was \$66,000 (that is the weighted average share price at the date of exercise was \$0.52 per security) (2008 - \$521,000; \$0.78 per security).

To 30 June 2009 no options granted under the ESOP have lapsed, been forfeited or expired.

*Fair Value of Options Granted*

The fair values at grant date were determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

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36. Share Based Payments (continued)

(c) Employee Share Ownership Plan (continued)

The model inputs for options granted during the year ended 30 June 2006 included:

	Options Granted
Exercise price*	30.9¢
Grant date	28/8/05
Share price at grant date	34¢
Expected price volatility	90%
Expected dividend yield	3.66%
Risk free interest rate	5.0%
Expiry date	30/6-30/9/09

\* Prior to reconstruction on stapling

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

(d) Expenses arising from share based payment transactions

Total expenses arising from share based transactions recognised during the year as part of employee benefits expense were as follows:

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Rights issued under Performance Rights Plan	233	61	233	61
Tax Exempt Plan	-	22	-	-
Options issued under Employee Share Ownership Plan	-	12	-	12
	233	95	233	73

37. Other Related Party Transactions

(a) Parent entity and subsidiaries

Cromwell Corporation Limited is the ultimate parent entity in the Group. Details of subsidiaries are set out in Note 19.

(b) Transactions with subsidiaries

	Company	
	2009 \$'000	2008 \$'000
Current tax payable assumed from wholly-owned tax consolidated entities	2,124	1,655
Tax losses assumed from wholly-owned tax consolidated entities	-	-

Transactions between the parent and its subsidiaries also included:

- Loans between the parent and its subsidiaries (refer cash flow statement and note 10). All loans are interest free (except as set out in note 10), unsecured, with no set repayment terms other than being repayable at call in cash. The parent received \$1,407,944 (2008: \$805,130) in interest payments during the year from the loan to Cromwell PaLib Nominees Pty Ltd;
- Performance fees paid to the parent by the Trust of \$nil (2008: \$2,979,612);
- Management fees paid by the parent entity to a controlled entity (refer income statement);
- Dividends paid to the parent entity by a controlled entity of \$3,500,000 (2008: \$2,000,000);
- During the year the parent was advanced \$18,100,000 from the Trust under a loan facility between the parent and the Trust and made repayments of \$1,500,000. The loan is unsecured, repayable in cash in 2009 and bears interest at a variable rate which was 4.2% at balance date. Interest paid to the Trust was \$484,469 (2008: \$nil). The loan facility was not in place in 2008;
- Transactions between Cromwell Corporation Limited and its wholly-owned controlled entities in accordance with the tax funding agreement (refer Note 1(d) - being recognition of receivables and payables in relation to current tax payable and tax losses assumed as disclosed above).

In addition to the above, certain subsidiaries utilise operating leased assets for which the parent is the lessee. As such the subsidiaries pay the lease rentals directly to the lessor and recognise the associated lease rental expense.

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37. Non-director Related Party Transactions (continued)

(c) Transactions with jointly controlled entity and associates

Transactions between the Group and its jointly controlled entity and associates also included:

- Loans between the Group and its associates (refer note 10). The Group received interest of \$2,468,144 (2008: \$3,369,665) from its associates;
- The Group held 61,250,000 convertible financing units issued by Cromwell Property Fund during 2008. These were redeemed in full by Cromwell Property Fund during 2008. The Group received \$nil (2008: \$3,229,293) in interest payments during the year on the units.
- The Group received \$9,072,000 (2008: \$6,835,000) in distributions from its jointly controlled entity and associate during the year (refer note 18);
- The Group charged Cromwell Property Fund \$2,370,430 (2008: \$9,901,746) acquisition, capital raising, finance structuring, registry services and accounting services fees during the year, of which the parent charged \$nil (2008: \$5,992,543); and
- The Group charged its jointly controlled entity and associates \$1,837,684 (2008: \$3,828,121) management fees during the year.

(d) Transactions with managed investment schemes (managed by the consolidated entity)

Cromwell Property Securities Limited ("CPS") is the responsible entity of a number of managed investment schemes. The Group derives a range of benefits from schemes managed by CPS including management and acquisition fees. As a result of the stapling (in December 2006) the majority of the relevant schemes became part of the Group. For those schemes which are not part of the Group after that date, Cromwell TGA Planned Investment and Cromwell Property Fund (refer note 18), fees and transactions are disclosed above as being transactions with jointly controlled entity and associates.

