



CROMWELL GROUP

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

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2008

Cromwell Corporation Limited
ABN 44 001 056 980
Level 19, 200 Mary Street
Brisbane Qld 4000

CROMWELL GROUP
TABLE OF CONTENTS

CONTENTS

Directors' Report	2
Auditor's Independence Declaration	5
Consolidated Income Statement	6
Consolidated Balance Sheet	7
Consolidated Statement of Changes in Equity	8
Consolidated Cash Flow Statement	9
Notes to the Consolidated Financial Statements	10
Directors' Declaration	18
Independent Auditor's Review Report	19

DIRECTORY

Board of Directors: Geoffrey H Levy, AO Paul L Weightman Daryl J Wilson W Richard Foster Robert J Pullar Michelle A McKellar David E Usasz	Registered Office: Level 19 200 Mary Street BRISBANE QLD 4000 Telephone: (07) 3225 7777 Facsimile: (07) 3225 7788 Website: www.cromwell.com.au
Secretary: Nicole Riethmuller	Listing: Cromwell Group is listed on the Australian Securities Exchange (ASX Code: CMW).
Share Registry: Computershare Investor Services Pty Ltd Level 19 307 Queen Street BRISBANE QLD 4000 Tel: 1300 550 841 Fax: (07) 3237 2152 Website: www.computershare.com.au	Auditor: Johnston Rorke Chartered Accountants Level 30, Central Plaza One 345 Queen Street BRISBANE QLD 4000 Tel: (07) 3222 8444 Fax: (07) 3221 7779 Website: www.jr.com.au

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Cromwell Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**CROMWELL GROUP
DIRECTORS' REPORT**

The directors of Cromwell Corporation Limited ("the Company") and Cromwell Property Securities Limited as responsible entity of the Cromwell Diversified Property Trust ("the Trust") present their report together with the consolidated financial report of Cromwell Group ("the Group") for the half-year ended 31 December 2008.

The shares in the Company are stapled to units in the Trust to form the Cromwell Group. Each stapled security consists of one share in the Company and one unit in the Trust, and cannot be dealt with or traded separately.

1. Directors

The following persons were directors of Cromwell Corporation Limited during the half-year and up to the date of this report:

Name

Mr GH Levy, AO	Non-executive Chairman
Mr PL Weightman	Chief Executive Officer
Mr RJ Pullar	Non-executive Director
Ms MA McKellar	Non-executive Director
Mr DE Usasz	Non-executive Director
Mr WR Foster	Executive Director
Mr DJ Wilson	Finance Director

2. Review of operations and results

The Group delivered a loss attributable to securityholders after tax and external minority interests of \$70,856,000 for the half-year ended 31 December 2008 compared with a profit of \$79,521,000 for the corresponding six month period.

Highlights for the half-year included:

- Rental income and recoverable outgoings of \$54,882,000, increased by \$9,708,000 or 21% on the previous corresponding period mainly due to the acquisition of the Tuggeranong investment property in June 2008;
- Finance costs of \$23,669,000, increased by \$7,041,000 or 42% on the previous corresponding period mainly due to additional borrowings in relation to the Tuggeranong investment property and the refinancing of the CMBS loan note facility;
- Decrease in the fair value of the Group's investment properties by \$49,033,000 which represents a decrease of 4.4% of the fair value of the investment properties held at June 2008;
- A decrease in fair value of the interest rate derivatives held by the Trust of \$39,925,000 primarily due to the effect of substantial decreases in underlying short and long-term variable interest rates during the half-year;
- Drawdown of a new loan facility of \$452,000,000 due to mature in November 2011; and
- Early repayment of \$129,000,000 of the \$429,000,000 CMBS facility, with the balance due to be repaid in April 2009. The remaining repayment will be funded from the proceeds of the new loan facility of which \$300,000,000 is held in a cash deposit account for this purpose.

