Cromwell Corporation Limited

ASX Release
19 March 2004

Cromwell to issue new class of Preference Shares

Cromwell Corporation Limited has today lodged an Offer Information Statement ("OIS") with ASIC for the issue of 100,000 Property Preference Shares in Cromwell Corporation Limited at $1.00 per share to raise $100,000

The Property Preference Shares will be issued to facilitate investment by Cromwell in the Cromwell Diversified Property Trust, a Managed Investment Scheme for which Cromwell acts as Responsible Entity.

A copy of the OIS is attached.

ENDS

For further information please contact: Paul Weightman, Chairman, Cromwell Corporation, Phone: (07) 3225 7777 or 0411 111 028.

Cromwell Corporation Limited is listed on the Australian Stock Exchange and since recapitalisation in 1998, has established and maintained a track record for developing high quality, high yielding investment products for investors and delivering value for shareholders.

Cromwell Property Securities Limited, a wholly-owned subsidiary of Cromwell Corporation Limited, is an unlisted public company and was incorporated expressly for the purpose of promoting and managing planned investments. Cromwell Property Securities Limited was issued a Dealers Licence by the ASIC in 1997 entitling it to act as single responsible entity of direct property and mortgage schemes.

Cromwell Property Services Pty Ltd is a wholly-owned subsidiary of Cromwell Corporation Limited, holds a Corporate Real Estate Licence, and performs an ongoing role in managing the company's property portfolio.

Cromwell Capital Limited is a wholly-owned subsidiary of Cromwell Corporation Limited and focuses on the provision of investment analysis and the management of the higher yielding range of mezzanine debt products. Cromwell Capital conducts the day-to-day management activities for all mortgage investment schemes on behalf of Cromwell Property Securities Limited.

CROMWELL CORPORATION LIMITED
ABN 44 001 056 980

OFFER INFORMATION STATEMENT
Dated 19 March 2004

For the issue of 100,000 Property Preference Shares in Cromwell Corporation Limited at $1.00 per share to raise $100,000

This Offer Information Statement is not a prospectus within the meaning of the Corporations Act and has a lower level of disclosure requirements than a prospectus.

This document is important and should be read in its entirety. Please consult your professional investment advisor before you invest under the Offer Information Statement.

Applications for shares in Cromwell Corporation Limited can only be made by completing the Application Form contained in this Offer Information Statement in accordance with the instructions set out in the Application Form.

CONTENTS

1. CORPORATE DIRECTORY

CROMWELL CORPORATION LIMITED
ABN 44 001 056 980

DIRECTORS
Paul Louis Weightman (Chairman)
Ross Leonard Stiles
Daryl John Wilson
Robert James Pullar

COMPANY SECRETARY
Daryl John Wilson

REGISTERED OFFICE
Level 19, 200 Mary Street, Brisbane Qld 4000
Telephone: (07) 3225 7777
Facsimile: (07) 3225 7788
Email: cromwell@cromwell.com.au
Internet: www.cromwell.com.au

AUDITORS
Johnston Rorke
Level 5, NAB House
255 Adelaide Street, Brisbane Qld 4000

SHARE REGISTER MANAGER
Computershare Investor Services Pty Ltd
Level 27, Central Plaza One
345 Queen Street, Brisbane Qld 4000

2. IMPORTANT INFORMATION

This Offer Information Statement (OIS) is dated 19 March 2004 and was lodged with ASIC on that date. ASIC does not take any responsibility for the contents of the OIS. No securities will be allotted or offered on the basis of this OIS later than 13 months after the date of this OIS.

The OIS will be made generally available during the Exposure Period by being posted on the Company's website at www.cromwell.com.au. In addition, copies of the OIS will be made available on request to members of the public by calling the Company during the Exposure Period. The purpose of the Exposure Period is to enable the OIS to be examined by market participants prior to raising funds. Potential Investors should be aware that such examination may result in the identification of deficiencies in the OIS and, in those circumstances any Application that has been received may need to be dealt with in accordance with Section724 of the Corporations Act.

Applications for Property Preference Shares during the Exposure Period will not be accepted until the Exposure Period has expired and no preference will be given to persons who lodge their Application Forms during the Exposure Period.

Before deciding to apply for Property Preference Shares in the Company pursuant to this OIS, prospective Investors should read the entire OIS and consider the risk factors that could affect the financial and operating performance of the Company. Prospective Investors should obtain professional advice before deciding whether to apply for Property Preference Shares in the Company.

You should carefully consider whether Property Preference Shares are an appropriate investment for you. Refer to the section titled Risks of Investing for details relating to investment risks and investment considerations.

Certain words and terms used in the OIS have defined meanings which are described in the Glossary of this OIS.

The distribution of this OIS in jurisdictions outside Australia may be restricted by law and persons who come into possession of this OIS should seek advice on and observe the requirements of these laws. Non-observance by such persons may violate securities laws. Any recipient of this OIS residing outside Australia should consult their professional legal advisors before investing. The OIS does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

3. THE OFFER

Investors are invited to subscribe for 200 parcels of 50 0Property Preference Shares each in Cromwell Corporation Limited at $1.00 per share.

Applications must be for a minimum of one parcel of 500 Property Preference Shares at a cost of $500. There are 200 parcels on offer under this OIS. An Application for more than one parcel may be made by an Investor. However, the Company may accept or reject an Application in its absolute discretion and may either allot a lesser number of parcels than that applied for or not accept an Application at all.

Application Monies will be held in a separate bank account in trust for Applicants until allotment of Property Preference Shares occurs. This account will be established solely for the purpose of depositing Application Monies received.

All interest earned an all Application Monies (including those which do not result in allotments of Property Preference Shares) will be retained by the Company.

The Minimum Subscription is $100,000 comprising 100,000 Property Preference Shares to be held by no fewer than 50 Investors. In the event that Minimum Subscription is not received by 26 March 2004, all Application Monies will be refunded.

Application Monies receive in respect of shares which are not issued will be refunded to Applicants.

TWO CLASSES OF SHARES IN THE COMPANY

The Company presently has on issue 156,642,896 ordinary shares. The Property Preference Shares offered under this OIS constitute a separate class of shares in the Company to ordinary shares.

RIGHTS ATTACHED TO PROPERTY PREFERENCE SHARES

Each Property Preference Share is a preference share which is redeemable:

- by the holder of the Property Preference Share at a price of $1.00 on the termination date of the CDPT which is 26 November 2012 unless terminated earlier under the Constitution of the CDPT; and

- at the Company's option by way of a pro-rata offer to all Property Preference Share holders to buy back each Property Preference Share at a price of $1.00 under any capital reduction or share buy-back proposal of the Company.

Each PPS will have the right to a dividend at a rate equal to the higher of 8.5% pa or 95% of the weighted average cash distribution rate from the units held by the Company in the CDPT.

Forecasts for the CDPT are contained in the Prospectus for the CDPT which was lodged with ASIC on 12 March 2003.

The financial report of the CDPT for the year ended 30 June 2003 which was lodged with ASIC on 30 September 2003 contains details of the financial performance, financial position and cashflows of the CDPT for the year ended 30 June 2003.

The half-year financial report of the CDPT for the period ended 31 December 2003 which was lodged with ASIC on 12 March 2004 contains details of the financial performance, financial position and cashflows of the CDPT for the six months ended 30 June 2003.

Dividends will be paid every 6 months, provided that the Company makes sufficient profits to effect the payment. Dividends may be fully franked, partly franked or unfranked at the Company's option. Any payment not made will accumulate until such time as the Company makes sufficient profits to make the payment. Each Property Preference Share will have:-

- the right to preferential payment of dividends and return of capital over an ordinary share in the Company; and
- the right to vote (each share conferring one vote on a poll) in each of the following circumstances and in no others:
    - during a period during which a dividend (or part of a dividend) in respect of the Property Preference Share is in arrears;
    - on a proposal to reduce the Company's share capital;
    - on a resolution to approve the terms of a buy-back agreement;
    - on a proposal that affects rights attached to the Property Preference Share;
    - on a proposal to wind up the Company;
    - on a proposal for the disposal of the whole of the Company's property, business and undertaking; and
    - during the winding up of the Company.

4. THE COMPANY AND ITS BUSINESSES

The Company is listed on the ASX (ASX code CMW) and operates 3 business units:

Cromwell Property Securities Limited (CPSL) - a wholly-owned subsidiary of the Company, is an unlisted public company, which was incorporated expressly for the purpose of promoting and managing planned investments. CPSL was issued with a dealer's licence by ASIC in 1997 entitling it to act as a single responsible entity of direct property schemes and presently holds an Australian Financial Services Licence (No. 238052) entitling it to manage and promote direct property and mortgage schemes. CPSL currently has over $330m of assets under management.

Cromwell Capital Limited (CCL) - a wholly-owned subsidiary of the Company, is an unlisted public company, which provides investment analysis and the management of higher yielding mezzanine debt products. CCL manages all mortgage investment schemes on behalf of CPSL.

Cromwell Property Services Pty Ltd (CPSV) – a wholly-owned subsidiary of the Company, holds a corporate real estate licence and manages the properties owned by the managed investment schemes promoted and managed by CPSL.

In addition, the Company invests in and developes property in its own right and in joint ventures with other parties.

5. APPLICATION OF FUNDS

If Minimum Subscription is received, the proceeds of the issue will be applied by the Company in acquiring 100,000 units of $1.00 each in the Cromwell Diversified Property Trust ("CDPT") ARSN 102 982 598.

The prospectus for the CDPT was lodged with ASIC on 12 March 2003 and is available for inspection on the ASIC website and on the Company's website **www.cromwell.com.au**.

6. FINANCIAL STATEMENTS

Audited Financial Statements of Cromwell Corporation Limited for the year ended 30 June 2003 and audited Financial Statements for the year ended 31 December 2003 are in the Schedule to this OIS.

7. DIRECTORS

The directors of the Company have a diverse background and wide variety of skills and experience in the promotion and management of direct property schemes, which are critical to the acquisition, management and sale of real property. These skills include areas such as property acquisition, valuation, financial and credit analysis, loan structuring, property law, real estate agency, funds and asset management, accountancy and development management. The directors of the Company are:

Paul Weightman – Executive Chairman

Paul is a partner in the law firm Creagh Weightman and is on full time secondment to the Company as Executive Chairman. Paul was admitted as a solicitor in 1986. He has extensive commercial/corporate legal experience in respect of public listings, mergers and acquisitions, taxation and stamp duty, joint ventures, property development and property conveyancing. Paul has supervised the acquisition, development, leasing and sale of many commercial properties. Paul has primary responsibility for co-ordinating all aspects relating to the acquisition of property.

Ross Stiles – Managing Director

Ross has been employed in the financial services industry for in excess of 28 years, and brings to the Board of CPS a wealth of experience in both funds management and financial planning. During his career Ross has served in senior executive positions with some of Australia's most prominent funds management companies, where his duties included the management and supervision of significant client investment accounts and marketing of unit trusts. Ross is a member of the Financial Planning Association of Australia and the Australian Institute of Company Directors. Ross has primary responsibility for managing CPS relationships with financial planners and wholesale investors.

Robert Pullar – Non-executive Director

Robert is a Director of the Brisbane based property development company, Citimark Properties Pty Ltd. He was previously a partner with accounting firm Douglas Heck and Burrell and is an experienced chartered accountant specialising in property investment, taxation and corporate reorganisation. Robert is chairman of the Urban Development Institute of Australia (UDIA) Retail/Commercial Committee, a member of the UDIA Government Liaison Committee and a Fellow of the Australian Institute of Company Directors.

Daryl Wilson – Executive Director

Daryl is a qualified accountant and a member of the Institute of Chartered Accountants of Australia with 13 years experience in the finance industry. Daryl previously worked as a chartered accountant specialising in providing business advisory services to a large number of clients, including many in the property industry. Daryl is Finance Director of the Company, and has primary responsibility for finance, funds management, risk management and compliance functions.

8. RISKS OF INVESTING

There are a number of risk factors which could impact on your investment in Property Preference Shares and have an effect on projected dividends and the amount to which you are entitled on redemption of Property Preference Shares.

Dividends on Property Preference Shares cannot be paid unless the Company has made sufficient profits from which to pay the dividends. Whilst the right to payment of a dividend to the holder of a Property Preference Share will accumulate until such time as the Company has made sufficient profits to pay the dividend, there is no certainty that the Company will make sufficient profits to pay any dividends.

The ability of the Company to redeem Property Preference Shares is subject to the Company having sufficient assets to funds the cost of redemption. The shares may only be redeemed out of profits, a fresh issue of shares for the purposes of redemption or by way of a share capital reduction or buy-back proposal by the Company for all shareholders. There is no certainty that the Company will have sufficient funds to meet redemptions. The proceeds of subscriptions for Property Preference Shares will be applied in acquisition of units in the CDPT which are not liquid and may not be readily realisable. As a result there may be delays in redeeming Property Preference Shares.

Holders of Property Preference Shares are entitled to a dividend in an amount which is the higher of 8.5% pa and 95% of the weighted average cash distribution income from the units held by the Company in the CDPT which have been acquired from the proceeds of subscriptions for Property Preference Shares. Whilst the Company has an obligation to pay a minimum dividend to holders of Property Preference Shares of 8.5% pa, the entitlement of holders of Property Preference Shares to a higher dividend is dependant on the performance of the CDPT. The risks associated with investment in the CDPT are set out in the Prospectus which has been lodged with ASIC on 12 March 2003. Those risks comprise both general and specific investment risks and include the risks set out below:-

General Risks

Economic Factors

The returns on investments are affected by a range of economic factors including changes in interest rates, exchange rates, inflation, government policy (including monetary policy and other laws) and the general state of the domestic and international economies.

Market Conditions

There are general risks associated with property related investments. The market can rise and fall and no guarantee can be given as to the state of the market throughout the term of the CDPT.

Taxation

Changes in government policy or legislation in relation to taxation may adversely affect the CDPT or Investors in the CDPT, in that it may affect the assessability of income, the deductibility of expenses or the treatment of trust income.

Specific Risks

Tenant Defaults

Cash distributions may be adversely affected if tenants default under their leases. This risk is greater where a single tenant provides a substantial proportion of income as is the case with the CDPT.

Interest and Loan Risk

The CDPT uses borrowings to partly fund the purchase of properties together with funds raised from Investors. The borrowing or "gearing" enhances the potential of capital gain for Investors if the properties increase in value but it may also increase any capital loss in the event that the value of the properties falls relative to an un-geared property investment. The CDPT will continue for longer then the term of its borrowings and there is no guarantee that the CDPT will be able to refinance its borrowings. If borrowings are re-financed the interest rate payable may be higher than current rates.

Increases in interest rates (after any period of fixed interest expires) will increase interest costs which if not offset by increases in income through higher rental returns may result in a reduction of the cash distributions of the CDPT.

If there are not sufficient funds to meet the interest payments on borrowings, the lender may want to enforce its security over the properties and sell one or more of the properties.

Furthermore, where the terms of a loan to the CDPT require repayment of part or all of the loan by a certain date, if there are not sufficient resources in the CDPT to enable repayment, the Trust will be in default under the terms of the loan. This may affect the ability of the CDPT to make distributions and may reduce the capital value of a CDPT unit. However, in any such case, the Company will still have an obligation to pay a dividend of at least 8.5% per annum as set out in Part 3.

Tenant Renewals

Vacancies may occur due to tenants not renewing or defaulting on their leases. Where this occurs, CPSL will be required to re-let part or all of the affected properties, which will involve a delay in the commencement of a new lease or leases with a period when no rent will be paid. Also, commissions will be payable to real estate agents who introduce tenants and incentives or capital works may be required to attract tenants. All these expenses will be paid by the Trust. Naturally, income generated from the properties would decrease in this situation. The directors believe that the risk of a material default by the tenants of the CDPT is extremely low.

Vacancy levels will have an adverse effect on the value of the properties at the time they are sold, particularly if vacancy levels are significant at the time of sale.

Insurance Risk

It is possible that the Real Property Assets of the CDPT may be damaged or destroyed by fire or other disaster, resulting in capital loss, loss of income or, where there is major damage, the loss of a tenant. All Real Property Assets are insured against such risks, subject to the specific provisions in the insurance contract. Insurance on all Real Property Assets is reviewed not less than annually.

Property Risk

The risks commonly associated with a commercial property investment will apply equally to this investment. There may be outside influences from time to time, for example, unforeseen items of expenditure which have not been budgeted for which adversely affect the net income of the CDPT, and may result in a reduction in distributions. CPSL has undertaken a thorough due diligence investigation of the properties owned by the CDPT. Furthermore, CPSL will undertake all necessary management actions including arranging appropriate insurances to eliminate or minimise particular risk.