38. Segment Information

(a) Description of segments

**Business segments**

The Group is organised into the following divisions by product and service type.

*Property Investment*

The Trust and its controlled entities invest directly in properties located throughout Australia.

*Funds Management*

The Company and its controlled entities establish and manage investment funds throughout Australia.

*Property Development*

The Company and its controlled entities develop commercial land throughout Australia for sale to external purchasers.

**Geographical segments**

The Group operates entirely within Australia.

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38. Segment Information (continued)

(b) Primary reporting format - business segments

	Property Investment \$'000	Funds Management \$'000	Property Development \$'000	Consolidated \$'000
<b>2009</b>				
<b>Segment revenue and other income</b>				
Sales to external customers	112,522	4,863	2,847	120,232
Intersegment sales	865	12,540	-	13,405
<b>Total sales revenue</b>	<b>113,387</b>	<b>17,403</b>	<b>2,847</b>	<b>133,637</b>
<b>Total segment revenue and other income</b>				<b>133,637</b>
Intersegment elimination				(13,405)
Unallocated revenue				18,892
<b>Consolidated revenue and other income</b>				<b>139,124</b>
<b>Segment result</b>				
Segment result before fair value adjustments, decreases to recoverable amount and share of losses of equity accounted entities	84,680	6,825	(2,516)	88,989
Loss on fair value adjustments	(129,874)	-	-	(129,874)
Decrease to recoverable amount:				
- Available-for-sale financial assets	(3,663)	-	-	(3,663)
- Jointly controlled entities/associates	-	(232)	-	(232)
- Property development inventories	-	-	(11,463)	(11,463)
- Loans receivable	-	(4,890)	-	(4,890)
Share of losses of equity accounted entities	(13,229)	(2)	-	(13,231)
<b>Segment result</b>	<b>(62,086)</b>	<b>1,701</b>	<b>(13,979)</b>	<b>(74,364)</b>
Intersegment elimination				(1,386)
Unallocated revenue less unallocated expenses				14,991
Finance costs				(50,294)
Loss before income tax				(111,053)
Income tax expense				(2,458)
<b>Loss for the year</b>				<b>(113,511)</b>
<b>Segment assets and liabilities</b>				
<b>Segment assets</b>	<b>1,264,175</b>	<b>17,629</b>	<b>2,869</b>	<b>1,284,673</b>
Intersegment elimination				(23,022)
Unallocated assets				47,172
<b>Total assets</b>				<b>1,308,823</b>
<b>Segment liabilities</b>	<b>35,980</b>	<b>2,851</b>	<b>7,247</b>	<b>46,078</b>
Intersegment elimination				304
Borrowings <sup>(1)</sup>				722,848
Unallocated liabilities				-
<b>Total liabilities</b>				<b>769,230</b>
<b>Other segment information</b>				
Investments in jointly controlled entity and associates	58,292	3	-	58,295
Depreciation and amortisation expense	-	545	-	545

(1) In accordance with AASB 114 *Segment Reporting*, borrowings have not been allocated but predominantly relate to the property investment segment.

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38. Segment Information (continued)

(b) Primary reporting format - business segments (continued)