CROMWELL GROUP
DIRECTORS' REPORT

2. Review of operations and results (continued)

The loss for the period 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 profit/(loss) for the half-year is as follows:

	Half-Year 31 Dec 2008 \$'000	Half-Year 31 Dec 2007 \$'000
Profit from operations ⁽¹⁾	36,477	41,824
<i>Reconciliation to profit/(loss) for the half-year:</i>		
Property development - minority interest share	(1,761)	12,500
Gain on sale of investment properties	-	7,491
Fair value adjustments/write-downs:		
• Investment properties	(49,033)	29,682
• Interest rate derivatives	(39,925)	3,567
• Investments at fair value	(2,903)	-
• Available-for-sale financial assets	(3,489)	-
• Property development inventories (Group's share)	(1,813)	-
• Relating to equity accounted investments ⁽²⁾	(7,656)	547
Non-cash property investment income/(expenses):		
• Straight-line lease income	671	484
• Lease incentive and lease cost amortisation	(2,029)	(1,836)
• Amortisation of finance costs	(696)	(415)
Other non-cash expenses:		
• Employee options expense	(89)	(29)
• Amortisation and depreciation	(156)	(216)
• Net tax losses utilised	(215)	(1,578)
Net profit/(loss) for the half-year	<u>(72,617)</u>	<u>92,021</u>
Attributable to:		
Company shareholders	(446)	18,068
Trust unitholders - minority interest	(70,410)	61,453
Net profit/(loss) attributable to stapled securityholders	<u>(70,856)</u>	<u>79,521</u>
External minority interests	(1,761)	12,500
	<u>(72,617)</u>	<u>92,021</u>

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

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

Profit from operations of \$36,477,000 was lower than the corresponding half-year mainly due to:

- Decrease in funds management income reflecting the lack of fee income for acquisitions and sales of investment properties and capital raising in funds managed by the Group.
- Property development activities in the prior period included the sale of the Bundall land for \$38,000,000.

Profit from operations attributable to stapled securityholders of \$36,477,000 equated to 5.2 cents (December 2007: 6.0 cents) per stapled security compared with distributions per stapled security for the half-year of 5.0 cents (December 2007: 5.0 cents).

Distributions for the current half-year comprised a September quarterly distribution of 2.5 cents paid by the Trust on 14 November 2008, and a December quarterly distribution of 2.5 cents paid by the Trust on 16 February 2009.

CROMWELL GROUP
DIRECTORS' REPORT

2. **Review of operations and results (continued)**

Comparison of the Group's net asset position and gearing at 31 December 2008 and 30 June 2008 is summarised below:

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Total Assets	1,648,773	1,368,523
Net Assets	608,440	715,236
Net Tangible Assets (NTA)	604,061	710,938
Net Debt ⁽¹⁾	634,513	589,465
Gearing ⁽²⁾	49%	44%
Stapled Securities Issued (number)	702,873	702,816
NTA per security	\$0.86	\$1.01

(1) *Borrowings less cash and cash equivalents and restricted cash*

(2) *Net debt/Total assets less cash and cash equivalents and restricted cash*

Debt has increased due to the drawdown of the \$452,000,000 loan facility. The proceeds from this facility were partly used to repay \$129,000,000 of the CMBS facility prior to maturity with \$300,600,000 being held in cash as collateral for the remaining CMBS facility, which will be repaid in April 2009.

Net tangible assets and NTA per security have decreased primarily as a result of the decrease in market values of the Group's investment properties and interest rate swaps.

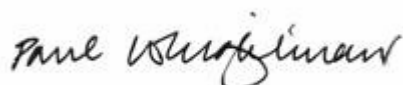
3. **Rounding of amounts**

The Group is of the type referred to in Class Order 98/0100 issued by the Australian Securities and 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 in accordance with that Class Order, except where noted.