Liquidity

Units in the CDPT are likely to be illiquid investments because there is presently no secondary market for the units. As there is no right to redeem the Company's investment, you should be aware that to sell its units, the Company would need to find a willing buyer who wishes to invest in the CDPT. Any such sale will be governed by the provisions of the Corporations Act dealing with an offer for the sale of securities and the Constitution of the CDPT.

Further acquisitions

The objective of the CDPT is to provide Investors with secure returns through investment in a diversified property portfolio. CPSL will acquire additional properties for the CDPT from time to time for the purpose of increasing the size and diversity of the property portfolio. It is intended that the portfolio will be diversified geographically and by market sector and will have a range of tenants from the government and private sectors.

CPSL cannot forecast the timing of new acquisitions by the CDPT as this will be determined by the availability of properties which meet the CDPT's criteria for additional purchases set out in the Prospectus and their compatibility with the existing properties in the CDPTs portfolio. Forecast distributions may be affected by future acquisitions although it is the intention of CPSL that any such acquisitions will not adversely affect distributions or the Net Value of the Assets.

Unforeseen Circumstances

The Company has taken into account all foreseeable circumstances and expenses in preparing this OIS. However, if any unforseen expenses are incurred, the distributions in the CDPT may be adversely affected.

9. ADDITIONAL INFORMATION

The Company reserves the right to reject any Application.

The Company may pay a commission of up to 4% of amounts raised under this OIS to licensed dealers.

The costs of preparing this OIS are approximately $2,000 not including commissions.

Johnston Rorke has given (and has not prior to lodgement of this OIS with ASIC withdrawn) its written consent to the inclusion of the audited financial statements of Cromwell Corporation Limited in the form and context in which those financial statements are included, and for the purpose of Sections 716(2) and 729 of the Corporations Act 2001 was involved only in the preparation of those financial statements.

Each of the directors of Cromwell Corporation Limited has given his consent to the lodgement of this OIS with ASIC.

For the purpose of lodgement of this OIS with ASIC, Paul Louis Weightman on behalf of Cromwell Corporation Limited has signed this OIS pursuant to Section 351 of the Corporations Act 2001.

P. Weightman

Paul Louis Weightman
Chairman
19 March 2004

10. GLOSSARY

Act or Corporations Act: The Corporations Act 2001 (Cth) as amended.

Applicant: A person or entity who or which submits an Application Form.

Application: An application for shares under the OIS.

Application Form: An Application Form attached to the OIS.

Application Monies: Monies paid by an Applicant to accompany an Application Form.

ASIC: Australian Securities & Investments Commission.

ASX: Australian Stock Exchange Limited.

ASX Listing Rules: The Listing Rules of ASX.

CDPT: The Cromwell Diversified Property Trust ARSN 102 985

Company: Cromwell Corporation Limited ABN 44 001 056 980.

CPSL: Cromwell Property Securities Limited ABN 11 079 147 809.

Investor: An investor under this OIS.

Issue: The issue by the Company of 100,000 Property Preference Shares pursuant to this OIS.

Offer: The offer of 100,000 Property Preference Shares pursuant to this OIS.

OIS: This Offer Information Statement.

Real Property Asset: Any interest in real property whether direct or indirect (in the case where the interest in a real property is held by a company or trust, the shares or units in which are to be acquired) and where the context permits direct or indirect interests in a number or portfolio of Real Property Assets.

Subscription: The amount set out on an Application Form paid by the Applicant and accepted by the Company.

unit: The unit of interest which an Investor holds in the CDPT.

You: Applicants.

11. APPLICATION FORM

TO CROMWELL CORPORATION LIMITED ABN 44 001 056 980

A. DETAILS OF THE APPLICANT (PLEASE USE BLOCK LETTERS)

Individual

Full Name: ....
Surname Christian Names

Address: ....

Telephone: ....
Office Home

Email Address: ....

Tax File Number or exemption (optional): ....

Company

Name: ....

ACN or ABN: ....

Registered Office: ....

Contact Person: ....
Surname Christian Names

Telephone: ....
Office Home

Email Address: ....

Tax File Number or exemption (optional): ....

Number of parcels of 500 shares applied for: ....

1. The Applicant applies to Cromwell Corporation Limited ABN 44 001 056 980 for the above number of parcels of 500 Property Preference Shares of $1.00 each in the capital of the Company. Cheques to the value of $500 multiplied by the number of parcels stated above, should be made payable to Cromwell Corporation Limited and crossed "Not Negotiable".

2. The Applicant agrees to be bound by the Constitution of Cromwell Corporation Limited.

3. The Applicant tenders the appropriate Subscription in respect of the number of parcels of Property Preference Shares stated above, for which Application is hereby made.

4. Completed Application and cheques should be mailed or delivered to Cromwell Corporation Limited at Level 19, 200 Mary Street Brisbane, Qld, 4000.

EXECUTION OF APPLICATION

Individuals

Signed by the Applicant in the presence of:

("the Applicant")

Witness

Signed by the Applicant in the presence of:

("the Applicant")

Witness

Company

[For companies with a common seal]

The Common Seal of the Applicant
Was affixed in accordance with the
Constitution of the Applicant in the
Presence of:

Director

Director/Secretary

[For companies with a common seal]

Signed in accordance with the Constitution of the
Applicant in the presence of:

Director

Director/Secretary/Sole Director

12. SCHEDULE

Audited Financial Statements of Cromwell Corporation Limited for the year ended 30 June 2003 and the year ended 31 December 2003 follows:-

Cromwell Corporation Limited

A.B.N. 44 001 056 980

Annual Report

30 June 2003

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Overview

30 June 2003 represented the end of the fifth full year of Cromwell's operations since the company was recapitalised on 1 July 1998, by the subscription of 100,000,000 ordinary shares at an issue price of $0.01 per share. After payment of issue costs, fees and expenses, Cromwell started its new life with working capital of approximately $900,000, two full time employees, and operated from borrowed premises, with borrowed equipment, one phone line and an antiquated Kumahira safe.

As at 30 June 2003, Cromwell, through its subsidiaries had total assets under management in excess of $350 million, working capital in excess of $3.5 million, recurring income from funds management activities in excess of $2 million per annum, a share price of $0.10 per share, naming rights and signage for a substantial CBD office building in Brisbane's Golden Triangle, and a full time staff of 25.

Cromwell's growth has been built in a large part on the back of its innovative products. The Board recognised that in order to build funds under management, the group could not compete for properties in a rising real estate market if acquisitions were to be subject to successful capital raising. As a result, Cromwell developed its short term excluded offer debentures, which have successfully funded a number of acquisitions, and have developed an enthusiastic and faithful following. Cromwell also led the way in developing a diversified syndicated product with the establishment of the Cromwell Diversified Property Trust, which has a number of attractive features including the ability to issue convertible underwriting units and capital growth bonus issues.

Cromwell have built a successful business in the financial services sector, despite the fact that it has been based in Queensland, and has had to meet very stringent regulatory and compliance requirements. For the first time in its history, Cromwell's profits from its funds management activities have exceeded profits from property development management. It is the view of the Board, that Cromwell has achieved "critical mass" in a competitive industry.

2004 and beyond

The strategy for 2004 and beyond can be summarised as follows:

1. Cromwell's objective is to build the value of its funds under management to more than $1 billion by 30 June 2006.
2. The Cromwell Diversified Property Trust will be the principal vehicle promoted by Cromwell, and will acquire the majority of properties to be taken under management. Given the investment criteria for the CDPT, the Board anticipates that other vehicles will also be promoted.
3. Cromwell will continue to develop its interests in property development opportunities and mezzanine funding activities to maintain an income stream which is independent from its funds management activities.
4. Cromwell will preserve the flexibility to list the CDPT or other vehicles and/or staple its shares to units in the CDPT and other vehicles.
5. Cromwell will continue to develop its retail marketing and property management resources. The Board is of the view that strong internal retail marketing and property management functions differentiate Cromwell from a number of its competitors.

Highlights of 2003

Cromwell continued to build the value of its assets under management in the 2003 Financial Year. During the year, three substantial commercial properties were acquired. In addition, the development project at Marcoola was completed and the group entered into negotiations for additional opportunities for the development of residential properties.

Net profit before tax of $729,835 while a decrease on the previous year's result, is considered to be a solid result given the difficulty of securing quality property for acquisition and the fact that the group's 2003 result does not include any income from property development management activities.

The group's retail and wholesale marketing networks continued to grow. As I indicated in my last report, the Board commissioned a strategic review of our sales processes to identify the infrastructure necessary to increase our fundraising capabilities. After consideration of the recommendations in that review, the Board made the decision to bring all of our retail marketing activities in-house. In making that decision the Board took into account the need to ensure that all compliance requirements were met to a consistent standard in our dealings with retail investors. Cromwell reached a size at which we were able to undertake those activities internally in a more cost efficient and effective manner.

As a consequence of that decision, we have restructured our relationship with Richard Foster and Associates Pty Ltd. Richard has agreed to project manage the establishment of our internal retail marketing division. We have also restructured our arrangements with our Sydney retail representatives, David Anderson and Mark Husselbee, who have made application for their own Dealer's Licence.

Thanks to Ross Stiles, Richard Foster, David Anderson and Mark Husselbee for their hard work to date and their input into the restructuring process. We have also resolved to improve the group's capacity to attract institutional and high net worth investors by establishing a full time presence in Sydney and appointing a relationship manager who will be based in that office.

The appeal to the High Court in our dispute with the Queensland Office of State Revenue was heard, and judgement was given in our favour in May with costs. Whilst the repayment of the duty to the Riverfront Planned Investment restored its cash position, the Scheme has suffered as a result of its lack of liquidity and the payment by the OSR of interest at the statutory rate of 5.5% per annum was inadequate compensation. While the result was the correct one, it was disappointing that we had to fight a costly and time-consuming legal battle against the OSR to protect the interests of our investors. I must express my appreciation to our legal team of Chris Hansen, David Russell and Mark Robertson and to my fellow Directors for their dogged pursuit of this decision on behalf of our investors.

Cromwell faced increased compliance obligations and changing accounting and reporting requirements during the 2003 year. Those issues continue to have an impact on our bottom line. However, the barriers to entry to our business are ever greater than they were 12 months ago, and will operate to both limit the number of new entrants to the industry and act as a catalyst for rationalisation. We believe that this will have a positive impact on the value of the group.

As part of the Federal Government's restructuring of the financial services sector, Cromwell is required to obtain a new financial services licence. Whilst Cromwell will be entitled to have its application fast tracked, the application has required us to undertake a substantial amount of work. Your Directors are also working to extend the scope of the existing dealer's licence held by Cromwell Property Securities Limited and to develop new products which will be attractive to investors.

Our main competitors during the year were the major funds and the stapled development and management vehicles. Competition was intense on all properties. In the last 12 months Cromwell has undertaken due diligence investigations and detailed financial modelling and submitted offers on properties with a total value in excess of $700 million, which have resulted in contracts being executed with vendors on four properties with a total value of $195 million. The most recent of those properties was 700 Collins Street Melbourne, which is to be purchased by the Cromwell Diversified Property Trust at a price of $133 million, and will be the subject of an offer in the Trust in early 2004.

Cromwell investments have continued to perform strongly, and we anticipate that direct property will continue to be favoured as an asset class by investors for the next 12 to 24 months.

Cromwell received payment of its $1.5 million fee from the Marcoola development in March 2003.

The group has continued to investigate and pursue property development management opportunities.

We regard risk as an intrinsic part of business which must be managed. The group's philosophy in continuing to undertake development management activities is to compartmentalise risk, with risk being assumed by the party most likely to be able to manage it most effectively. As a result, in the developments in which the group has any involvement, delivery risk is passed to a builder, market risk is minimised through the use of presale or put and call arrangements and a clear exit strategy is defined at the beginning of a project. Any resulting risk (and return) is shared amongst a number of parties, including the developer, its primary financier, mezzanine investors, presale underwriters and the group. The Directors are mindful of the state of the residential property market, and will not expose the group to direct development risk.

One of the group's most significant costs continued to be for compliance. I remain confident that the group will continue to meet and exceed the standards. With the acquisition of 700 Collins Street, I believe that for the first time we will be able to achieve economies of scale in our compliance operations for subsequent acquisitions.

Special thanks must go to Daryl Wilson, Julie-Ann Beattie and their team in continuing to meet and exceed our threshold compliance obligations and for ensuring that distribution and payment timetables are met. Thanks also to Ted Benson and Karen Prentis, the external members of our hardworking Compliance Committee.

The past year has also seen the erection and illumination of the Cromwell sign at 200 Mary Street, Brisbane. The sign, which is visible from many parts of the city has raised the image and awareness of Cromwell in the market.

Your Directors believe that Australia will continue to be a beneficiary of the current uncertainty in the world's markets.

We continue to see Australia in general and South East Queensland in particular as offering good growth and resulting opportunity for development and development financing. We thank you for your support to date and look forward to a profitable future.

Yours Faithfully

Paul Weightman

Paul Weightman
Chairman

Your directors present their report on the company and its controlled entities ("the consolidated entity") for the financial year ended 30 June 2003.

1. **Directors**

   The names of directors in office at any time during or since the end of the year are:

   Mr P.L. Weightman
   Mr R.L. Stiles
   Mr R.J. Pullar (appointed 25 July 2002)
   Mr D.J. Wilson

2. **Principal Activities**

   The principal activities of the consolidated entity during the financial year were the promotion and management of property related managed investment schemes.

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

3. **Dividends**

   No dividends were paid or recommended for payment in respect of the 2003 financial year. While the Directors continue to review the policy in relation to payment of dividends, it is currently considered that working capital is best utilised within the consolidated entity and that the high returns on shareholder funds can continue.

4. **Review of Operations**

   A detailed review of operations is contained within the Chairman's Report.

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

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

6. **Subsequent Events**

   Details of subsequent events are included in note 26 in the accompanying financial report.

7. **Likely Developments**

   The directors believe further syndications will occur as opportunities arise and this activity should, in turn, enhance the consolidated entity's fund management portfolio. The consolidated entity is also expected to continue to derive income from the property and mortgage related managed investment schemes for which it is currently the responsible entity/manager.

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 consolidated entity.

9. Information on Current Directors

Paul L Weightman	—	Executive Director
Qualifications	—	Bachelor of Commerce, Bachelor of Laws
Experience	—	Solicitor, and partner of Creagh Weightman Lawyers
Interest in Shares	—	16,218,334 ordinary shares in Cromwell Corporation Limited
Special Responsibilities	—	Chairman, Acquisitions
Ross L Stiles	—	Executive Director
Experience	—	Funds management, financial planning
Interest in Shares	—	6,036,362 ordinary shares in Cromwell Corporation Limited
Special Responsibilities	—	Funds Management and Compliance
Robert J Pullar	—	Non-Executive Director
Qualifications	—	Bachelor of Commerce
Experience	—	Property developer and chartered accountant
Interest in Shares	—	21,332,701 ordinary shares in Cromwell Corporation Limited
Daryl J Wilson	—	Executive Director
Qualifications	—	Bachelor of Commerce
Interest in Shares	—	163,328 ordinary shares in Cromwell Corporation Limited
Special Responsibilities	—	Company Secretary, Finance and Administration

10. Directors' and Executive Officers' Remuneration

The consolidated entity's policies for determining the nature and amount of remuneration of directors and senior executives is as follows:

Directors' fees are subject to shareholder approval.

The remuneration structure for executive officers, including executive directors, seeks to emphasise payment for results through providing various reward schemes, for example the incorporation of incentive payments based on the achievement of successful syndication and development projects.

The objective of the reward schemes is to reinforce both the short and long term goals of the consolidated entity and to provide a common interest between management and shareholders.

Independent advice on remuneration of Directors and Senior Executives is sought where appropriate.

10. Directors' and Executive Officers' Remuneration (cont)

The remuneration of each director of Cromwell Corporation Limited and each of the executive officers receiving the highest remuneration during the financial year is as follows:

	Salary $	Consulting Fees $	Commissions/ Bonuses $	Directors Fees $	Superannuation Contributions $	Non-Cash Benefits $	Total $
Directors							
P.L. Weightman	-	300,000	-	-	-	21,448	321,448
R.L. Stiles	158,077	-	116,625	-	15,692	24,822	315,216
R.J. Pullar	-	-	-	25,000	-	-	25,000
D.J. Wilson	127,154	-	-	-	10,800	992	138,946
Executive Officers							
W.R. Foster	-	187,475	278,440	-	-	-	465,915
D.G. Gippel	83,077	-	1,538	-	7,200	2,876	94,691
M. McCluskey	136,501*	-	1,538	-	7,813	5,570	151,422
M. Cartwright	82,978	-	1,712	-	12,651	10,674	108,015

* includes termination payment of $53,500

There were no other executive officers.