	Property Investment \$'000	Funds Management \$'000	Property Development \$'000	Consolidated \$'000
<b>2009</b>				
<b>Other segment information (continued)</b>				
Acquisitions of non-current segment assets				
• Investment properties	10,252	-	-	10,252
• Property, plant and equipment	37,390	99	-	37,489
• Intangibles	-	362	-	362
	47,642	461	-	48,103
<b>2008</b>				
<b>Segment revenue and other income</b>				
Sales to external customers	89,658	14,747	38,000	142,405
Intersegment sales	676	12,176	-	12,852
Total sales revenue	90,334	26,923	38,000	155,257
Share of profits of equity accounted entities	10,357	-	-	10,357
Gain on dilution of interest in associate	826	-	-	826
Gain on sale of investment property	7,470	-	-	7,470
Gain on fair value adjustments	39,128	-	-	39,128
<b>Total segment revenue and other income</b>	<b>148,115</b>	<b>26,923</b>	<b>38,000</b>	<b>213,038</b>
Intersegment elimination				(12,852)
Unallocated revenue				11,985
<b>Consolidated revenue and other income</b>				<b>212,171</b>
<b>Segment result</b>				
Segment result before decreases to recoverable amount	118,370	15,469	23,098	156,937
Decrease to recoverable amount:				
- Available-for-sale financial assets	(9,011)	-	-	(9,011)
- Property development inventories	-	-	(1,200)	(1,200)
Segment result	109,359	15,469	21,898	146,726
Intersegment elimination				(19)
Unallocated revenue less unallocated expenses				8,351
Finance costs				(31,815)
Profit before income tax				123,243
Income tax expense				(3,342)
<b>Profit for the year</b>				<b>119,901</b>
<b>Segment assets and liabilities</b>				
<b>Segment assets</b>	<b>1,321,341</b>	<b>13,842</b>	<b>4,047</b>	<b>1,339,230</b>
Intersegment elimination				(1,069)
Unallocated assets				30,362
<b>Total assets</b>				<b>1,368,523</b>
<b>Segment liabilities</b>	<b>19,172</b>	<b>8,887</b>	<b>645</b>	<b>28,704</b>
Intersegment elimination				(1,061)
Borrowings <sup>(1)</sup>				623,448
Unallocated liabilities				2,196
<b>Total liabilities</b>				<b>653,287</b>

(1) In accordance with AASB 114 *Segment Reporting*, borrowings have not been allocated but predominantly relate to the property investment segment.

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38. Segment Information (continued)

(b) Primary reporting format - business segments (continued)

	Property Investment \$'000	Funds Management \$'000	Property Development \$'000	Consolidated \$'000
<b>2008</b>				
<b>Other segment information</b>				
Investments in jointly controlled entity and associate	80,593	-	-	80,593
Depreciation and amortisation expense	-	470	-	470
Acquisitions of non-current segment assets				
• Investment properties	182,499	-	-	182,499
• Property, plant and equipment	33,648	453	-	34,101
• Intangibles	-	263	-	263
	216,147	716	-	216,863

(c) Notes to and forming part of the segment information

(i) *Accounting policies*

Segment information is prepared in conformity with the accounting policies of the Group as disclosed in note 1 and Accounting Standard AASB 114 *Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, investment properties, plant and equipment and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other payables, employee benefits and provisions. Segment assets and liabilities do not include income taxes.

(ii) *Inter-segment transactions*

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arms-length" basis and are eliminated on consolidation.

(iii) *Equity-accounted investments*

The Group has an investment in an Australian jointly controlled entity (Cromwell TGA Planned Investment) and two Australian associates (Cromwell Property Fund and Phoenix Portfolios Pty Ltd). Cromwell TGA Planned Investment and Cromwell Property Fund are accounted for using the equity method and included in the property investment segment. Phoenix Portfolios Pty Ltd is accounted for using the equity method and included in the funds management segment.

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39. Commitments for Expenditure

	Consolidated		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<b>(a) Finance leases</b>				
Commitments in relation to finance leases are payable as follows:				
Within one year	20	60	-	-
Later than one year but not later than five years	-	20	-	-
Minimum lease payments	20	80	-	-
Future finance charges	-	(4)	-	-
<b>Recognised as a liability</b>	<b>20</b>	<b>76</b>	<b>-</b>	<b>-</b>
Representing lease liabilities				
Current	20	56	-	-
Non-current	-	20	-	-
	<b>20</b>	<b>76</b>	<b>-</b>	<b>-</b>

Finance leases comprise leases over items of plant and equipment under normal commercial terms and conditions.

**(b) Operating leases**

Commitments for minimum lease payments in relation to non-cancellable operating leases in existence at the reporting date but not recognised as liabilities are payable as follows:

Within one year	69	60	831	20
Later than one year but not later than five years	173	63	237	471
	<b>242</b>	<b>123</b>	<b>1,068</b>	<b>491</b>

Operating leases primarily comprised the lease of the Group's premises. The Company has entered into a number of leases with the Trust and its subsidiaries and as such the commitment is no longer recognised on consolidation following stapling. Operating lease commitments of the Company are paid for and recognised as expenses by a controlled entity.

**(c) Capital expenditure commitments**

Commitments in relation to capital expenditure contracted for at the reporting date but not recognised as liabilities are as follows:

Within one year	-	50,127	-	-
	<b>-</b>	<b>50,127</b>	<b>-</b>	<b>-</b>

**(d) Loan facility to Cromwell Property Fund**

The Group has provided a loan facility to Cromwell Property Fund of \$30,000,000 (2008: \$30,000,000) of which \$30,000,000 had been drawn at balance date (2008: \$25,000,000).