4. **Auditor's independence declaration**

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

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



P.L. Weightman
Director

Dated this 18th day of February, 2009

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

Dear Directors,

Auditor's Independence Declaration

As lead engagement partner for the review of the financial report of Cromwell Corporation Limited for the half-year ended 31 December 2008, 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 review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

JOHNSTON RORKE
Chartered Accountants



R.C.N. WALKER
Partner

Brisbane, Queensland
18 February 2009

CROMWELL GROUP
CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	Half-Year 31 Dec 2008 \$'000	Half-Year 31 Dec 2007 \$'000
Revenue and other income			
Funds management fees		2,500	11,133
Property development sales		2,847	38,000
Rental income and recoverable outgoings		54,882	45,174
Distributions		532	616
Interest		5,708	5,184
Other revenue		35	44
Share of profits of equity accounted entities	8	-	3,113
Gain on sale of investment properties		-	7,491
Net gain from fair value adjustments to:			
• Investment properties	7	-	29,682
• Interest rate derivatives		-	3,567
Other income	3	6,217	-
Total revenue and other income		72,721	144,004
Expenses			
Property development costs		2,359	13,590
Funds management commissions		261	1,833
Employee benefits expense		5,098	4,597
Property expenses and outgoings		8,231	8,474
Finance costs	4	23,669	16,628
Amortisation and depreciation		156	216
Premises rental - minimum lease payments		87	58
Share of losses of equity accounted entities	8	4,565	-
Net loss from fair value adjustments to:			
• Interest rate derivatives		39,925	-
• Investment properties	7	49,033	-
• Investments at fair value through profit and loss		2,903	-
Decrease in recoverable amount:			
• Available-for-sale financial asset		3,489	-
• Property development inventories		3,699	-
Other expenses		1,894	2,503
		145,369	47,899
Profit/(loss) before income tax		(72,648)	96,105
Income tax credit/(expense)		31	(4,084)
Profit/(loss) for the half-year		(72,617)	92,021
Attributable to:			
Company shareholders		(446)	18,068
Trust unitholders - minority interest		(70,410)	61,453
External minority interests		(1,761)	12,500
Profit/(loss) for the half-year		(72,617)	92,021
		Cents	Cents
Basic earnings/(loss) per company share (cents)		(0.1)¢	2.6¢
Diluted earnings/(loss) per company share (cents)		(0.1)¢	2.6¢

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

CROMWELL GROUP
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Notes	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Current assets			
Cash and cash equivalents		41,861	8,283
Trade and other receivables		27,487	23,473
Other financial assets	6	300,600	25,700
Derivative financial instruments		-	19,367
Inventories		1,746	4,030
Other current assets		2,670	2,027
Total current assets		374,364	82,880
Non-current assets			
Trade and other receivables		25,000	25,000
Investment properties	7	1,164,300	1,120,716
Available-for-sale financial assets		3,721	7,210
Investments at fair value through profit and loss		2,890	4,247
Investments in jointly controlled entity and associate	8	72,777	80,593
Property, plant and equipment	9	1,342	43,579
Deferred tax asset		3,897	3,846
Intangible assets		482	452
Total non-current assets		1,274,409	1,285,643
Total assets		1,648,773	1,368,523
Current liabilities			
Trade and other payables		17,024	5,731
Borrowings	10	381,094	475,316
Dividend /distributions payable		17,578	17,583
Current tax liabilities		7	2,196
Provisions		859	738
Derivative financial instruments		10,456	-
Other current liabilities		6,701	3,314
Total current liabilities		433,719	504,878
Non-current liabilities			
Borrowings	10	595,880	148,132
Provisions		267	277
Derivative financial instruments		10,102	-
Other non-current liabilities		365	-
Total non-current liabilities		606,614	148,409
Total liabilities		1,040,333	653,287
Net assets		608,440	715,236
Equity attributable to shareholders			
Contributed equity		43,664	43,644
Reserves		3,112	3,023
Accumulated losses		(19,246)	(18,800)
Total equity attributable to shareholders		27,530	27,867
Minority interests			
Equity attributable to unitholders			
Contributed equity		531,853	531,853
Reserves		51,418	130,966
Undistributed income		-	25,150
Total equity attributable to unitholders		583,271	687,969
External minority interest		(2,361)	(600)
Total equity attributable to securityholders		608,440	715,236

The above consolidated balance sheet should be read in conjunction with the accompanying notes