11. Directors' Meetings

During the financial year 11 directors' meetings were held. Attendances were:

	Number Eligible to Attend	Number Attended
P.L. Weightman	11	11
R.L. Stiles	11	9
R.J. Pullar	11	10
D.J. Wilson	11	11

There were no committee meetings.

12. Indemnifying Officers or Auditor

The company entered into a contract of insurance during the financial year which insures any person who is or has been an officer of the consolidated entity against certain liabilities in respect of their duties as an officer. The terms of the contract prohibit disclosure of certain information, including details of the specific nature of liabilities covered, levels of cover and the premium paid.

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. Options

No options over unissued shares of Cromwell Corporation Limited have been issued since the beginning of the year and none are on issue at the date of this report.

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

P.L. Weightman
Director

Dated this 29 day of September 2003

CROMWELL CORPORATION LIMITED AND CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
Revenues from ordinary activities					
Services		6,717,855	6,214,615	4,087,660	4,335,068
Proceeds from sale of investments		-	3,288,000	-	-
Other		1,431,888	770,561	1,285,717	456,097
Total revenues from ordinary activities	2	8,149,743	10,273,176	5,373,377	4,791,165
Cost of investments sold		-	(3,288,000)	-	-
		8,149,743	6,985,176	5,373,377	4,791,165
Other expenses from ordinary activities	3				
Amortisation/depreciation		152,641	79,219	122,039	47,356
Borrowing costs		1,438,439	579,195	331,098	146,275
Commissions		2,135,226	1,479,090	1,716,917	1,068,667
Computer consulting		99,936	63,549	93,631	59,049
Employee & director costs		2,059,850	1,358,316	1,421,963	1,039,148
Insurance		116,889	52,936	116,533	40,446
Legal fees		122,143	192,875	122,143	192,875
Portfolio monitoring fees		-	83,476	-	-
Premises rental		213,324	112,162	213,324	112,162
Property scheme costs		372,202	159,884	324,375	124,854
Stamp duty fees		9,157	51,511	6,600	50,265
Telecommunications		81,516	61,111	77,453	44,627
Travel & entertainment		123,966	108,340	60,387	103,365
Other		494,619	636,044	426,114	347,289
		7,419,908	5,017,708	5,032,577	3,376,378
Profit from ordinary activities before income tax expense		729,835	1,967,468	340,800	1,414,787
Income tax expense	4	(130,000)	(155,915)	-	-
Net profit	16	599,835	1,811,553	340,800	1,414,787
		Cents	**Cents**		
Basic earnings per share	19	0.38¢	1.16¢		

The statements of financial performance should be read in conjunction with the accompanying notes.

CROMWELL CORPORATION LIMITED AND CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2003

	Note	Consolidated		Parent	
		2003	2002	2003	2002
		$	$	$	$
Current Assets					
Cash assets		3,104,059	337,093	1,998,434	134,405
Receivables	5	1,755,238	6,763,347	1,963,990	6,463,002
Other financial assets	6	380,500	21,915,461	380,500	3,200,000
Other	7	104,527	152,573	104,527	152,573
Total Current Assets		5,344,324	29,168,474	4,447,451	9,949,980
Non-Current Assets					
Receivables	5	679,423	512,423	679,423	512,423
Other financial assets	6	1,537,000	1,537,000	375,106	375,106
Property, plant and equipment	8	858,434	267,565	850,691	257,886
Intangible assets	9	165,765	170,537	-	-
Total Non-Current Assets		3,240,622	2,487,525	1,905,220	1,145,415
Total Assets		8,584,946	31,655,999	6,352,671	11,095,395
Current Liabilities					
Payables	10	1,218,809	2,022,848	911,128	1,638,712
Interest-bearing liabilities	11	153,145	18,215,532	153,145	3,079,652
Current tax liabilities	12	272,313	236,321	-	-
Provisions	13	69,312	37,586	52,637	25,351
Other	14	40,352	5,183,533	40,352	1,768,072
Total Current Liabilities		1,753,931	25,695,820	1,157,262	6,511,787
Non-Current Liabilities					
Interest-bearing liabilities	11	313,616	167,035	313,616	167,035
Other	14	124,420	-	124,420	-
Total Non-Current Liabilities		438,036	167,035	438,036	167,035
Total Liabilities		2,191,967	25,862,855	1,595,298	6,678,822
Net Assets		6,392,979	5,793,144	4,757,373	4,416,573
Equity					
Contributed capital	15	43,618,619	43,618,619	43,618,619	43,618,619
Accumulated losses	16	(37,225,640)	(37,825,475)	(38,861,246)	(39,202,046)
Total Equity		6,392,979	5,793,144	4,757,373	4,416,573

The statements of financial position should be read in conjunction with the accompanying notes.

CROMWELL CORPORATION LIMITED AND CONTROLLED ENTITIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated		Parent	
		2003	2002	2003	2002
		$	$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		10,636,709	4,124,131	8,322,411	2,594,111
Cash payments in the course of operations		(7,157,791)	(4,370,074)	(5,855,290)	(3,005,578)
Interest received		119,623	110,076	99,502	60,803
Distributions received		919,696	233,514	-	-
Borrowing costs paid		(1,548,898)	(417,118)	(223,815)	(173,813)
Income tax paid		(94,008)	-	-	-
Net cash provided by/(used in) operating activities	20	2,875,331	(319,471)	2,342,808	(524,477)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(480,917)	(80,550)	(480,917)	(80,550)
Repayment/(payments) – debentures issued by controlled entity		-	-	3,200,000	(3,200,000)
Proceeds from redemption of investment		21,915,461	-	-	-
Payments for other financial assets		(3,795,961)	(18,895,000)	(380,500)	(100)
Payments on behalf of schemes		(3,910,167)	(679,465)	(3,910,167)	(425,566)
Repayments by schemes		3,789,842	679,465	3,789,842	425,566
Loans to controlled entities		-	-	(1,541,702)	-
Repayment of loans by controlled entities		-	-	1,311,513	251,576
Loans to other persons		(757,930)	(571,738)	(757,930)	(571,738)
Repayment of loans by other persons		1,105,236	3,182,587	1,105,236	3,149,679
Proceeds from sale of investments		-	3,288,000	-	-
Payments for other assets		(23,895)	-	-	-
Proceeds from term deposit		46,000	-	46,000	-
Proceeds from custodian		-	1,000,500	-	-
Net cash provided by/(used in) investing activities		17,887,669	(12,076,201)	2,381,375	(451,133)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		4,679,856	18,487,571	1,679,856	3,357,251
Repayment of borrowings		(22,840,662)	(6,096,803)	(4,704,782)	(2,513,000)
Proceeds from lease incentive		201,761	-	201,761	-
Repayment of lease incentive		(36,989)	-	(36,989)	-
Payments for loan establishment costs		-	(126,173)	-	(126,173)
Other receipts		-	31,455	-	31,455
Net cash provided by/(used in) financing activities		(17,996,034)	12,296,050	(2,860,154)	749,533
Net increase/(decrease) in cash held		2,766,966	(99,622)	1,864,029	(226,077)
Cash at the beginning of the year		337,093	436,715	134,405	360,482
Cash at the end of the year		3,104,059	337,093	1,998,434	134,405

The statements of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The consolidated entity has applied the revised/new Accounting Standards AASB 1028 Employee Benefits and AASB 1044 Provisions, Contingent Liabilities and Contingent Assets for the first time for the year ended 30 June 2003. There has been no material effect as a result of applying the revised/new standards.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Cromwell Corporation Limited ("parent entity") as at 30 June 2003 and the results of all controlled entities for the year then ended. Cromwell Corporation Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the profits or losses of associates is recognised as revenue or expense in the consolidated statement of financial performance, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

(b) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statements of financial performance is matched with the accounting profit after allowing for permanent differences. The future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation.

(c) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(d) Cash

For the purposes of the statements of cash flows, cash includes cash at bank and on hand as well as highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(e) Receivables

Receivables are recognised at the amounts due. Collectability is reviewed on an ongoing basis. Debts which are known to be uncollectable are written-off. A provision for doubtful debts is raised where there is significant doubt as to collection.

(f) Other Financial Assets

Investments in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are recognised at cost and dividend income or distributions are recognised in the statements of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated financial statements as set out in note 1(a).

(g) Depreciation

Depreciation is calculated on a diminishing value basis so as to write off the net cost or revalued amount of each item of plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets.

The depreciation rates used for each class of depreciable asset are:

Class	Depreciation Rate
Leasehold improvements	10%
Plant and equipment	10-40%
Plant and equipment under finance lease	10-40%

(h) Intangible Assets

Licence and systems establishment costs which provide ongoing benefits are initially recognised at cost and are amortised on a straight line basis over 10 years.

(i) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values.

(j) Payables

Trade creditors and accruals represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(k) **Interest-Bearing Liabilities**

Debentures

Debentures are initially recognised at the net proceeds received. Where applicable, the discount to face value, which is in the nature of interest, is recognised proportionately over the period of the underlying instrument as a borrowing cost.

Other Borrowings

Other borrowings are recognised at their principal amounts/face value.

Interest, where applicable, is charged as an expense as it accrues and is included in trade creditors and accruals.

(l) **Employee Benefits**

Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave 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 expected to be settled within 12 months of the reporting date is recognised and is measured in accordance with the above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised 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 that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions are made by the consolidated entity to accumulation superannuation funds. Contributions are charged as expenses as they are incurred.

(m) **Revenue Recognition**

Revenue from the provision of services is recognised as follows:

Property syndications

- promotion – revenue, which can be received in either cash or interests in the managed investment scheme, is recognised, in part, at settlement of the relevant property and the balance recognised proportionately as the equity interests are issued to or sold to external investors.
- management – revenue is recognised on a proportional basis over time as services are performed.

Mortgage syndications

- management – revenue is recognised on a proportional basis over time as services are performed.

Property development management

- revenue is recognised at the time of practical completion of the development.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Rental revenue is recognised by allocating the minimum lease payments due on a basis representative of the pattern of service rendered through provision of the relevant asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(n) Leased Non-Current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised over the term of the lease, or where it is likely that the consolidated entity will obtain ownership, the life of the asset. Refer note 1(g) for depreciation rates.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Operating lease payments are charged to the statements of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(o) Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised on a straight line basis over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. Refer note 1(g) for depreciation rates.

(p) Borrowing Costs/Loan Establishment Costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include:
- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Ancillary costs incurred in connection with the arrangement of borrowings are initially recognised as loan establishment costs and amortised over the period of the relevant borrowing.

(q) 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.

(r) Comparatives

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(s) General

This financial report covers both Cromwell Corporation Limited as an individual entity (parent entity) and the consolidated entity consisting of Cromwell Corporation Limited and its controlled entities.

Cromwell Corporation Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 19
200 Mary Street
Brisbane, Queensland 4000.

	Consolidated		Parent	
	2003	2002	2003	2002
	$	$	$	$
2. REVENUE				
Revenue from operating activities				
- managed investment scheme and other service fees	6,717,855	4,714,615	4,087,660	2,835,068
- property development management service fees	-	1,500,000	-	1,500,000
	6,717,855	6,214,615	4,087,660	4,335,068
Revenue from outside operating activities				
- management fee - controlled entities	-	-	700,000	189,661
- distributions - managed investment schemes	767,831	398,147	-	-
- interest	119,623	136,377	99,502	87,104
- rent and sub-lease rentals and recoveries	82,868	-	82,868	-
- proceeds - sale of investments	-	3,288,000	-	-
- other	461,566	236,037	403,347	179,332
	1,431,888	4,058,561	1,285,717	456,097
	8,149,743	10,273,176	5,373,377	4,791,165

3. PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax includes the following specific items:

	Consolidated 2003	Consolidated 2002	Parent 2003	Parent 2002
Amortisation				
- licence and systems establishment costs	28,666	25,410	-	-
- leasehold improvements	8,128	-	8,128	-
- plant and equipment under finance lease	44,568	16,821	43,165	12,146
	81,362	42,231	51,293	12,146
Depreciation - plant & equipment	71,279	36,988	70,746	35,210
Rental expense				
Premises - minimum lease payments	197,747	-	197,747	-
- sub-leases	15,577	112,162	15,577	112,162
	213,324	112,162	213,324	112,162
Other operating leases	7,796	7,407	7,796	7,407
	221,120	119,569	221,120	119,569
Provisions				
- employee benefits	31,726	14,112	27,286	1,877
Bad and doubtful debts	-	20,000	-	20,000
Net loss on disposal of property, plant and equipment	11,073	-	11,073	-

4. INCOME TAX

Income Tax Expense

The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
Profit from ordinary activities before income tax expense	729,835	1,967,468	340,800	1,414,787
Income tax calculated at 30% (2002: 30%)	218,951	590,240	102,240	424,436
Tax effect of permanent differences:				
Non-deductible items	13,289	16,623	-	9,000
Income tax adjusted for permanent differences	232,240	606,863	102,240	433,436
Recoupment of prior year tax losses not previously recognised	(102,240)	(433,436)	(102,240)	(433,436)
Other	-	(17,512)	-	-
Income tax expense	130,000	155,915	-	-

Future Tax Benefits

Future tax benefits both consolidated and parent entity of approximately $20 million (2002: $20 million) have not been booked in respect of carry forward taxation losses. The rate at which these losses can be used will be determined after a review of the effect of the taxation consolidation regime recently enacted by the Federal Government. A future income tax benefit will be available only if the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the tax losses to be realised, the consolidated entity has complied and continues to comply with conditions for deductibility imposed by current tax legislation and there are no adverse changes to such legislation.

Franking Credits

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
Franking credits available for subsequent financial years (at 30% tax rate)			-	-

The above amount represents the balance of the franking account as at the end of the financial year adjusted for:

(i) franking credits that will arise from the payment of the current tax liability;

(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(iii) franking credits that may be prevented from being distributed in subsequent financial years.

Tax Consolidation Legislation

Cromwell Corporation Limited and its wholly-owned Australian subsidiaries are yet to decide whether or not to implement the tax consolidation legislation and, if so, the implementation date.

	Consolidated		Parent	
	2003	2002	2003	2002
5. RECEIVABLES	$	$	$	$
Current				
Trade debtors	999,663	5,538,002	618,251	5,003,248
Distributions receivable	12,768	164,633	-	-
Other debtors	163,355	41,279	163,355	67,578
Amount receivable from controlled entities	-	-	602,932	372,743
Deposits and other recoverables	120,325	-	120,325	-
Other loans	459,127	1,019,433	459,127	1,019,433
	1,755,238	6,763,347	1,963,990	6,463,002
Non-Current				
Term deposit	-	46,000	-	46,000
Other loans	679,423	466,423	679,423	466,423
	679,423	512,423	679,423	512,423

Trade Debtors

Trade debtors at 30 June 2002 included property development management fees of $1,650,000 (including GST) payable by CCC Marcoola Pty Ltd ("CCC") in relation to a property development at Marcoola on Queensland's Sunshine Coast and $550,000 (including GST) payable by Norman Park Manors Pty Ltd ("NPM") in relation to a property development at Norman Park, Brisbane. The Marcoola development was at practical completion and invoiced in June 2002 and the Norman Park development was completed and invoiced in June 2001. NPM and CCC are controlled by the same person. During the 2002 financial year the consolidated entity agreed to defer repayment of the management fee owing by NPM and other loans owing by NPM (see below) until completion of the Marcoola development. Payment in respect of both fees was received in the 2003 financial year.

Other trade debtors are normally due within 90 days of recognition. Trade debtors are generally interest free.

Amount Receivable from Controlled Entities

Amount receivable from controlled entities is unsecured and interest free with no set repayment terms.

Other Loans

	Consolidated		Parent	
	2003	2002	2003	2002
Current	$	$	$	$
Loans for property developments:				
• Norman Park Manors Pty Ltd	-	646,625	-	646,625
• CCC Marcoola Pty Ltd	-	372,808	-	372,808
• Canham Commodities Corporation Pty Ltd	358,627	-	358,627	-
• Margaret Square Pty Ltd	73,500	-	73,500	-
• Other	27,000	-	27,000	-
	459,127	1,019,433	459,127	1,019,433
Non-Current				
Loans to other persons				
• Meadowbrook Shopping Village Syndicate	479,423	439,423	479,423	439,423
• Employee share plan	200,000	-	200,000	-
• Other	-	27,000	-	27,000
	679,423	466,423	679,423	466,423

Other loans (current) generally comprise costs paid by the consolidated entity on behalf of a third party developer and/or funds advanced to the developer. Other loans (non-current) includes loans provided to Meadowbrook Shopping Village Syndicate, a syndication managed by the consolidated entity, and South Pacific Equities Pty Ltd, as trustee for the Cromwell employee share ownership plan.