**(e) Loan facility to Cromwell Riverpark Trust and Unit Subscription Agreement**

The Group has provided a loan facility of \$30,000,000 to Cromwell Riverpark Trust ("CRT") (2008: \$nil) of which \$nil had been drawn down at balance date. The Group has also entered into a unit subscription agreement with CRT. Under the terms of the loan facility and subscription agreement, CRT must repay the loan by 31 December 2009. Any loan principal outstanding at 31 December 2009 will be converted into units under the subscription agreement - see also note 42(a).

40. Contingent Liabilities

The Directors are not aware of any material contingent liabilities of the Company or the Group.

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41. Auditor's Remuneration

	Consolidated		Company	
	2009	2008	2009	2008
	\$	\$	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the Group (Johnston Rorke) and its related entities:				
<b>Audit Services</b>				
<i>Johnston Rorke</i>				
Auditing or reviewing financial reports	327,000	332,000	93,500	67,500
Auditing of controlled entities' AFS licences	5,500	5,000	-	-
Auditing of controlled entities' compliance plans	27,500	23,000	-	-
	<b>360,000</b>	<b>360,000</b>	<b>93,500</b>	<b>67,500</b>
<b>Other Services</b>				
<i>Johnston Rorke</i>				
Tax compliance services	860	48,350	-	23,740
Other	3,200	9,100	-	-
	<b>4,060</b>	<b>57,450</b>	<b>-</b>	<b>23,740</b>

The auditor receives remuneration for audit and other services relating to other entities for which Cromwell Property Securities Limited, a controlled entity, acts as Responsible Entity. The remuneration is disclosed in the relevant entity's financial reports and totalled \$97,500 (2008: \$85,000).

42. Subsequent Events

Since balance date and up to the date of this report, the following transactions have occurred:

(a) Loan provided to Cromwell Riverpark Trust

On 8 July 2009 the Cromwell Riverpark Trust ARSN 135 002 336 ("CRT") an unlisted single property trust, for which Cromwell Property Securities Limited, a subsidiary of the Company, acts as Responsible Entity, settled the acquisition of land at 33 Breakfast Creek Road in Newstead, Brisbane. A commercial building is currently being constructed on the land for Energex Limited, who will occupy 93% of the property on completion under a 15 year agreement for lease.

On 30 June 2009, the Responsible Entity issued a supplementary product disclosure statement updating the product disclosure statement ("PDS") for the CRT which extended the offer period for units in the CRT until 31 December 2009.

Since balance date the Group has advanced the CRT \$26,476,000 under its loan facility, which is unsecured (refer note 39), to enable settlement of the land to occur. Additional funds raised under the PDS will be used to repay the advance. In the meantime, the Group will earn a return equivalent to the CRT distribution rate (currently 8.25%pa). Pursuant to a subscription agreement entered into by the Group (refer note 39), any remaining amount owed to the Group at 31 December 2009 will convert to class A units in the CRT.

The Responsible Entity expects to complete the balance of the CRT \$91 million capital-raising before 31 December 2009. If that is the case then the Group's advance will be fully repaid and the Group will not hold any units in the CRT.

(b) Extension of Synergy debt facility

Since balance date the Group has refinanced the debt facility secured against the Synergy building in Brisbane with the existing financier for an additional 2 year term until July 2011 resulting in the Group having no debt facility expiries until March 2011.

(c) Sale of assets

Since balance date the Group has agreed terms for the sale of the Quadrant investment property for \$9.7 million. The contract is unconditional, with settlement expected by 30 September 2009.

The financial effects of subsequent events were not recognised at balance date.

CROMWELL GROUP  
DIRECTORS' DECLARATION

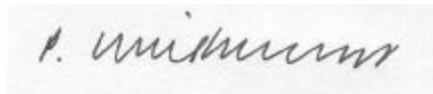
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In the Directors' opinion:

- (a) the attached financial statements and notes and the Remuneration Report in the Directors' report are in accordance with the Corporations Act 2001, including:
  - (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note (1)(a); and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The Directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2009 required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



P.L. Weightman  
Director

Dated this 21<sup>st</sup> day of August 2009