CROMWELL GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Notes	Attributable to Equity Holders of the Company							
		Contributed Equity	Accumulated Losses	Available-for-Sale Reserve	Share Based Payments Reserve	Total (Company)	Minority Interest (Trust)	Minority Interest (External)	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2008		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, net of tax		-	-	-	-	-	868	-	868
Net income/(expense) recognised directly in equity		-	-	-	-	-	868	-	868
Profit/(loss) for the half-year		-	(446)	-	-	(446)	(70,410)	(1,761)	(72,617)
Total recognised income and expense for the half-year		-	(446)	-	-	(446)	(69,542)	(1,761)	(71,749)
Transactions with equity holders in their capacity as equity holders:									
• Contributions of equity	11	20	-	-	-	20	-	-	20
• Dividends/distributions paid/declared	5	-	-	-	-	-	(35,156)	-	(35,156)
• Employee share options		-	-	-	89	89	-	-	89
Balance at 31 December 2008		43,664	(19,246)	2,340	772	27,530	583,271	(2,361)	608,440
Balance at 1 July 2007		43,347	(31,212)	2,340	610	15,085	657,979	-	673,064
Changes in the fair value of available-for-sale financial assets, net of tax		-	-	-	-	-	(1,058)	-	(1,058)
Net income/(expense) recognised directly in equity		-	-	-	-	-	(1,058)	-	(1,058)
Profit for the half-year		-	18,068	-	-	18,068	61,453	12,500	92,021
Total recognised income and expense for the half-year		-	18,068	-	-	18,068	60,395	12,500	90,963
Transactions with equity holders in their capacity as equity holders:									
• Dividends/distributions paid/declared	5	-	-	-	-	-	(35,227)	-	(35,227)
• Contributions of equity	11	207	-	-	-	207	7,430	-	7,637
• Employee share options		-	-	-	28	28	-	-	28
• Distributions to external minority interest		-	-	-	-	-	-	(12,500)	(12,500)
Balance at 31 December 2007		43,554	(13,144)	2,340	638	33,388	690,577	-	723,965

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

CROMWELL GROUP
CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Half-Year 31 Dec 2008 \$'000	Half-Year 31 Dec 2007 \$'000
Cash Flows From Operating Activities		
Cash receipts in the course of operations	72,044	101,618
Cash payments in the course of operations	(24,265)	(36,554)
Distributions received	4,026	3,158
Interest received	5,086	5,656
Income tax paid	(2,208)	(868)
Finance costs paid	(21,749)	(16,160)
Net cash provided by operating activities	32,934	56,850
Cash Flows From Investing Activities		
Payments for investment properties	(3,983)	(3,125)
Payments for property, plant and equipment	(37,418)	(21,277)
Proceeds from sale of investment properties	-	190,085
Payments for software and other assets	(77)	(160)
Payments for investment in associates	-	(10,000)
Payments for available-for-sale financial assets	-	(16,221)
Payments for investments at fair value through profit and loss	(678)	-
Payments for other financial assets	(300,600)	(25,700)
Proceeds from other financial assets	25,700	25,121
Loans to related entities	-	(15,052)
Repayment of loans by related entities	-	11,972
Loans to other persons	-	(887)
Net cash provided by/(used in) investing activities	(317,056)	134,756
Cash Flows From Financing Activities		
Proceeds from borrowings	489,600	26,209
Repayment of borrowings	(134,614)	(120,574)
Payment of loan establishment costs	(2,156)	(103)
Payments of distributions to external minority interests	-	(12,500)
Proceeds from issue of treasury shares/securities	20	37
Payment of dividends/distributions	(35,150)	(25,716)
Net cash provided by/(used in) financing activities	317,700	(132,647)
Net increase in cash and cash equivalents	33,578	58,959
Cash and cash equivalents at the beginning of the half-year	8,283	17,845
Cash and cash equivalents at the end of the half-year	41,861	76,804

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

CROMWELL GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. **Basis of Preparation of Half-Year Financial Report**

Cromwell Group ("the Group") was formed by the stapling of Cromwell Corporation Limited ("the Company") and its controlled entities, and Cromwell Diversified Property Trust ("the Trust") and its controlled entities.