5. RECEIVABLES (cont)

The above loans for property developments are to companies related to the same person. The loan to Canham Commodities Corporation Pty Ltd is secured by an all monies charge over certain property held by entities related to Canham Commodities Corporation Pty Ltd and bears fixed interest at the rate of 10%. The loan to Margaret Square Pty Ltd is secured and bears interest at 10% per annum. Both amounts are expected to be paid within 6 months of balance date. In 2002 loans for property developments were interest free.

The loan to Meadowbrook Shopping Village Syndicate, a property syndicate managed by the consolidated entity, is unsecured and interest free with no set repayment terms. There are no material creditors of the Meadowbrook Syndicate other than the consolidated entity and the secured lender. The directors are of the view that the market value of the property is sufficient to recover the amounts owing to the consolidated entity, after repaying the secured lender.

The loan to the employee share plan ("the plan") is secured by a charge over the shares and related cash held by the plan. At 30 June 2003 the plan held 2,000,000 ordinary shares in Cromwell Corporation Ltd at a cost of $200,000. Refer also to notes 21 and 25. Interest is payable on the loan at the FBT rate established by the Australian Taxation Office (currently 6.05%) and is to be paid monthly in arrears or at such other times as the parties may agree.

6. OTHER FINANCIAL ASSETS

	Consolidated		Parent	
	2003	2002	2003	2002
Current	$	$	$	$
Interests in managed investment schemes – at cost				
- Goulburn Street Planned Investment				
• Paid up interests	-	18,500,000	-	-
• Unpaid interests	-	3,415,461	-	-
- Cromwell Select Income Fund	380,500	-	380,500	-
- Debentures issued by CPSL	-	-	-	3,200,000
	380,500	21,915,461	380,500	3,200,000
Non-Current				
Interests in Mary Street Planned Investment – at cost	1,517,000	1,517,000	-	-
Shares in controlled entities - at cost	-	-	375,106	375,106
Shares in other corporations – at cost	20,000	20,000	-	-
	1,537,000	1,537,000	375,106	375,106

Cromwell Goulburn Street Planned Investment

In March 2002 a controlled entity, Cromwell Property Securities Limited ("CPSL") established Cromwell Goulburn Street Planned Investment ("Goulburn Street PI") for the purpose of syndicating the property at 59 Goulburn Street, Sydney through a managed investment scheme by way of a prospectus. During the 2002 financial year the consolidated entity acquired 18.5 million interests for cash at an issue price of $1 each and 3,415,461 interests ("the Unpaid Interests") with an obligation to pay the issue price of $1 each within 12 months of the issue date (ie by 28 May 2003). Under the prospectus, the interests held by CPSL were to be sold down to new investors. Refer also to notes 11 and 14. During the 2003 financial year all the Unpaid Interests were paid up and all the interests in Goulburn Street PI were redeemed.

6. OTHER FINANCIAL ASSETS (cont)

Cromwell Mary Street Planned Investment

In December 2000 CPSL established Cromwell Mary Street Planned Investment ("Mary Street PI") for the purpose of syndicating the Mary Street property through a managed investment scheme by way of a prospectus. The movement in the consolidated entity's interests in Mary Street PI is set out below. All interests were acquired or sold at the issue price of $1 per interest held.

	Consolidated	
	2003	2002
	$	$
Balance at beginning of the financial year	1,517,000	4,210,000
Interests sold	-	(2,693,000)
Balance at end of the financial year	1,517,000	1,517,000

At balance date, the consolidated entity held 8.5% (2002: 8.5%) of the interests in Mary Street PI.

Cromwell Select Income Fund

During the 2003 financial year the parent entity acquired 380,500 interests in the Cromwell Select Income Fund for cash. Cromwell Select Income Fund provides mortgage loans. At balance date, the parent entity held 6% (2002: nil%) of total interests. Since balance date, the investment has been sold at cost.

Debentures Issued by CPSL

During the 2002 financial year the parent entity invested in the debenture issue of its controlled entity, Cromwell Property Securities Ltd, to assist in funding CPSL's interests in Goulburn Street PI (refer to debenture liabilities in note 11). During the 2003 financial year the debentures were redeemed.

Shares in Controlled Entities

Name of Entity	Country of Formation	Equity Holding		Carrying Value of Parent Entity's Investment	
		2003	2002	2003	2002
		%	%	$	$
Cromwell Property Securities Limited	Australia	100	100	345,000	345,000
Cromwell Property Services Pty Ltd	Australia	100	100	2	2
Westholme Investments Pty Ltd	Australia	100	100	30,002	30,002
Votraint No. 662 Pty Ltd	Australia	100	100	2	2
Peels Trust	Australia	100	100	-	-
Cromwell Capital Limited	Australia	100	100	100	100
				375,106	375,106

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
7. OTHER CURRENT ASSETS				
Loan establishment costs*	-	126,173	-	126,173
Accumulated amortisation	-	(25,235)	-	(25,235)
	-	100,938	-	100,938
Prepayments	104,527	51,635	104,527	51,635
	104,527	152,573	104,527	152,573

* 2003 expensed as borrowings costs - $100,938; 2002 - $25,235

8. PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
Leasehold improvements – at cost	193,896	29,893	193,896	29,893
Accumulated amortisation	(8,128)	-	(8,128)	-
	185,768	29,893	185,768	29,893
Plant and equipment - at cost	476,122	172,286	439,372	159,886
Accumulated depreciation	(151,126)	(87,462)	(122,119)	(77,728)
	324,996	84,824	317,253	82,158
Plant and equipment under finance lease - at cost	402,981	182,331	402,981	157,981
Accumulated amortisation	(55,311)	(29,483)	(55,311)	(12,146)
	347,670	152,848	347,670	145,835
	858,434	267,565	850,691	257,886

Reconciliations
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below.

	Leasehold Improvements $	Plant and Equipment Owned $	Plant and Equipment Under Lease $	Total $
Consolidated				
Carrying amount at 1 July 2002	29,893	84,824	152,848	267,565
Additions	164,003	316,914	245,000	725,917
Transfer	-	5,610	(5,610)	-
Disposals	-	(11,073)	-	(11,073)
Depreciation/amortisation	(8,128)	(71,279)	(44,568)	(123,975)
Carrying amount at 30 June 2003	185,768	324,996	347,670	858,434
Parent				
Carrying amount at 1 July 2002	29,893	82,158	145,835	257,886
Additions	164,003	316,914	245,000	725,917
Disposals	-	(11,073)	-	(11,073)
Depreciation/amortisation	(8,128)	(70,746)	(43,165)	(122,039)
Carrying amount at 30 June 2003	185,768	317,253	347,670	850,691

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
9. INTANGIBLE ASSETS				
Licence and systems establishment costs	277,994	254,100	-	-
Accumulated amortisation	(112,229)	(83,563)	-	-
	165,765	170,537	-	-

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
10. PAYABLES				
Trade creditors and accruals	992,031	1,796,070	684,350	1,411,934
Other creditors	226,778	226,778	226,778	226,778
	1,218,809	2,022,848	911,128	1,638,712
11. INTEREST-BEARING LIABILITIES				
Current				
Secured				
Debentures				
- Goulburn Street	-	15,130,320	-	-
Other loans	-	3,000,000	-	3,000,000
Lease liabilities	68,057	27,961	68,057	22,401
	68,057	18,158,281	68,057	3,022,401
Unsecured				
Other loans	85,088	57,251	85,088	57,251
	153,145	18,215,532	153,145	3,079,652
Non-Current				
Lease liabilities – secured	313,616	167,035	313,616	167,035

Debentures

The Goulburn Street debentures at 30 June 2002 were issued by a controlled entity, Cromwell Property Securities Limited ("CPSL"), to fund the consolidated entity's investment in interests in Cromwell Goulburn Street Planned Investment ("Goulburn Street PI"). The debentures had a term of 12 months from issue date (27 May 2002) and were repaid from the proceeds on sale of the interests in Goulburn Street PI. The debentures had a fixed interest rate of 10% per annum paid monthly in arrears (plus 2% bonus interest on repayment) and were secured by a charge over the consolidated entity's paid up interests in Goulburn Street PI (refer note 6). The parent entity also provided a guarantee in respect of the repayment of the debentures.

Other Loans – secured

Other secured loans at 30 June 2002 were drawndown on 28 May 2002 to assist in funding the parent entity's investment in debentures issued by CPSL. The loans incurred interest at 9% per annum and had a term of 3 months. The borrowings were secured by a charge over the parent entity's investment in the debentures (see note 6) plus a fixed and floating charge over the parent entity and a fixed charge over the parent entity's shares in CPSL and CPSL's interests in Mary Street PI. In August 2002 the parent entity redeemed debentures in CPSL and applied those funds to repay the secured loans of $3 million.

Other Loans - unsecured

Other loans unsecured are generally repayable in fixed monthly instalments. Interest is payable on the loans at a fixed rate of 4.4% (2002: 3.3%).

Lease Liabilities

Lease liabilities are effectively secured as the rights to the relevant assets revert to the lessor/financier in the event of default.

Assets Pledged as Security

Interests in Goulburn Street PI were pledged as security for the respective debenture liabilities. Interests in Mary Street PI and all other assets of the parent entity had been pledged as security for the other loans as noted above. Plant and equipment under finance lease effectively secures lease liabilities as noted above.

	Consolidated		Parent	
	2003	2002	2003	2002
12. CURRENT TAX LIABILITIES	$	$	$	$
Income tax	272,313	236,321	-	-
13. PROVISIONS				
Employee benefits	69,312	37,586	52,637	25,351
Number of employees at end of financial year	25	13	17	11
Employee benefit and related on-cost liabilities				
Current				
Included in trade creditors and accruals	230,074	187,261	122,518	172,960
Provision for employee benefits	69,312	37,586	52,637	25,351
Aggregate employee benefit and related on-cost liabilities	299,386	224,847	175,155	198,311
14. OTHER LIABILITIES				
Current				
Unpaid interests – Goulburn Street PI	-	3,415,461	-	-
Unearned revenue	-	1,768,072	-	1,768,072
Lease incentive	40,352	-	40,352	-
	40,352	5,183,533	40,352	1,768,072
Non-Current				
Lease incentive	124,420	-	124,420	-

The consolidated entity was issued 3,415,461 interests ("the Unpaid Interests") in Goulburn Street PI with an obligation to pay the issue price of $1 each by 28 May 2003 (see also note 6). In the 2003 financial year all the unpaid interests were paid up and redeemed.

Unearned revenue related to the acquisition coordination fee in respect of Cromwell Goulburn Street Planned Investment. The consolidated entity allocates the fee between property acquisition, which occurred in May 2002, loan establishment and the subscription of interests in the scheme. The unearned revenue was recognised as revenue in 2003 as the remaining interests were issued during the 2003 financial year.

During the 2003 financial year the consolidated entity entered into a new lease and received an incentive from the lessor (Cromwell Mary Street Planned Investment, a scheme managed by the consolidated entity) in respect of its new premises.

15. CONTRIBUTED CAPITAL

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
Share Capital				
156,642,896 (2002: 156,642,896) fully paid ordinary shares	43,618,619	43,618,619	43,618,619	43,618,619

There have been no movements in contributed capital in the last two years.

Ordinary Shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

16. ACCUMULATED LOSSES

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
Accumulated losses at the beginning of the financial year	(37,825,475)	(39,637,028)	(39,202,046)	(40,616,833)
Net profit	599,835	1,811,553	340,800	1,414,787
Accumulated losses at the end of the financial year	(37,225,640)	(37,825,475)	(38,861,246)	(39,202,046)

17. DIRECTORS' AND EXECUTIVES' REMUNERATION

Directors' Remuneration

	Directors of Entities in Consolidated Entity 2003 $	Directors of Entities in Consolidated Entity 2002 $	Directors of Parent Entity 2003 $	Directors of Parent Entity 2002 $
Income paid or payable, or otherwise made available to directors (including salaries paid to executive directors) by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities	1,512,638	1,307,656	800,610	536,013

The number of parent entity directors whose total income from the parent entity or related parties was within the specified bands is as follows:

$		$	2003 No.	2002 No.
20,000	-	29,999	1	-
30,000	-	39,999	-	1
60,000	-	69,999	-	1
130,000	-	139,999	1	-
210,000	-	219,999	-	1
220,000	-	229,999	-	1
310,000	-	319,999	1	-
320,000	-	329,999	1	-

Executives' Remuneration

	Executive Officers of Consolidated Entity 2003 $	Executive Officers of Consolidated Entity 2002 $	Executive Officers of Parent Entity 2003 $	Executive Officers of Parent Entity 2002 $
Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by executive officers (including directors) whose remuneration was at least $100,000	1,500,962	1,165,163	775,610	541,062

The number of executive officers (including directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands is as follows:

$		$	Consolidated 2003 No.	Consolidated 2002 No.	Parent 2003 No.	Parent 2002 No.
100,000	-	109,999	1	1	-	1
130,000	-	139,999	1	-	1	-
150,000	-	159,999	1	-	-	-
210,000	-	219,999	-	1	-	1
220,000	-	229,999	-	1	-	1
310,000	-	319,999	1	-	1	-
320,000	-	329,999	1	-	1	-
460,000	-	469,999	1	-	-	-
620,000	-	629,999	-	1	-	-

18. AUDITOR'S REMUNERATION

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
During the year the auditor of the parent entity earned the following remuneration:				
Audit or review of the financial reports of the entity or any entity in the consolidated entity	55,050	29,000	38,550	21,500
Taxation and other services	15,380	29,350	15,380	23,850
Total remuneration	70,430	58,350	53,930	45,350

There was no remuneration paid to related practices of the auditor of the parent entity.

In addition to the above the auditor receives remuneration for services relating to other entities (schemes) for which Cromwell Property Securities Limited, a controlled entity, acts as responsible entity. The remuneration is disclosed in the relevant entity's financial report.

19. EARNINGS PER SHARE

	Consolidated 2003	Consolidated 2002
Basic earnings per share - cents	0.38¢	1.16¢
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	156,642,896	156,642,896

Earnings for the purpose of the calculation of basic earnings per share is the net profit.

No potential ordinary shares existed during the year. Accordingly, diluted and basic earnings per share are the same.

20. CASH FLOW INFORMATION

(a) Reconciliation of Net Profit to Net Cash From Operating Activities

	Consolidated 2003 $	Consolidated 2002 $	Parent 2003 $	Parent 2002 $
Net profit	599,835	1,811,553	340,800	1,414,787
Amortisation and depreciation	152,641	79,219	122,039	47,356
Amortisation of loan establishment costs	100,938	25,235	100,938	25,235
Revenue received otherwise than in cash	-	(200,000)	-	-
Other	11,073	20,000	11,073	20,000
Changes in operating assets and liabilities, net of effects from disposal of controlled entities:				
(Increase)/decrease:				
Trade and other debtors	4,416,264	(4,716,465)	4,289,220	(4,506,269)
Distributions receivable	151,865	(164,633)	-	-
Prepayments	(52,892)	(28,131)	(52,892)	(41,870)
Increase/(decrease):				
Payables	(804,039)	915,652	(727,584)	746,335
Current tax liabilities	35,992	155,915	-	-
Provisions	31,726	14,112	27,286	1,877
Unearned revenue	(1,768,072)	1,768,072	(1,768,072)	1,768,072
Net cash provided by/(used in) operating activities	2,875,331	(319,471)	2,342,808	(524,477)

	Consolidated		Parent	
	2003	2002	2003	2002
20. CASH FLOW INFORMATION (cont)	$	$	$	$
(b) Non-Cash Activities				
• Acquisition of plant and equipment by means of finance lease	245,000	157,981	245,000	157,981
• Services revenue from property schemes received otherwise than in cash, being received in the form of interests in schemes	-	200,000	-	-
• Unpaid interests in Goulburn Street PI	-	3,415,461	-	-

The consolidated entity periodically acquires interests in managed investment schemes either directly or indirectly through paying various costs on behalf of schemes. Whether direct or indirect the payments are shown in the statements of cash flows as payments for other financial assets.

(c) Finance Facilities

The consolidated entity had no available finance facilities at balance date.

21. RELATED PARTIES

(a) Directors

The names of parent entity directors during the financial year are:

P.L. Weightman
R.L. Stiles
D.J. Wilson
R.J. Pullar

Information on remuneration of directors is disclosed in note 17.