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Group is of the type referred to in ASIC Class Order 98/0100 (as amended) and in accordance with that Class Order, amounts in the financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Early adoption of accounting standard

The Group has elected to early adopt amendments to AASB 101 as outlined in AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* which require derivative financial liabilities not due for settlement within twelve months after the reporting date to be classified as non-current liabilities.

2. **Segment Information**

Business segments

The Group has the following business segments.

Property Investment

The ownership of properties located throughout Australia.

Property Funds Management

The establishment and management of external funds, and the Trust.

Property Development

Property development, including development management, development finance and joint venture activities.

Geographical segments

The Group operates entirely in Australia.

CROMWELL GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

2. Segment Information (continued)

Primary reporting format - business segments

	Property Investment	Property Funds Management	Property Development	Consolidated
	\$'000	\$'000	\$'000	\$'000
31 Dec 2008				
Segment revenue and other income				
Sales to external customers	54,882	2,500	2,847	60,229
Intersegment sales	417	5,473	-	5,890
Total sales revenue	55,299	7,973	2,847	66,119
Refund of stamp duty (note 3)	5,284	-	-	5,284
Total segment revenue and other income	60,583	7,973	2,847	71,403
Intersegment elimination				(5,890)
Unallocated revenue				7,208
Consolidated revenue and other income				72,721
Segment result				
Segment result	(47,298)	2,690	(3,945)	(48,553)
Intersegment elimination				479
Unallocated revenue less unallocated expenses				5,487
Write down of investments				(6,392)
Finance costs				(23,669)
Profit/(loss) before income tax				(72,648)
Income tax credit/(expense)				31
Profit/(loss) for the half-year				(72,617)
31 Dec 2007				
Segment revenue and other income				
Sales to external customers	45,174	11,133	38,000	94,307
Intersegment sales	317	7,781	-	8,098
Total sales revenue	45,491	18,914	38,000	102,405
Share of profits of equity accounted entities	3,113	-	-	3,113
Gain on sale of investment properties	7,491	-	-	7,491
Gain on fair value adjustments	33,249	-	-	33,249
Total segment revenue and other income	89,344	18,914	38,000	146,258
Intersegment elimination				(8,098)
Unallocated revenue				5,844
Consolidated revenue and other income				144,004
Segment result				
Segment result	72,420	12,008	23,669	108,097
Intersegment elimination				(8)
Unallocated revenue less unallocated expenses				4,644
Finance costs				(16,628)
Profit before income tax				96,105
Income tax credit/(expense)				(4,084)
Profit for the half-year				92,021

CROMWELL GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Half-year 31 Dec 2008 \$'000	Half-year 31 Dec 2007 \$'000
3. <u>Other Income</u>		
Refund of stamp duty paid on merger/pre-stapling	5,284	-
Other	933	-
	6,217	-

4. <u>Finance Costs</u>		
Total interest	24,555	17,180
Less: interest capitalised (note 9)	(1,582)	(967)
Interest expense	22,973	16,213
Amortisation of loan establishment costs	696	415
Finance costs	23,669	16,628

5. <u>Dividends/Distributions</u>		
Distributions paid/payable by the Trust		
Distribution of 2.5 cents per stapled security (declared 29/09/07, paid 15/11/2007)	-	17,576
Distribution of 2.5 cents per stapled security (declared 31/12/07, paid 15/02/2008)	-	17,651
Distribution of 2.5 cents per stapled security (declared 22/09/08, paid 14/11/2008)	17,578	-
Distribution of 2.5 cents per stapled security (declared 31/12/08, paid 16/02/2009)	17,578	-
	35,156	35,227

A dividend of \$7,028,000 and distribution of \$10,555,000 provided for at 30 June 2008 were paid during the current period.

6. <u>Other Financial Assets</u>		
	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Restricted cash	300,600	25,700

Restricted cash of \$300,600,000 is held as security for the Commercial Mortgage Backed Security ("CMBS") notes on issue (see note 10) following the refinancing of the CMBS loan note facility during the current period.