(b) Transactions with Directors and Director Related Entities

	Consolidated 2003	Consolidated 2002	Parent 2003	Parent 2002
Fees for legal and compliance services provided by a firm of which P L Weightman is a partner	153,443	201,281	124,148	157,527
Charges for rental of premises by an entity associated with P L Weightman	15,577	110,889	15,577	110,889
Income from rental of premises provided to an entity associated with P L Weightman	80,323	-	80,323	-
Loan to employee share plan used to purchase shares in the parent entity from an entity associated with R L Stiles	200,000	-	200,000	-

During the 2003 financial year the consolidated entity entered into a 50/50 joint venture arrangement with an entity associated with R J Pullar in respect to the put and call agreement for the acquisition of Century House, 316 Adelaide Street, Brisbane – refer note 24.

The consolidated entity had an agreement with an entity associated with P L Weightman to sub-lease from that entity premises on a month to month basis. During the 2003 financial year the arrangement was terminated. The consolidated entity has entered into a new lease of premises at 200 Mary Street, Brisbane. The consolidated entity has also entered into an agreement with an entity associated with P L Weightman to sub-lease part of those premises to that entity on a month to month basis.

21. RELATED PARTIES (cont)

(c) Shares - Directors and Director Related Entities

	2003 No	2002 No
Aggregate number of shares and options of the parent entity held directly, indirectly or beneficially by directors or their director related entities at balance date:		
Ordinary shares	43,750,725	24,927,330
Options	-	-

No shares or options issued or granted by the parent entity were acquired by directors or their director related entities in the last two financial years.

(d) Transactions within Wholly-owned Group

Cromwell Corporation Limited is the ultimate parent entity in the wholly-owned group comprising the company and its wholly-owned controlled entities. Ownership interests in controlled entities are set out in note 6.

Transactions between the parent entity and its controlled entities included:

- Debentures issued by a controlled entity to the parent entity in 2002 and redeemed in 2003 (note 6);
- Loans between the parent and its controlled entities and repayment thereof (refer Statements of Cash Flows);
- Share of syndication fees paid directly to the parent entity by a controlled entity (see below);
- Management fees paid to the parent entity by controlled entities (note 2);
- Interest received from controlled entity on debentures – 2003 $55,499 (2002: $29,878).

All loans are interest free and unsecured, with no set repayment terms.

Cromwell Property Securities Limited ("CPSL") and Cromwell Corporation Limited ("CCL") have entered into a cost and fee sharing agreement whereby certain costs incurred in the establishment of managed investment schemes are funded by CCL. Under the agreement CCL is entitled to 90% of the acquisition fee with the remaining 10% allocated to CPSL, although in certain circumstances a greater proportion of the overall fee has been retained by CPSL where CPSL incurs additional costs. The net allocation of the property syndication fees during the year between CCL and CPSL was as follows:

	Note	Consolidated Entity $	CCL $	CPSL $
2003:				
Cromwell Goulburn Street Planned Investment		1,768,072	1,768,072	-
Cromwell Diversified Property Trust		2,563,713	2,319,588	244,125
		4,331,785	4,087,660	244,125
2002:				
Cromwell Northbourne Planned Investment	(i)	1,424,600	1,282,140	142,460
Cromwell TGA Planned Investment		300,000	270,000	30,000
Cromwell Goulburn Street Planned Investment				
- total		3,390,000	3,051,000	339,000
- unearned revenue		(1,768,072)	(1,768,072)	-
		3,346,528	2,835,068	511,460

Note

(i) Part of the total syndication fee of $1,424,600 was paid in the form of 200,000 interests of $1 each in Cromwell Northbourne Planned Investment. These interests were sold to external investors at cost ($200,000) during the 2002 financial year.

In addition to the property syndication fees noted above, CPSL earns ongoing management fees from managed investment schemes.

21. RELATED PARTIES (cont)

(e) **Transactions with Managed Investment Schemes (managed by the consolidated entity)**

CPSL is the responsible entity of a number of managed investment schemes, which from time to time invest in other managed investment schemes managed by CPSL. The consolidated entity derives a range of benefits from schemes managed by CPSL. Those benefits include management fees and the provision of funds to enable loans made to the schemes, investments or funding provided by the consolidated entity to be repaid.

During the 2003 and 2002 financial years the consolidated entity issued debentures to fund its investment in interests in Goulburn Street PI (see notes 6 & 11). Of these debentures, the following were issued to planned investment schemes managed by the consolidated entity:

	2003 $	2002 $
Cromwell Goulburn Street Planned Investment	3,000,000	-
Cromwell Planned Investment – No 3	-	390,000
Cromwell Northbourne Planned Investment	-	300,000

During the 2003 financial year the above debentures were redeemed. The following interest was paid by the consolidated entity (included in borrowing costs) to planned investment schemes:

	2003	2002
Cromwell Goulburn Street Planned Investment	142,907	-
Cromwell Planned Investment – No 3	17,523	3,769
Cromwell Northbourne Planned Investment	13,479	2,865
	173,909	6,634

During the 2002 financial year $3 million owing to the consolidated entity by CCC Marcoola Pty Ltd ("CCC") was repaid from funds borrowed by CCC from the Cromwell Select Income Fund, a scheme managed by the consolidated entity. The funding was in respect of the property development at Marcoola which was undertaken by CCC with services provided by the consolidated entity. During the 2003 financial year the $3 million loan owing by CCC to Cromwell Select Income Fund was repaid.

During the 2003 financial year the parent entity acquired 380,500 interests at $1 each in the Cromwell Select Income Fund. Since balance date these interests were sold to third parties at cost.

During the 2003 financial year the parent entity entered into a lease of premises with Cromwell Mary Street Planned Investment (refer note 2 for minimum lease payments paid and note 24 for the operating lease commitment). As part of the lease arrangements the parent entity received a lease incentive as shown in the statements of cash flows.

The directors believe transactions with related parties were on commercial terms and conditions, unless otherwise stated.

22. SEGMENT INFORMATION

2003

During the 2003 financial year the consolidated entity operated predominantly in the one business segment. It derived revenue from management and administrative services provided to property and mortgage related managed investment schemes for which a controlled entity is the responsible entity.

The consolidated entity operates in Australia only.

22. SEGMENT INFORMATION (cont)

2002

Primary reporting – business segments

During the 2002 financial year the consolidated entity operated in Australia in the following divisions by service type:

- Managed Investment Schemes (MIS) Division – the consolidated entity was involved in the promotion and management of property and mortgage related managed investment schemes.
- Property Development Management (PDM) Division – the consolidated entity was involved in the management of certain property developments, primarily with one third party developer.

	MIS Division $	PDM Division $	Consolidated Entity $
Segment revenue	4,950,652	1,500,000	6,450,652
Sale of interests in MIS			3,288,000
Other unallocated revenue			534,524
Revenue from ordinary activities			10,273,176
Segment result	1,087,753	1,168,767	2,256,520
Unallocated revenue less unallocated expenses			(289,052)
Profit from ordinary activities before income tax			1,967,468
Income tax expense			(155,915)
Net profit			1,811,553
Assets			
Segment assets	4,416,221	3,219,433	7,635,654
Interests in MIS			23,432,461
Other unallocated assets			587,884
Total assets			31,655,999
Liabilities			
Segment liabilities	3,131,853	153,759	3,285,612
Liabilities associated with MIS interests			21,545,781
Other unallocated liabilities			1,031,462
Total liabilities			25,862,855
Acquisition of non-current assets	60,000	-	60,000
Interests in MIS (non-current)			-
Unallocated			238,531
			298,531
Depreciation and amortisation	25,410	-	25,410
Unallocated			53,809
			79,219

Notes to and forming part of the segment information

(a) Accounting policies
Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the segment reporting accounting standard, AASB 1005 *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, property, plant and equipment and other intangible assets, net of related provisions. While most of these assets can be directly attributed to individual segments, the carrying amounts of certain assets used jointly by segments are allocated where appropriate based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes or interest bearing liabilities.

(b) Inter-segment transfers
There are no inter-segment transfers.

23. FINANCIAL INSTRUMENTS

Derivative Financial Instruments
The consolidated entity does not normally use derivative financial instruments.

Interest Rate Risk
Cash assets – held in at call bank accounts with variable interest receivable thereon at market bank rates which were approximately 4.4% at 30 June 2003 (2002: 3.0%).

Receivables/payables – generally no interest is receivable or payable thereon except as disclosed in note 5.

Other financial assets – generally no interest is receivable thereon, although the paid up interests in the managed investment schemes are entitled to a monthly distribution of income from the respective scheme.

Lease liabilities – the interest rate implicit in each lease is fixed over the relevant lease term. The average interest rate on the various leases is approximately 6.6% (2002: 6.6%). Leases are payable by fixed monthly instalments with a residual over the period to 2006.

Other interest-bearing liabilities – see note 11.

Net Fair Value
The net fair values of financial assets and financial liabilities generally approximate their carrying values.

The major non-current receivable (loan to Meadowbrook Shopping Village Syndicate) is expected to be recovered in the 2004/2005 year and, given that the loan is non-interest bearing, it is estimated to have a net fair value in the order of $40,000 - $60,000 less than carrying value. However, as it is the consolidated entity's policy not to discount to present value in determining the recoverable amount these receivables are recognised at the amount due.

Credit Risk
The credit risk on financial assets which have been recognised in the statement of financial position is generally the carrying amount, net of any provisions.

The consolidated entity has the following material credit risk exposures arising from concentrations of credit risk at balance date:

	Consolidated 2003 $	Consolidated 2002 $
Receivables		
Amounts due from a third party property developer:		
• trade debtors - Norman Park Manors Pty Ltd	-	550,000
- CCC Marcoola Pty Ltd	-	1,650,000
• other loans - Norman Park Manors Pty Ltd	-	646,625
- CCC Marcoola Pty Ltd	-	372,808
- Canham Commodities Corporation Pty Ltd	358,627	-
- Margaret Square Pty Ltd	73,500	-
- Other	27,000	-
	459,127	3,219,433
Loan to property syndicate managed by the consolidated entity		
• Meadowbrook Shopping Village Syndicate	479,423	439,423
(Refer to note 5 for further explanation on the above receivables)		
Revenue		
A large proportion of the consolidated entity's revenue is derived from a small number of transactions:		
• property syndication fees – see note 21	4,331,785	3,346,528
• property development management service fees – see notes 2 and 5	-	1,500,000

Receivables also include a loan to the employee share plan (see note 5) and $166,660 receivable from a third party trade debtor for services provided.

The majority of the balance of revenue and trade debtors is derived from/owed by schemes for which a controlled entity acts as responsible entity.

24. COMMITMENTS FOR EXPENDITURE/ CONTINGENT LIABILITIES

	Consolidated		Parent	
	2003	2002	2003	2002
	$	$	$	$
Finance Leases				
Commitments in relation to finance leases are payable as follows:				
Within one year	95,663	42,509	95,663	36,770
Later than one year but not later than five years	344,200	182,230	344,200	182,230
Minimum lease payments	439,863	224,739	439,863	219,000
Future finance charges	(58,190)	(29,743)	(58,190)	(29,564)
Recognised as a liability	381,673	194,996	381,673	189,436
Representing lease liabilities				
Current	68,057	27,961	68,057	22,401
Non-current	313,616	167,035	313,616	167,035
	381,673	194,996	381,673	189,436

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

Operating Leases

Commitments in relation to operating leases in existence at the reporting date but not recognised as liabilities are payable as follows:

Within one year	250,186	15,808	250,186	15,808
Later than one year but not later than five years	716,420	6,760	716,420	6,760
	966,606	22,568	966,606	22,568

Operating leases primarily comprise the lease of the consolidated entity's premises. The lease is for 5 years with an option for a further 5 years with rentals increasing at 3.5% per annum.

Guarantees

The consolidated entity has provided a guarantee of $3.85 million to the seed lenders to Margaret Square Pty Ltd. The guarantee is limited to the amount recoverable under a mortgage held by the consolidated entity over the assets of CCC Marcoola Pty Ltd, a company related to Margaret Square Pty Ltd. The consolidated entity has also provided a loan to Margaret Square Pty Ltd ($73,500) and Canham Commodities Corporation Pty Ltd ($358,627), another company related to Margaret Square Pty Ltd – see note 5. The loan to Canham Commodities Corporation Pty Ltd is also secured under the same mortgage. The directors believe the loan to Canham Commodities Corporation Pty Ltd will be fully paid by the due date of 10 December 2003 and that the consolidated entity will not incur any loss under the guarantee provided to the seed lenders to Margaret Square Pty Ltd.

The parent entity has provided a guarantee of $200,000 (2002: $200,000) to the financier of a lessee's fitout at the Meadowbrook Shopping Village (the consolidated entity manages the Shopping Village on behalf of the Meadowbrook Shopping Village Syndicate).

Put and Call Option – Property Acquisition

During the 2003 financial year, the consolidated entity entered into a put and call option agreement for the acquisition of Century House, 316 Adelaide Street, Brisbane. The option, which can be exercised by either the consolidated entity or the vendor, provides for an acquisition price of approximately $12.2 million. The consolidated entity has also entered into a joint venture arrangement in respect to this property with an entity associated with R J Pullar – refer note 21(b). Both parties have paid a non-refundable option fee and a deposit of $100,000 and are to fund 50% of the purchase price (however it was the consolidated entity that entered into the contract with the vendor). The parent entity has provided a guarantee to the vendor in respect to the acquisition. The call option period expires on 27 October 2003 and the put option expires on 11 November 2003. The property is expected to settle in December 2003.

25. EMPLOYEE SHARE PLAN

During the 2003 financial year the parent entity established an employee share plan ("the plan"). At 30 June 2003 the plan had acquired 2,000,000 ordinary shares in Cromwell Corporation Ltd at a cost of $200,000. The purchase of these shares was funded by a loan from the parent entity – refer note 5. At the date of this report, there had been no allocation of the shares to employees under the plan.

All full-time and part-time employees who meet minimum service requirements, including directors of Cromwell Corporation Limited and its controlled entities, are eligible to participate in the plan. Participation of directors is subject to shareholder approval. It is intended to allocate shares (in the parent entity) to participating employees at cost plus accumulated interest. Shares granted under the plan will be entitled to voting rights and dividend participation.

26. SUBSEQUENT EVENTS

Loan Receivable – Cromwell Diversified Property Trust

Since balance date the consolidated entity has provided an interest free loan of $5 million to Cromwell Diversified Property Trust (the "Trust"), a scheme managed by the consolidated entity. The Trust has entered into a contract to purchase the property situated at 700 Collins Street, Melbourne for $133 million and paid a deposit of $10 million which was part funded by the loan from Cromwell Corporation Limited. The property is currently under construction and settlement (by the Trust) is likely to take place in August/September 2004. Interest earned by the Trust on the deposit is to be paid to the consolidated entity at settlement.

Debenture Issue – August 2003

Since balance date the parent entity has issued an offer under section 708 of the Corporations Act 2001 for investors to subscribe for debentures. In September 2003 approximately 5.5 million debentures of $1 each were issued to subscribers. The funds were used to provide a loan of $5 million to the Trust for the purpose of part funding the deposit paid by the Trust for the purchase of 700 Collins Street (see above).

The debentures have a term of a minimum of 10 months and a maximum of 18 months but may be repaid at any time after 10 months from the issue date. Interest is payable at 9% per annum monthly in arrears. The debentures are secured by a first ranking fixed and floating charge over the assets of the parent entity, which includes a charge over the loan owing to the parent entity by the Trust and the rights to the associated deposit funds.

Financial effects of the above have not been recognised as at 30 June 2003.

The directors declare that the attached financial statements and notes:

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2003 and of their performance, as represented by the results of their operations and their cash flows, for the financial 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 the company 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 Board of Directors.

P.L. Weightman
Director

Dated this 29 day of September 2003

JOHNSTON RORKE JR

Chartered Accountants

Floor 5 National Bank House
255 Adelaide Street Brisbane Q 4000
GPO Box 1144 Brisbane Q 4001
Ph 07 3222 8444 / Fax 07 3221 7779
Website www.jr.com.au
Email jr@jr.com.au

INDEPENDENT AUDIT REPORT TO MEMBERS OF CROMWELL CORPORATION LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Cromwell Corporation Limited (the company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Cromwell Corporation Limited is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

JOHNSTON RORKE
Chartered Accountants

RCN Walker

RCN WALKER
Partner

Brisbane, Queensland
29 September 2003

This statement outlines the corporate governance practices of the consolidated entity. These practices were in place throughout the financial year, unless stated otherwise.

Board of Directors

The Board of Directors comprises Mr P.L. Weightman, Mr R.L. Stiles, Mr R.J. Pullar and Mr D.J. Wilson. The Board is responsible for the overall corporate governance of the consolidated entity, including the setting and monitoring of strategic objectives. The Board meets regularly to consult on financial, legal and operations issues, including risk management issues. The Board monitors the performance of the business through regular reporting.

On resignation of a Board member, the remaining directors make selection of a replacement Board member, after seeking professional advice where appropriate. Shareholder approval is required on the composition of the Board at the subsequent Annual General Meeting.

Independent Professional Advice

If it is considered warranted, the Board may resolve to obtain independent advice about carrying out its duties at the consolidated entity's expense. Non-executive Directors have the right to seek independent professional advice at the expense of the consolidated entity if approved by the Board.

Remuneration Committee

The company does not have a formally constituted remuneration committee, due to the relatively small size of the operations and the fact that the Board consults regularly about financial issues concerning the consolidated entity.

The remuneration of Board members acting in their capacity as Directors is approved by Shareholders.

The remuneration and terms and conditions for Executive Directors and Senior Executives are reviewed and approved by the Board after seeking professional advice where appropriate. Details of Directors' and Senior Executives' remuneration are included in the Directors' Report.

Audit Committee

The company does not have a formally constituted audit committee, due to the relatively small size of the operations and the fact that the Board consults regularly about financial issues concerning the consolidated entity.

Compliance Committee

A controlled entity, Cromwell Property Securities Limited holds a dealers licence and has a Responsible Entity status under the Managed Investments Act 1998. As part of its activities in managing investment schemes, the company has adopted a compliance regime to ensure compliance with relevant legislation and scheme constitutions. In addition each registered scheme has a compliance plan registered with the ASIC. An annual audit of the Responsible Entity's compliance with the legislation, scheme constitutions and compliance plans is undertaken in respect of each scheme. A compliance committee, the members of which are predominantly independent of the consolidated entity, monitor the compliance plans. The compliance committee meets regularly during the year and reports to the Board.

Compliance with ASX Corporate Governance Guidelines

The ASX document 'Principles of Good Corporate Governance and Best Practice Recommendations' (the Guidelines) applying to listed entities was published in March 2003 by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets. Listed companies are required to report against the Guidelines in the financial year commencing after 1 January 2003 (ie financial year 2003/04). The Board of Cromwell Corporation Limited is currently reviewing Cromwell's performance against the ten essential corporate governance principles set out in the Guidelines.

The shareholder information set out below was applicable as at 25 September 2003.

(a) Distribution of Shareholders

Category (size of Holding)	Number of Shareholders
1 - 1,000	352
1,001 - 5,000	215
5,001 - 10,000	107
10,001 - 100,000	226
100,001 and over	127
	1,027

(b) The number of shareholdings held in less than marketable parcels is 527.

(c) The names of the substantial shareholders listed in the company's register are:

	Number of Ordinary Shares Held	Percentage %
Stara Investments Pty Ltd	16,218,334	10.36
AWJ Pty Ltd	13,838,158	8.83
RJP Pty Ltd	13,104,543	8.37
Trial Developments Pty Ltd	11,920,000	7.61

(d) Voting Rights
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(e) 20 Largest Shareholders — Ordinary Shares

	Number of Ordinary Shares Held	% Held of Issued Ordinary Shares
Stara Investments Pty Ltd	16,218,334	10.35
AWJ Pty Ltd	13,838,158	8.83
RJP Pty Ltd	13,104,543	8.37
Trial Developments Pty Ltd	11,920,000	7.61
Rosstile Management Pty Ltd	6,036,362	3.85
Mr Bruce William Wallace & Mrs Zelma Wallace	5,400,000	3.45
Mr Neil John Ambrose	5,000,000	3.19
Panmax Pty Ltd	5,000,000	3.19
Mr Phillip John Wallace & Mrs Bernadette Wallace	5,000,000	3.19
Balcony Developments	4,000,000	2.55
Mr Rodney Ernest O'kane & Mrs Margaret O'kane	3,722,669	2.38
Jetan Pty Ltd	3,539,611	2.26
Otway Investments (No 4) Pty Ltd	3,500,000	2.23
Graeme Beissel & Associates Pty Limited	2,721,687	1.74
Kovron Pty Ltd	2,708,328	1.73
Cogent Nominees Pty Ltd	2,500,000	1.60
Mr Robert Finlay Graham	2,126,136	1.36
Richard Foster & Associates	2,000,000	1.28
South Pacific Equities Pty Ltd	2,000,000	1.28
	110,335,828	70.44

Board of Directors

Paul L Weightman
Ross L Stiles
Robert J Pullar
Daryl J Wilson

Bankers

Westpac Banking Corporation
260 Queen Street
BRISBANE QLD 4000

Secretary

Daryl J Wilson

Solicitors

Creagh Weightman Lawyers
Level 19
200 Mary Street
BRISBANE QLD 4000

Registered Office

Level 19
200 Mary Street
BRISBANE QLD 4000
Telephone: (07) 3225 7777
Facsimile: (07) 3225 7788

Auditor

Johnston Rorke
Level 5, NAB House
255 Adelaide Street
BRISBANE QLD 4000

Share Register Manager

Computershare Investor Services Pty Ltd
Level 27, Central Plaza One
345 Queen Street
BRISBANE QLD 4000
Telephone: (07) 3237 2100
Facsimile: (07) 3229 9860

Stock Exchange Listing

The company is listed on the Australian Stock Exchange

Cromwell Corporation Limited

A.B.N. 44 001 056 980

Financial Report

31 December 2003

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CROMWELL CORPORATION LIMITED AND CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated		Parent	
		31 Dec 2003 (12 months) $	30 Jun 2002 (12 months) $	31 Dec 2003 (12 months) $	30 Jun 2002 (12 months) $
Revenues from ordinary activities					
Services		5,039,139	6,214,615	2,319,588	4,335,068
Proceeds from sale of investments		1,113,900	3,288,000	1,113,900	-
Other		848,860	770,561	1,312,556	456,097
Total revenues from ordinary activities	2	7,001,899	10,273,176	4,746,044	4,791,165
Cost of investments sold		(378,339)	(3,288,000)	(378,339)	-
		6,623,560	6,985,176	4,367,705	4,791,165
Other expenses from ordinary activities	3				
Amortisation/depreciation		172,809	79,219	148,102	47,356
Borrowing costs		323,428	579,195	322,143	146,275
Commissions		1,195,041	1,479,090	901,575	1,068,667
Computer consulting		56,075	63,549	53,075	59,049
Employee & director costs		2,245,202	1,358,316	1,571,908	1,039,148
Insurance		132,624	52,936	131,051	40,446
Systems integration fee – marketing database		100,000	-	100,000	-
Printing & stationery		71,610	37,567	70,918	34,825
Premises rental		208,600	112,162	208,600	112,162
Professional fees		250,086	251,225	228,437	238,225
Property scheme costs		366,612	159,884	265,593	124,854
Stamp duty fees		11,277	51,511	8,665	50,265
Telecommunications		91,250	61,111	89,632	44,627
Travel & entertainment		132,135	108,340	117,643	103,365
Other		541,792	623,603	540,425	267,114
		5,898,541	5,017,708	4,757,767	3,376,378
Profit/(loss) from ordinary activities before income tax expense		725,019	1,967,468	(390,062)	1,414,787
Income tax expense	4	(47,140)	(155,915)	-	-
Net profit/(loss)	16	677,879	1,811,553	(390,062)	1,414,787
		Cents	**Cents**		
Basic earnings per share	19	0.43¢	1.16¢		

The statements of financial performance should be read in conjunction with the accompanying notes.

CROMWELL CORPORATION LIMITED AND CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	Note	Consolidated		Parent	
		31 Dec 2003	30 Jun 2002	31 Dec 2003	30 Jun 2002
		$	$	$	$
Current Assets					
Cash assets	20	2,331,932	337,093	1,474,918	134,405
Receivables	5	2,232,440	6,763,347	1,870,020	6,463,002
Other financial assets	6	15,500	21,915,461	15,500	3,200,000
Other	7	837,484	152,573	837,464	152,573
Total Current Assets		5,417,356	29,168,474	4,197,902	9,949,980
Non-Current Assets					
Receivables	5	5,623,412	512,423	5,623,412	512,423
Other financial assets	6	1,537,000	1,537,000	375,108	375,106
Property, plant and equipment	8	971,584	267,565	963,841	257,886
Intangible assets	9	684,137	170,537	514,634	-
Total Non-Current Assets		8,816,113	2,487,525	7,476,995	1,145,415
Total Assets		14,233,469	31,655,999	11,674,897	11,095,395
Current Liabilities					
Payables	10	1,694,806	2,022,848	1,761,601	1,638,712
Interest-bearing liabilities	11	72,870	18,215,532	72,870	3,079,652
Current tax liabilities	12	13,225	236,321	-	-
Provisions	13	80,383	37,586	59,509	25,351
Other	14	40,352	5,183,533	40,352	1,768,072
Total Current Liabilities		1,901,636	25,695,820	1,934,332	6,511,787
Non-Current Liabilities					
Interest-bearing liabilities	11	6,077,979	167,035	6,077,979	167,035
Other	14	104,244	-	104,244	-
Total Non-Current Liabilities		6,182,223	167,035	6,182,223	167,035
Total Liabilities		8,083,859	25,862,855	8,116,555	6,678,822
Net Assets		6,149,610	5,793,144	3,558,342	4,416,573
Equity					
Contributed capital	15	43,618,619	43,618,619	43,618,619	43,618,619
Accumulated losses	16	(37,469,009)	(37,825,475)	(40,060,277)	(39,202,046)
Total Equity		6,149,610	5,793,144	3,558,342	4,416,573

The statements of financial position should be read in conjunction with the accompanying notes.

CROMWELL CORPORATION LIMITED AND CONTROLLED ENTITIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated		Parent	
		31 Dec 2003 (12 months) $	30 Jun 2002 (12 months) $	31 Dec 2003 (12 months) $	30 Jun 2002 (12 months) $
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		6,819,242	4,124,131	3,960,037	2,594,111
Cash payments in the course of operations		(5,633,702)	(4,370,074)	(3,452,840)	(3,005,578)
Interest received		205,375	110,076	171,022	60,803
Distributions received		154,171	233,514	-	-
Borrowing costs paid		(323,428)	(417,118)	(322,143)	(173,813)
Income tax paid		(173,808)	-	-	-
Net cash provided by/(used in) operating activities	20	1,047,850	(319,471)	356,076	(524,477)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(422,481)	(80,550)	(422,481)	(80,550)
Payments - debentures issued by controlled entity		-	-	-	(3,200,000)
Proceeds from redemption of investment		405,000	-	365,000	-
Payments for other financial assets		(380,500)	(18,895,000)	(380,500)	(100)
Payments on behalf of schemes		(2,677,800)	(679,465)	(2,677,800)	(425,566)
Repayments by schemes		3,789,842	679,465	3,789,842	425,566
Loans to scheme (CDPT)		(6,000,000)	-	(6,000,000)	-
Repayment of loans by controlled entities		-	-	210,956	251,576
Loans to other persons		(607,613)	(571,738)	(607,613)	(571,738)
Repayment of loans by other persons		1,326,411	3,182,587	1,326,411	3,149,679
Proceeds from sale of investments		1,113,900	3,288,000	1,113,900	-
Payments for intangible and other assets		(115,059)	-	(90,909)	-
Payments for investments		(258,014)	-	(258,014)	-
Proceeds from term deposit		46,000	-	46,000	-
Proceeds from custodian		796,739	1,000,500	505,000	-
Net cash used in investing activities		(2,983,575)	(12,076,201)	(3,080,208)	(451,133)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		5,802,000	18,487,571	5,802,000	3,357,251
Repayment of borrowings		(1,881,638)	(6,096,803)	(1,611,638)	(2,513,000)
Payments for loan establishment costs		-	(126,173)	-	(126,173)
Other		-	31,455	-	31,455
Net cash provided by financing activities		3,920,362	12,296,050	4,190,362	749,533
Net increase/(decrease) in cash held		1,984,637	(99,622)	1,466,230	(226,077)
Cash at the beginning of the year		347,295	436,715	8,688	360,482
Cash at the end of the year		2,331,932	337,093	1,474,918	134,405

The statements of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

The consolidated entity has applied the revised/new Accounting Standards AASB 1028 Employee Benefits and AASB 1044 Provisions, Contingent Liabilities and Contingent Assets for the year ended 31 December 2003. There has been no material effect as a result of applying the revised/new standards.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Cromwell Corporation Limited ("parent entity") as at 31 December 2003 and the results of all controlled entities for the year then ended. Cromwell Corporation Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the profits or losses of associates is recognised as revenue or expense in the consolidated statement of financial performance, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

(b) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statements of financial performance is matched with the accounting profit after allowing for permanent differences. The future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit can be regarded as being virtually certain of realisation.

(c) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

(d) Cash

For the purposes of the statements of cash flows, cash includes cash at bank and on hand as well as highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(e) Receivables

Receivables are recognised at the amounts due. Collectability is reviewed on an ongoing basis. Debts which are known to be uncollectable are written-off. A provision for doubtful debts is raised where there is significant doubt as to collection.

(f) Other Financial Assets

Investments in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are recognised at cost and dividend income or distributions are recognised in the statements of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated financial statements as set out in note 1(a).

(g) Depreciation

Depreciation is calculated on a diminishing value basis so as to write off the net cost or revalued amount of each item of plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets.

The depreciation rates used for each class of depreciable asset are:

Class	Depreciation Rate
Leasehold improvements	10%
Plant and equipment	10-40%
Plant and equipment under finance lease	10-40%

(h) Intangible Assets

Licence and systems establishment costs which provide ongoing benefits are initially recognised at cost and are amortised on a straight line basis over 10 years.

The marketing database acquired is initially recognised at cost and is to be amortised on a straight line basis over its estimated useful life, which is expected to be 10 years.

(i) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. The expected net cash flows included in determining recoverable amounts of non-current assets are not discounted to their present values.

(j) Payables

Trade creditors and accruals represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(k) Interest-Bearing Liabilities

Debentures

Debentures are initially recognised at the net proceeds received. Where applicable, the discount to face value, which is in the nature of interest, is recognised proportionately over the period of the underlying instrument as a borrowing cost.

Other Borrowings

Other borrowings are recognised at their principal amounts/face value.

Interest, where applicable, is charged as an expense as it accrues and is included in trade creditors and accruals.

(l) Employee Benefits

Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave 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 expected to be settled within 12 months of the reporting date is recognised and is measured in accordance with the above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised 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 that match, as closely as possible, the estimated future cash outflows.

Superannuation

Contributions are made by the consolidated entity to accumulation superannuation funds. Contributions are charged as expenses as they are incurred.

(m) Revenue Recognition

Revenue from the provision of services is recognised as follows:

Property syndications

- promotion – revenue, which can be received in either cash or interests in the managed investment scheme, is recognised, in part, at settlement of the relevant property and the balance recognised proportionately as the equity interests are issued to or sold to external investors.
- management – revenue is recognised on a proportional basis over time as services are performed.

Mortgage syndications

- management – revenue is recognised on a proportional basis over time as services are performed.

Property development management

- revenue is recognised at the time of practical completion of the development.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(n) Leased Non-Current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised over the term of the lease, or where it is likely that the consolidated entity will obtain ownership, the life of the asset. Refer note 1(g) for depreciation rates.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Operating lease payments are charged to the statements of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(o) Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised on a straight line basis over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. Refer note 1(g) for depreciation rates.

(p) Borrowing Costs/Loan Establishment Costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

Borrowing costs include:
- interest on bank overdrafts and short-term and long-term borrowings;
- amortisation of discounts or premiums relating to borrowings; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Ancillary costs incurred in connection with the arrangement of borrowings are initially recognised as loan establishment costs and amortised over the period of the relevant borrowing.

(q) 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.

(r) Comparatives

Comparative figures are for the financial year ended 30 June 2002 in accordance with ASIC Policy Statement PS 157 Financial Reports for Offer Information Statements which requires comparative information to be included for the last financial year which ended prior to the start of the 12 month period to 31 December 2003. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont)

(s) General

This financial report covers both Cromwell Corporation Limited as an individual entity (parent entity) and the consolidated entity consisting of Cromwell Corporation Limited and its controlled entities.

Cromwell Corporation Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 19
200 Mary Street
Brisbane, Queensland 4000.