CROMWELL GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

7. Investment Properties

	31 Dec 2008	30 Jun 2008
	\$'000	\$'000
Investment properties - at fair value	1,164,300	1,120,716

Details of investment properties are set out below:

Property	Title	Acquisition Date	Independent Valuation Date	Fair Value		Fair Value Adjustment	
				31 Dec 2008	30 June 2008	31 Dec 2008	31 Dec 2007
				\$'000	\$'000	\$'000	\$'000
NQX Property, QLD	Freehold	Dec 2006	Dec 2008	24,000	27,301	(3,294)	2,243
Henry Waymouth Centre, SA	Freehold	Dec 2006	Dec 2008	40,000	42,035	(2,035)	3,499
Hellman Distribution Centre, VIC	Freehold	Dec 2006	Dec 2008	9,700	11,260	(1,538)	-
Wesfarmers Woolstore, VIC	Freehold	Dec 2006	Dec 2008	36,500	41,074	(4,588)	(230)
Village Geelong Cinema, VIC	Freehold	Dec 2006	Dec 2008	10,300	11,001	(701)	488
Vodafone House, TAS	Freehold	Dec 2006	Dec 2007	17,500	18,054	(491)	1,584
Hobart Cinema Complex, TAS	Freehold	Dec 2006	Dec 2008	14,400	15,573	(1,429)	(175)
Village Launceston, TAS	Freehold	Dec 2006	Dec 2008	3,150	3,139	11	(330)
Albury Cinema Centre, NSW	Freehold	Dec 2006	Dec 2008	11,900	12,011	(130)	1,077
Spicers Paper, WA	Freehold	Dec 2006	Dec 2008	10,000	12,491	(2,437)	-
Elders Woolstore, SA	Freehold	Dec 2006	Dec 2008	14,100	15,400	(1,317)	-
700 Collins Street, VIC	Freehold	Dec 2006	Dec 2008	167,750	183,479	(15,870)	22,272
Forsyth Centre, VIC	Freehold	Dec 2006	Dec 2008	39,000	44,450	(5,450)	-
Centenary House, ACT	Leasehold	Dec 2006	Jun 2008	35,000	35,500	(1,474)	(746)
380 LaTrobe Street, VIC	Freehold	Dec 2006	Jun 2008	110,000	110,000	78	-
101 Grenfell St, SA	Freehold	Dec 2006	Jun 2008	40,000	36,800	(724)	-
475 Victoria Av, NSW	Freehold	Dec 2006	Jun 2008	142,000	142,000	(1,491)	-
200 Mary St, Brisbane, QLD	Freehold	Dec 2006	Jun 2008	98,000	100,000	(2,333)	-
Terrace Office Park, Brisbane, QLD	Freehold	Dec 2006	Dec 2008	33,500	35,973	(2,530)	-
243 Northbourne Ave, Canberra, ACT	Leasehold	Dec 2006	Jun 2008	34,000	34,000	(296)	-
Quadrant Building, Canberra, ACT	Leasehold	Dec 2006	Jun 2008	10,700	10,350	338	-
Scrivener Buildings, Canberra, ACT	Leasehold	Dec 2006	Jun 2008	12,800	12,800	3	-
Tuggeranong Office Park, ACT	Leasehold	Jun 2008	Jun 2008	170,000	166,025	3,401	-
Synergy Building, Brisbane, QLD	Freehold	Nov 2008	Dec 2008	80,000	-	(4,736)	-
				1,164,300	1,120,716	(49,033)	29,682

valuation basis

Independent valuations of properties are carried out at least every two years by qualified valuers with relevant experience in the types of property being valued. 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 valuation processes for determining fair value where independent valuations are not obtained.

CROMWELL GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

7. **Investment Properties (continued)**

Movement in investment properties

A reconciliation of the carrying amounts of investment properties at the beginning and end of the financial period is set out below:

	Half-Year 31 Dec 2008 \$'000	Half-Year 31 Dec 2007 \$'000
Carrying value at beginning of half-year	1,120,716	1,083,565
Acquisitions at cost:		
- Transfer from property, plant and equipment (note 9)	79,545	-
- Transaction costs	55	-
- Improvements	1,920	2,252
Straight-lining rentals	671	484
Lease incentives	10,221	504
Leasing costs	205	369
Carrying value of investment properties sold	-	(182,594)
Net gain/(loss) from fair value adjustments	(49,033)	29,682
Carrying value at end of half-year	<u>1,164,300</u>	<u>934,262</u>

8. **Investments in Jointly Controlled Entity and Associate**

The Group has an investment in a jointly controlled entity, Cromwell TGA Planned Investment ("TGA"), and an associate, Cromwell Property Fund ("CPF"). These entities were formed in Australia and their principal activity is property investment.

At 31 December 2008 the Group held 18% of the issued units of CPF. The Group is considered to have significant influence over the CPF due to its investment being the single largest investment in the CPF, with the next largest representing less than 1% of the issued units of CPF.

The Group holds a two-thirds interest in TGA. The remaining one-third is held by CPF. The Group exercises joint control over TGA, but neither the Group nor the CPF has control in its own right, irrespective of their ownership interest, as both the Group and the CPF must consent to the strategic, financial and operating decisions relating to TGA.

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

Equity accounting information

	Ownership Interest		31 Dec 2008 \$'000	30 Jun 2008 \$'000
	31 Dec 2008 %	30 Jun 2008 %		
Investments accounted for using the equity method:				
TGA - jointly controlled entity	67	67	55,391	58,569
CPF - associate	18	18	17,386	22,024
			<u>72,777</u>	<u>80,593</u>

CROMWELL GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

8. Investments in Jointly Controlled Entity and Associate (continued)

Movement in the carrying value of the Group's interest in its investments accounted for using the equity method during the half-year was as follows:

Half-year 31 December 2008	CPF \$'000	TGA \$'000	Total \$'000
Carrying value at beginning of half-year	22,024	58,569	80,593
Share of loss	(3,437)	(1,128)	(4,565)
Distributions received	(1,201)	(2,050)	(3,251)
Carrying value at end of half-year	17,386	55,391	72,777

Half-year 31 December 2007			
Carrying value at beginning of half-year	13,896	52,349	66,245
Additions - at cost	10,000	-	10,000
Share of profit	950	2,163	3,113
Distributions received	(867)	(2,050)	(2,917)
Carrying value at end of half-year	23,979	52,462	76,441

9. Property, Plant and Equipment

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Property under construction - at cost	-	42,155
Leasehold improvements - at cost	1,171	992
Accumulated depreciation	(387)	(288)
	784	704
Plant and equipment - at cost	1,098	1,105
Accumulated depreciation	(689)	(672)
	409	433
Plant and equipment under finance lease - at cost	267	514
Accumulated depreciation	(118)	(227)
	149	287
	1,342	43,579

Movement in property under construction

A reconciliation of the movement in carrying amount of property under construction during the half-year is set out below:

	Half-year 31 Dec 2008 \$'000	Half-year 31 Dec 2007 \$'000
Carrying value at beginning of half-year	42,155	8,507
Additions at cost:		
• Transaction costs	-	10
• Construction costs	35,591	19,395
• Holding costs	217	526
• Capitalised interest	1,582	967
Transfer to investment properties (note 7)	(79,545)	-
Carrying value at end of half-year	-	29,405

CROMWELL GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

10. Borrowings

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Current		
<i>Secured</i>		
Commercial mortgage backed securities ("CMBS")	299,831	428,265
Bank loans	81,214	43,566
Debentures	-	3,429
Lease liabilities	49	56
	381,094	475,316
Non-current		
<i>Secured</i>		
Bank loans	595,880	147,615
Debentures	-	497
Lease liabilities	-	20
	595,880	148,132

The details of secured borrowings at 31 December 2008 are set out below. All amounts are net of any unamortised transaction costs:

Facility	Current Balance 31 Dec 2008 \$'000	Non-current Balance 31 Dec 2008 \$'000	Security	Maturity Date	Effective Interest Rate as at 31 Dec 2008
CMBS	299,831	-	(i)	April 2009	4.65%
Lease liabilities	49	-	(ii)	Oct 2009	7.74%
Bank loan - TGA	-	26,981	(iii)	Mar 2011	6.07%
Bank loan - Synergy	77,861	-	(iv)	May 2009	5.40%
Bank loan - Tuggeranong	3,353	118,975	(v)	July 2013	6.10%
Bank Loan - Syndicate Finance	-	449,924	(vi)	Nov 2011	6.88%
	381,094	595,880			