	Consolidated		Parent	
	31 Dec 2003 (12 months) $	30 Jun 2002 (12 months) $	31 Dec 2003 (12 months) $	30 Jun 2002 (12 months) $

2. REVENUE

Revenue from operating activities				
- managed investment scheme and other service fees	5,039,139	4,714,615	2,319,588	2,835,068
- property development management service fees	-	1,500,000	-	1,500,000
	5,039,139	6,214,615	2,319,588	4,335,068
Revenue from outside operating activities				
- management fee - controlled entities	-	-	700,000	189,661
- distributions - managed investment schemes	154,171	398,147	-	-
- interest	205,375	136,377	171,022	87,104
- rent and sub-lease rentals and recoveries	85,665	-	85,665	-
- proceeds on sale of investments	1,113,900	3,288,000	1,113,900	-
- other	403,649	236,037	355,869	179,332
	1,962,760	4,058,561	2,426,456	456,097
	7,001,899	10,273,176	4,746,044	4,791,165

3. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES

Profit/(loss) from ordinary activities before income tax includes the following specific items:

Amortisation				
- licence and systems establishment costs	24,707	25,410	-	-
- leasehold improvements	9,985	-	9,985	-
- plant and equipment under finance lease	41,712	16,821	41,712	12,146
	76,404	42,231	51,697	12,146
Depreciation - plant & equipment	96,405	36,988	96,405	35,210
Rental expense – premises				
- minimum lease payments	208,600	-	208,600	-
- sub-leases	-	112,162	-	112,162
	208,600	112,162	208,600	112,162
Other operating leases	14,235	7,407	14,235	7,407
	222,835	119,569	222,835	119,569
Provisions				
- employee benefits	22,283	14,112	21,710	1,877
Bad and doubtful debts	-	20,000	-	20,000
Net loss on disposal of property, plant and equipment	9,023	-	9,023	-

4. INCOME TAX

Income Tax Expense

The income tax expense for the year differs from the amount calculated on the profit/(loss). The differences are reconciled as follows:

	Consolidated		Parent	
	31 Dec 2003 (12 months) $	30 Jun 2002 (12 months) $	31 Dec 2003 (12 months) $	30 Jun 2002 (12 months) $
Profit/(loss) from ordinary activities before income tax expense	725,019	1,967,468	(390,062)	1,414,787
Income tax calculated at 30% (2002: 30%)	217,505	590,240	(117,019)	424,436
Income tax attributable to controlled entities	-	-	261,840	-
Non-deductible items	11,784	16,623	5,140	9,000
Recoupment of prior year tax losses not previously recognised	(242,790)	(433,436)	(242,790)	(433,436)
Benefit of tax losses not recognised	92,729	-	92,729	-
Overprovision in prior year	(82,860)	-	-	-
Other	50,772	(17,512)	100	-
Income tax expense	47,140	155,915	-	-

Future Tax Benefits

Future tax benefits both consolidated and parent entity of approximately $20 million (2002: $20 million) have not been booked in respect of carry forward taxation losses. The directors estimate that these losses can be used at the rate of at least 50% of the taxable income of the tax consolidated group in any year. A future income tax benefit will be available only if the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the tax losses to be realised, the consolidated entity has complied and continues to comply with conditions for deductibility imposed by current tax legislation and there are no adverse changes to such legislation.

Franking Credits

	Parent 31 Dec 2003 $	Parent 30 Jun 2002 $
Franking credits available for subsequent financial years (at 30% tax rate)	282,491	-

The above amount represents the balance of the franking account as at the end of the year adjusted for franking credits that will arise from the payment of the current tax liability; franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and franking credits that may be prevented from being distributed in subsequent years.

Franking credits of $282,491 were transferred from wholly-owned entities to the parent entity at the time these entities entered the tax consolidated group (1 July 2003).

Tax Consolidation

The parent entity and its controlled entities have decided to implement the tax consolidation legislation as of 1 July 2003. The Australian Taxation Office has not yet been notified of this decision. The entities also intend to enter into a tax sharing agreement, but details of this agreement are yet to be finalised.

As a consequence, Cromwell Corporation Limited, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the wholly-owned Australian controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax balances arising in relation to its own transactions, events and balances. Amounts receivable or payable under the tax sharing agreement will be recognised separately by Cromwell Corporation Limited as tax-related amounts receivable or payable. The impact on the income tax expense and results of Cromwell Corporation Limited is unlikely to be material because of the tax sharing agreement. This is not expected to have a material impact on the consolidated assets and liabilities and results.

	Consolidated		Parent	
	31 Dec 2003	30 Jun 2002	31 Dec 2003	30 Jun 2002
5. **RECEIVABLES**	$	$	$	$
Current				
Trade debtors	619,789	5,538,002	166,970	5,003,248
Distributions receivable	12,768	164,633	-	-
Other debtors	305,920	41,279	270,874	67,578
Loan – CDPT	1,000,000	-	1,000,000	-
Amount receivable from controlled entities	-	-	138,213	372,743
Other loans	293,963	1,019,433	293,963	1,019,433
	2,232,440	6,763,347	1,870,020	6,463,002
Non-Current				
Loan – CDPT	5,000,000	-	5,000,000	-
Term deposit	-	46,000	-	46,000
Other loans	623,412	466,423	623,412	466,423
	5,623,412	512,423	5,623,412	512,423

Loan – Cromwell Diversified Property Trust ("CDPT")
A loan of $6 million in total has been provided to CDPT to fund deposits on the acquisition of investment properties, 700 Collins Street, Melbourne and a portfolio of properties from Challenger Financial Services Group ("Challenger").

In September 2003 CDPT entered into an unconditional contract to purchase the Collins Street property for $133 million and paid a non-refundable deposit of $5 million cash and provided a $5 million bank guarantee. The cash deposit of $5 million was borrowed from the parent entity. The property is currently under construction with settlement expected to take place around August/September 2004. Interest received by CDPT on the $5 million cash deposit is to be paid to the parent entity. The interest rate is based on bank rates and is estimated to be 4% at balance date.

In December 2003 CDPT made a conditional offer to purchase the Challenger properties for $153 million. An initial refundable deposit of $1 million was paid by CDPT, which was borrowed from the parent entity unsecured and interest free. This amount was repaid in March 2004 when the CDPT entered into an unconditional contract with Challenger. A further deposit of $7 million was paid by CDPT in March 2004 in respect to the acquisition of these properties – see note 25.

A Product Disclosure Statement (PDS) is currently being prepared by Cromwell Property Securities Ltd, as the responsible entity for CDPT, in connection with equity capital raising to fund the acquisition of both the Challenger and Collins Street properties. In accordance with the PDS, the $5 million loan (in respect to the Collins Street property) is expected to be repaid in June 2005.

Trade Debtors
Trade debtors at 30 June 2002 included property development management fees of $1,650,000 (including GST) payable by CCC Marcoola Pty Ltd ("CCC") in relation to a property development at Marcoola on Queensland's Sunshine Coast and $550,000 (including GST) payable by Norman Park Manors Pty Ltd ("NPM") in relation to a property development at Norman Park, Brisbane. The Marcoola development was at practical completion and invoiced in June 2002 and the Norman Park development was completed and invoiced in June 2001. NPM and CCC are controlled by the same person. During the 2002 financial year the consolidated entity agreed to defer repayment of the management fee owing by NPM and other loans owing by NPM (see below) until completion of the Marcoola development. Payment in respect of both fees was received in the 2003 financial year.

Trade debtors at 30 June 2002 also included the unpaid portion of the acquisition and coordination fee and other items totalling $2,739,285 consolidated entity ($2,468,685 parent entity) owing by Cromwell Goulburn Street Planned Investment.

Other trade debtors are normally due within 90 days of recognition. Trade debtors are generally interest free.

5. RECEIVABLES (cont)

Amount Receivable from Controlled Entities

Amount receivable from controlled entities is unsecured and interest free with no set repayment terms.

Other Loans	Consolidated		Parent	
	31 Dec 2003	30 Jun 2002	31 Dec 2003	30 Jun 2002
Current	$	$	$	$
Loans for property developments:				
• Norman Park Manors Pty Ltd	-	646,625	-	646,625
• CCC Marcoola Pty Ltd	-	372,808	-	372,808
• Canham Commodities Corporation Pty Ltd	143,463	-	143,463	-
• Margaret Square Pty Ltd	73,500	-	73,500	-
• Other	27,000	-	27,000	-
Loans to other persons				
• Employee Share Plan	50,000	-	50,000	-
	293,963	1,019,433	293,963	1,019,433
Non-Current				
Loans to other persons				
• Meadowbrook Shopping Village Syndicate	479,423	439,423	479,423	439,423
• Employee Share Plan	143,989	-	143,989	-
• Other	-	27,000	-	27,000
	623,412	466,423	623,412	466,423

Other loans (current) generally comprise costs paid by the consolidated entity on behalf of a third party developer and/or funds advanced to the developer. Other loans (non-current) includes loans provided to Meadowbrook Shopping Village Syndicate, a syndication managed by the consolidated entity, and South Pacific Equities Pty Ltd, as trustee for the Cromwell employee share ownership plan (part of which is also shown as current).

The loans for property developments are to companies related to the same person. The loan to Canham Commodities Corporation Pty Ltd is secured by an all monies charge over certain property held by entities related to Canham Commodities Corporation Pty Ltd and bears fixed interest at the rate of 10%. The loan to Margaret Square Pty Ltd is secured and bears interest at 10% per annum. Both amounts are expected to be paid within 6 months of balance date. The June 2002 loans for property developments were interest free.

The loan to Meadowbrook Shopping Village Syndicate, a property syndicate managed by the consolidated entity, is unsecured and interest free with no set repayment terms. There are no material creditors of the Meadowbrook Syndicate other than the consolidated entity and the secured lender. The directors are of the view that the market value of the property is sufficient to recover the amounts owing to the consolidated entity, after repaying the secured lender.

The loan to the employee share plan ("the plan") is secured by a charge over the shares and related cash held by the plan. At 31 December 2003 the plan held 2,000,000 ordinary shares in Cromwell Corporation Ltd at a cost of $200,000. These shares have been allocated to DJ Wilson, a director of the parent entity, following approval by shareholders at the annual general meeting held in November 2003. Refer to notes 21(b) and 26. Interest is payable on the loan at the FBT rate established by the Australian Taxation Office (currently 6.05%) and is to be paid monthly in arrears or at such other times as the parties may agree.

6. OTHER FINANCIAL ASSETS

	Consolidated		Parent	
	31 Dec 2003	30 Jun 2002	31 Dec 2003	30 Jun 2002
Current	$	$	$	$
Interests in managed investment schemes – at cost				
- Goulburn Street Planned Investment				
• Paid up interests	-	18,500,000	-	-
• Unpaid interests	-	3,415,461	-	-
- Cromwell Select Income Fund	15,500	-	15,500	-
- Debentures issued by CPSL	-	-	-	3,200,000
	15,500	21,915,461	15,500	3,200,000
Non-Current				
Interests in Mary Street Planned Investment – at cost	1,517,000	1,517,000	-	-
Shares in controlled entities - at cost	-	-	375,108	375,106
Shares in other corporations – at cost	20,000	20,000	-	-
	1,537,000	1,537,000	375,108	375,106

Cromwell Goulburn Street Planned Investment
In March 2002 a controlled entity, Cromwell Property Securities Limited ("CPSL") established Cromwell Goulburn Street Planned Investment ("Goulburn Street PI") for the purpose of syndicating the property at 59 Goulburn Street, Sydney through a managed investment scheme by way of a prospectus. During the 2002 financial year the consolidated entity acquired 18.5 million interests for cash at an issue price of $1 each and 3,415,461 interests ("the Unpaid Interests") with an obligation to pay the issue price of $1 each within 12 months of the issue date (ie by 28 May 2003). Under the prospectus, the interests held by CPSL were sold to new investors. Refer also to notes 11 and 14. During the December 2002 half-year all the Unpaid Interests were paid up and all but $40,000 of the interests in Goulburn Street PI were redeemed (the balance was redeemed in the June 2003 half-year).

Cromwell Mary Street Planned Investment
In December 2000 CPSL established Cromwell Mary Street Planned Investment ("Mary Street PI") for the purpose of syndicating the Mary Street property through a managed investment scheme by way of a prospectus. All interests were acquired or sold at the issue price of $1 per interest held.

	Consolidated	
Movements:	31 Dec 2003	30 Jun 2002
	$	$
Balance at beginning of the year	1,517,000	4,210,000
Interests sold	-	(2,693,000)
Balance at end of the year	1,517,000	1,517,000

At balance date, the consolidated entity held 8.5% (2002: 8.5%) of the interests in Mary Street PI.

6. OTHER FINANCIAL ASSETS (cont)

Debentures Issued by CPSL

During the 2002 financial year the parent entity invested in the debenture issue of its controlled entity, Cromwell Property Securities Ltd, to assist in funding CPSL's interests in Goulburn Street Pl (refer to debenture liabilities in note 11). During the December 2002 half-year the debentures were redeemed.

Shares in Controlled Entities

Name of Entity	Country of Formation	Equity Holding 31 Dec 2003 %	Equity Holding 30 Jun 2002 %	Carrying Value of Parent Entity's Investment 31 Dec 2003 $	Carrying Value of Parent Entity's Investment 30 Jun 2002 $
Cromwell Property Securities Limited	Australia	100	100	345,000	345,000
Cromwell Property Services Pty Ltd	Australia	100	100	2	2
Westholme Investments Pty Ltd	Australia	100	100	30,002	30,002
Votraint No. 662 Pty Ltd	Australia	100	100	2	2
Peels Trust	Australia	100	100	-	-
Cromwell Capital Limited	Australia	100	100	100	100
Cromwell Ventures Pty Ltd *	Australia	100	-	2	-
				375,108	375,106

* Cromwell Ventures Pty Ltd was incorporated during the December 2003 year and did not trade.

7. OTHER CURRENT ASSETS

	Consolidated 31 Dec 2003 $	Consolidated 30 Jun 2002 $	Parent 31 Dec 2003 $	Parent 30 Jun 2002 $
Loan establishment costs	-	126,173	-	126,173
Accumulated amortisation	-	(25,235)	-	(25,235)
	-	100,938	-	100,938
Recoverable costs - CDPT	782,453	-	782,453	-
Prepayments	55,031	51,635	55,011	51,635
	837,484	152,573	837,464	152,573

Recoverable Costs – CDPT

As at 31 December 2003 the parent entity had incurred costs of $782,453 in respect of the acquisition of a portfolio of properties ("the Portfolio") by the CDPT. These costs include legal fees, due diligence costs, loan establishment costs etc, and are to be recovered from CDPT following a proposed capital raising. Since 31 December 2003 further costs have been incurred for this purpose – see note 27.

The CDPT has entered into contracts to purchase the Portfolio. Should the CDPT not complete the purchase of the Portfolio properties, the parent entity may not elect to recover those costs incurred in respect of this acquisition. Under these circumstances, the total costs incurred by the parent entity may need to be written off. The directors are confident of raising sufficient capital through the PDS to complete the acquisition of the properties.

	Consolidated		Parent	
	31 Dec 2003	30 Jun 2002	31 Dec 2003	30 Jun 2002
8. PROPERTY, PLANT AND EQUIPMENT	$	$	$	$
Leasehold improvements – at cost	238,127	29,893	238,127	29,893
Accumulated amortisation	(15,639)	-	(15,639)	-
	222,488	29,893	222,488	29,893
Plant and equipment - at cost	629,850	172,286	593,100	159,886
Accumulated depreciation	(209,225)	(87,462)	(180,218)	(77,728)
	420,625	84,824	412,882	82,158
Plant and equipment under finance lease - at cost	402,981	182,331	402,981	157,981
Accumulated amortisation	(74,510)	(29,483)	(74,510)	(12,146)
	328,471	152,848	328,471	145,835
	971,584	267,565	963,841	257,886

Reconciliations

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

	Leasehold Improvements	Plant and Equipment Owned	Plant and Equipment Under Lease	Total
	$	$	$	$
Consolidated				
Carrying amount – 1/1/03	211,660	124,385	370,183	706,228
Additions	20,813	401,668	-	422,481
Disposals	-	(9,023)	-	(9,023)
Depreciation/amortisation	(9,985)	(96,405)	(41,712)	(148,102)
Carrying amount at – 31/12/03	222,488	420,625	328,471	971,584
Parent				
Carrying amount at – 1/1/03	211,660	116,642	370,183	698,485
Additions	20,813	401,668	-	422,481
Disposals	-	(9,023)	-	(9,023)
Depreciation/amortisation	(9,985)	(96,405)	(41,712)	(148,102)
Carrying amount at – 31/12/03	222,488	412,882	328,471	963,841

	Consolidated		Parent	
	31 Dec 2003	30 Jun 2002	31 Dec 2003	30 Jun 2002
9. INTANGIBLE ASSETS	$	$	$	$
Licence and systems establishment costs	296,365	254,100	-	-
Accumulated amortisation	(126,862)	(83,563)	-	-
	169,503	170,537	-	-
Marketing database	514,634	-	514,634	-
Accumulated amortisation	-	-	-	-
	514,634	-	514,634	-
	684,137	170,537	514,634	-

At the company's annual general meeting on 27 November 2003 shareholders approved the acquisition of the marketing database from an entity associated with Richard Foster, a director of Cromwell Property Securities Limited (a wholly owned controlled entity of Cromwell Corporation Ltd). The marketing database has been recognised at cost and is to be amortised on a straight line basis over its estimated useful life.