- (i) The CMBS facility is secured by \$300,600,000 cash held on restricted deposit and will be repaid on maturity. Interest is payable at variable rates based on the 30 day BBSW plus margins from 0.17% to 0.60%.
- (ii) 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.
- (iii) The TGA facility is secured by a first registered mortgage over the TGA property and a registered floating charge over the assets of the TGA Planned Investment (these assets are reflected in the carrying value of the investment in jointly controlled entity). The facility is effectively fixed through interest rate swap arrangements until August 2010.
- (iv) The Synergy facility is secured by a first registered fixed and floating charge over the Synergy property. Construction of the Synergy office building was completed during the half-year. The loan is due to expire on 8 May 2009 which the directors expect to refinance on expiry to terms greater than 12 months. Interest is payable at variable rates plus a margin of 0.60%. \$56,000,000 of the facility is effectively fixed through an interest rate swap.
- (v) The Tuggeranong facility is secured by a first registered mortgage over the Tuggeranong Office Park investment property located in Greenway, ACT and a registered floating charge over the assets of the Tuggeranong Trust. The core facility of \$107,916,000 matures in June 2013, with \$830,125 of the balance facility being repayable each quarter. The core facility is effectively fixed through an interest rate swap until June 2009. Interest on the balance of the facility is at variable rates plus a margin of 1.33%.
- (vi) The Syndicate Finance Facility is secured by first registered mortgages over all investment properties held by the Group (excluding 200 Mary Street and the other investment properties noted as security for other bank loans) and a registered floating charge over the assets of the Trust. The facility is effectively fixed through various interest rate swap arrangements which have maturity dates ranging from June 2009 to September 2017.

Interest rate Swaps

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.

Finance Facilities

At 31 December 2008 the Group had an unused finance facility totalling \$55,000,000 secured over the 200 Mary Street Investment Property.

CROMWELL GROUP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

11. Contributed Equity

	31 Dec 2008 Number '000	30 Jun 2008 Number '000
Issued stapled securities		
Ordinary stapled securities	702,873	702,816
Treasury stapled securities held by ESOP	212	269
	703,085	703,085

Movement in stapled securities during the half-year	31 Dec 2008		31 Dec 2007	
	Number '000	Value \$'000	Number '000	Value \$'000
Issue of treasury shares to employees for cash on exercise of ESOP options	57	20	139	37
Dividend/distribution reinvestment plan issue	-	-	6,327	170
	57	20	6,466	207

12. Contingent Liabilities

The directors are not aware of any material changes in contingent liabilities since the last annual report.

13. Commitments

Capital Expenditure Commitments

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

	31 Dec 2008 \$'000	30 Jun 2008 \$'000
Within one year	8,664	50,127
Later than one year but not later than five years	-	-
	8,664	50,127

The above commitments primarily relate to the Synergy commercial office building in Kelvin Grove, Brisbane, which was completed during the half-year. Refer to notes 7 and 9.

Loan Facility to Cromwell Property Fund

The Group has provided a loan facility to Cromwell Property Fund of \$30,000,000 (June 2008: \$30,000,000) of which \$25,000,000 had been drawn at 31 December 2008 (June 2008: \$25,000,000).

CROMWELL GROUP
DIRECTORS' DECLARATION

In the opinion of the directors the attached financial statements and notes:

- (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the Group's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that Cromwell Corporation Limited will be able to pay its debts as and when they become due and payable.

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



P.L. Weightman
Director

Dated this 18th day of February, 2009

Independent Auditor's Review Report

To the Members of Cromwell Corporation Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cromwell Corporation Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, consolidated statement of changes in equity, and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Cromwell Corporation Limited and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cromwell Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

JOHNSTON RORKE
Chartered Accountants



R.C.N. WALKER
Partner

Brisbane, Queensland
18 February 2009