10. PAYABLES

Trade creditors and accruals	1,468,028	1,796,070	1,314,124	1,411,934
Other creditors	226,778	226,778	226,778	226,778
Amounts payable to controlled entities	-	-	220,699	-
	1,694,806	2,022,848	1,761,601	1,638,712

	Consolidated		Parent	
	31 Dec 2003	30 Jun 2002	31 Dec 2003	30 Jun 2002
	$	$	$	$
11. INTEREST-BEARING LIABILITIES				
Current				
Secured				
Debentures				
- Goulburn Street	-	15,130,320	-	-
Other loans	-	3,000,000	-	3,000,000
Lease liabilities	72,870	27,961	72,870	22,401
	72,870	18,158,281	72,870	3,022,401
Unsecured				
Other loans	-	57,251	-	57,251
	72,870	18,215,532	72,870	3,079,652
Non-Current				
Secured				
Debentures				
- CDPT (700 Collins Street)	5,802,000	-	5,802,000	-
Lease liabilities	275,979	167,035	275,979	167,035
	6,077,979	167,035	6,077,979	167,035

Debentures – CDPT (700 Collins Street)

The CDPT debentures were issued by Cromwell Corporation Ltd on 22 September 2003 to fund the loan provided to CDPT for the deposit and acquisition costs relating to 700 Collins Street (see note 5 above). The debentures have a minimum term of 10 months and a maximum term of 18 months but may be repaid at any time after 10 months. The debentures bear interest fixed at 9% per annum and are secured by a fixed and floating charge over the assets and undertakings of Cromwell Corporation Ltd (which includes a charge over CCL's right to repayment of the loan provided to CDPT as shown in note 5 above).

Debentures – Goulburn Street

The Goulburn Street debentures at 30 June 2002 were issued by a controlled entity, Cromwell Property Securities Limited ("CPSL"), to fund the consolidated entity's investment in interests in Cromwell Goulburn Street Planned Investment ("Goulburn Street PI"). The debentures had a term of 12 months from issue date (27 May 2002) and were repaid (mostly during the December 2002 half-year) from the proceeds of the sale of the interests in Goulburn Street PI at cost.

Other Loans – Secured

Other secured loans at 30 June 2002 were advanced to assist in funding the parent entity's investment in debentures issued by CPSL. The loans incurred interest at 9% per annum and had a term of 3 months. The borrowings were secured by a charge over the parent entity's investment in the debentures (see note 6) plus a fixed and floating charge over the parent entity and a fixed charge over the parent entity's shares in CPSL and CPSL's interests in Mary Street PI. In August 2002 the parent entity redeemed debentures in CPSL and applied those funds to repay the other secured loans of $3 million in full.

Lease Liabilities

Lease liabilities are effectively secured as the rights to the relevant assets revert to the lessor/financier in the event of default.

Assets Pledged as Security

All assets of the parent entity have been pledged as security for the CDPT debentures. Plant and equipment under finance lease (refer note 8) effectively secures lease liabilities as noted above.

		Consolidated		Parent	
		31 Dec 2003	30 Jun 2002	31 Dec 2003	30 Jun 2002
12.	CURRENT TAX LIABILITIES	$	$	$	$
	Income tax	13,225	236,321	-	-
13.	PROVISIONS				
	Employee benefits	80,383	37,586	59,509	25,351
	Number of employees at end of year	25	13	18	11
	Employee benefit and related on-cost liabilities				
	Current				
	Included in trade creditors and accruals	164,082	187,261	91,187	172,960
	Provision for employee benefits	80,383	37,586	59,509	25,351
	Aggregate employee benefit and related on-cost liabilities	244,465	224,847	150,696	198,311
14.	OTHER LIABILITIES				
	Current				
	Unpaid interests – Goulburn Street Pl	-	3,415,461	-	-
	Unearned revenue	-	1,768,072	-	1,768,072
	Lease incentive	40,352	-	40,352	-
		40,352	5,183,533	40,352	1,768,072
	Non-Current				
	Lease incentive	104,244	-	104,244	-

The consolidated entity was issued 3,415,461 interests ("the Unpaid Interests") in Goulburn Street Pl with an obligation to pay the issue price of $1 each by 28 May 2003 (see also note 6). During the December 2002 half-year all the Unpaid Interests were paid up and redeemed.

Unearned revenue related to the acquisition coordination fee in respect of Cromwell Goulburn Street Planned Investment. The consolidated entity allocates the fee between property acquisition, which occurred in May 2002, loan establishment and the sell down of interests in the scheme. The unearned revenue was recognised as revenue in the December 2002 half-year as the remaining interests were sold down.

During the December 2002 half-year the parent entity entered into a new lease and received an incentive from the lessor (Cromwell Mary Street Planned Investment, a scheme managed by the consolidated entity) in respect of its new premises.

15. CONTRIBUTED CAPITAL

Share Capital				
156,642,896 (2002: 156,642,896) fully paid ordinary shares	43,618,619	43,618,619	43,618,619	43,618,619

There have been no movements in contributed capital since 1 July 2001.

Ordinary Shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

16. ACCUMULATED LOSSES

	Consolidated		Parent	
	31 Dec 2003 $	30 Jun 2002 $	31 Dec 2003 $	30 Jun 2002 $
Accumulated losses at the beginning of the year	(38,146,888)	(39,637,028)	(39,670,215)	(40,616,833)
Net profit/(loss)	677,879	1,811,553	(390,062)	1,414,787
Accumulated losses at the end of the year	(37,469,009)	(37,825,475)	(40,060,277)	(39,202,046)

17. DIRECTORS' AND EXECUTIVES' REMUNERATION

	Directors of Entities in Consolidated Entity		Directors of Parent Entity	
Directors' Remuneration	31 Dec 2003 (12 months) $	30 Jun 2002 (12 months) $	31 Dec 2003 (12 months) $	30 Jun 2002 (12 months) $
Income paid or payable, or otherwise made available to directors (including salaries paid to executive directors) by entities in the consolidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities	1,256,869	1,307,656	767,228	536,013

Number of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

$		$	No.	No.
20,000	-	29,999	1	-
30,000	-	39,999	-	1
60,000	-	69,999	-	1
160,000	-	169,999	1	-
210,000	-	219,999	-	1
220,000	-	229,999	-	1
250,000	-	259,999	1	-
320,000	-	329,999	1	-

	Executive Officers of Consolidated Entity		Executive Officers of Parent Entity	
Executives' Remuneration Remuneration received, or due and receivable, from entities in the consolidated entity and related parties by executive officers (including directors) whose remuneration was at least $100,000	1,354,820	1,165,163	742,228	541,062

17. DIRECTORS' AND EXECUTIVES' REMUNERATION (cont)

The number of executive officers (including directors) whose remuneration from entities in the consolidated entity and related parties was within the specified bands is as follows:

$	$	Executive Officers of Consolidated Entity No.	No.	Executive Officers of Parent Entity No.	No.
100,000	- 109,999	1	1	-	1
120,000	- 129,999	2	-	-	-
160,000	- 169,999	1	-	1	-
210,000	- 219,999	-	1	-	1
220,000	- 229,999	-	1	-	1
250,000	- 259,999	2	-	1	-
320,000	- 329,999	1	-	1	-
620,000	- 629,999	-	1	-	-

18. AUDITOR'S REMUNERATION

	Consolidated 31 Dec 2003 $	Consolidated 30 Jun 2002 $	Parent 31 Dec 2003 $	Parent 30 Jun 2002 $
Remuneration for audit or review of the financial reports of the parent entity or any entity in the consolidated entity:				
- Auditor of the parent entity				
• 2003 financial year (2002)	55,050	29,000	38,550	21,500
• 31 December 2003*	40,000		40,000	
Remuneration for other services				
- Auditor of the parent entity				
• 2003 financial year (2002)	15,380	29,350	15,380	23,850
• 31 December 2003*	33,900		33,900	

* Comprises remuneration for services rendered relating to the period since 1 July 2003 including the audit of this financial report.

There was no remuneration paid to related practices of the auditor of the parent entity.

In addition to the above the auditor receives remuneration for services relating to other entities (schemes) for which Cromwell Property Securities Limited, a controlled entity, acts as responsible entity. The remuneration is disclosed in the relevant entity's financial report.

19. EARNINGS PER SHARE

	Consolidated 31 Dec 2003	Consolidated 30 Jun 2002
Basic earnings per share - cents	0.43¢	1.16¢
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	156,642,896	156,642,896

Earnings for the purpose of the calculation of basic earnings per share is the net profit.

No potential ordinary shares existed during the year. Accordingly, diluted and basic earnings per share are the same.

	Consolidated		Parent	
	31 Dec 2003 (12 months)	30 Jun 2002 (12 months)	31 Dec 2003 (12 months)	30 Jun 2002 (12 months)
20. CASH FLOW INFORMATION	$	$	$	$
(a) Reconciliation of Net Profit/(Loss) to Net Cash From Operating Activities				
Net profit/(loss)	677,879	1,811,553	(390,062)	1,414,787
Amortisation and depreciation	172,809	79,219	148,102	47,356
Amortisation of loan establishment costs	-	25,235	-	25,235
Gain on sale of investment	(735,561)	-	(735,561)	-
Revenue received otherwise than in cash	-	(200,000)	-	-
Other	7,437	20,000	7,435	20,000
Changes in operating assets and liabilities, net of effects from disposal of controlled entities:				
(Increase)/decrease:				
Trade and other debtors	1,136,744	(4,881,098)	1,258,936	(4,506,269)
Prepayments	(17,889)	(28,131)	(17,889)	(41,870)
Increase/(decrease):				
Payables	31,795	915,652	103,756	746,335
Current tax liabilities	(207,296)	155,915	-	-
Provisions	22,283	14,112	21,710	1,877
Unearned revenue	-	1,768,072	-	1,768,072
Other	(40,351)	-	(40,351)	-
Net cash provided by/(used in) operating activities	1,047,850	(319,471)	356,076	(524,477)
(b) Non-Cash Activities				
• Unpaid interests in Goulburn Street PI	-	3,415,461	-	-
• Acquisition of plant and equipment by means of finance lease	-	157,981	-	157,981
• Services revenue from property schemes received otherwise than in cash, being received in the form of interests in schemes	-	200,000	-	-

The consolidated entity periodically acquires interests in managed investment schemes either directly or indirectly through paying various costs on behalf of schemes. Whether direct or indirect the payments are shown in the statements of cash flows as payments for other financial assets.

(c) Finance Facilities

The consolidated entity had no available finance facilities at balance date.

(d) Restrictions on Use of Cash Assets

Included in cash assets at 31 December 2003 is an amount of $758,664 (June 2002: $nil) which is held by Trust Company of Australia Limited as trustee for the debenture issue – refer to note 11. These funds are available for use by the consolidated entity for the purposes described in the debenture offer which is to provide loans to Cromwell Diversified Property Trust (CDPT) to fund the deposit on the acquisition of 700 Collins Street or to purchase one or more interest rate hedge instruments to assist CDPT to mitigate the interest rate risk associated with borrowings to fund the acquisition of this property. Refer also to note 27 regarding subsequent payment of $920,766 for this purpose.

21. RELATED PARTIES

(a) Directors

The names of parent entity directors during the financial year are:
P.L. Weightman
R.L. Stiles
D.J. Wilson
R.J. Pullar

Information on remuneration of directors is disclosed in note 17.

(b) Transactions with Directors and Director Related Entities

	Consolidated		Parent	
	31 Dec 2003	30 Jun 2002	31 Dec 2003	30 Jun 2002
	$	$	$	$
Fees for legal and compliance services provided by a firm of which P L Weightman is a partner	167,773	201,281	152,283	157,527
Charges for rental of premises by an entity associated with P L Weightman	-	110,889	-	110,889
Rental income from premises provided to an entity associated with P L Weightman	85,665	-	85,665	-
Loan to employee share plan used to purchase shares in the parent entity from an entity associated with R L Stiles	200,000	-	200,000	-

During the December 2003 year the consolidated entity entered into a 50/50 joint venture arrangement with an entity associated with R J Pullar in respect to the put and call agreement for the acquisition of Century House, 316 Adelaide Street, Brisbane. The option to acquire this property was sold in 2003 for $1,113,900 resulting in a gain on sale of $735,561 being recorded by the consolidated entity.

During the December 2003 year the consolidated entity acquired a marketing database for $514,634 from an entity associated with W R Foster, a director of Cromwell Property Securities Limited (a wholly owned controlled entity). In addition the consolidated entity paid W R Foster (or his associate) a systems integration fee of $100,000 in respect of the marketing database. These payments were approved by shareholders at the company's annual general meeting on 27 November 2003.

At the November 2003 annual general meeting shareholders approved the acquisition by D J Wilson of up to 2 million ordinary shares in the parent entity held by the Employee Share Plan (refer to notes 5 and 26).

The consolidated entity had an agreement with an entity associated with P L Weightman to sub-lease from that entity premises on a month to month basis. During the December 2002 half-year the arrangement was terminated. The consolidated entity has entered into a new lease of premises at 200 Mary Street, Brisbane. The consolidated entity has also entered into an agreement with an entity associated with P L Weightman to sub-lease part of those premises to that entity on a month to month basis.

21. RELATED PARTIES (cont)

(c) Shares - Directors and Director Related Entities

	31 Dec 2003 No	30 Jun 2002 No
Aggregate number of shares and options of the parent entity held directly, indirectly or beneficially by directors or their director related entities at balance date:		
Ordinary shares	37,522,567	24,927,330
Options	-	-

No shares or options issued or granted by the parent entity were acquired by directors or their director related entities during the two years.

(d) Transactions within Wholly-owned Group

Cromwell Corporation Limited is the ultimate parent entity in the wholly-owned group comprising the company and its wholly-owned controlled entities. Ownership interests in controlled entities are set out in note 6.

Transactions between the parent entity and its controlled entities included:
- Debentures issued by a controlled entity to the parent entity in the June 2002 financial year and redeemed in the 6 months to December 2002 (note 6);
- Loans between the parent and its controlled entities and repayment thereof (refer Statements of Cash Flows);
- Share of syndication fees paid directly to the parent entity by a controlled entity (see below);
- Management fees paid to the parent entity by controlled entities (note 2);
- Interest received from controlled entity on debentures – 2003 $nil (2002: $29,878).

All loans are interest free and unsecured, with no set repayment terms.

Cromwell Property Securities Limited ("CPSL") and Cromwell Corporation Limited ("CCL") have entered into a cost and fee sharing agreement whereby certain costs incurred in the establishment of managed investment schemes are funded by CCL. Under the agreement CCL is entitled to 90% of the acquisition fee with the remaining 10% allocated to CPSL, although in certain circumstances a greater proportion of the overall fee has been retained by CPSL where CPSL incurs additional costs.

The net allocation of the initial property syndication fees during the year between CCL and CPSL was as follows:

	Notes	Consolidated Entity $	CCL $	CPSL $
30 June 2002:				
Cromwell Northbourne Planned Investment	(i)	1,424,600	1,282,140	142,460
Cromwell TGA Planned Investment		300,000	270,000	30,000
Cromwell Goulburn Street Planned Investment				
- total		3,390,000	3,051,000	339,000
- unearned revenue	(ii)	(1,768,072)	(1,768,072)	-
		3,346,528	2,835,068	511,460
31 December 2003:				
Cromwell Diversified Property Trust		2,563,713	2,319,588	244,125

Notes

(i) Part of the total syndication fee of $1,424,600 was paid in the form of 200,000 interests of $1 each in Cromwell Northbourne Planned Investment. These interests were sold to external investors at cost ($200,000) during the 2002 financial year.

(ii) Unearned revenue was recorded as property syndication fee revenue in the December 2002 half-year.

In addition to the property syndication fees noted above, CPSL earns ongoing management fees from managed investment schemes.

21. RELATED PARTIES (cont)

(e) Transactions with Managed Investment Schemes (managed by the consolidated entity)

CPSL is the responsible entity of a number of managed investment schemes, which from time to time invest in other managed investment schemes managed by CPSL. The consolidated entity derives a range of benefits from schemes managed by CPSL. Those benefits include management fees and the provision of funds to enable loans made to the schemes, investments or funding provided by the consolidated entity to be repaid.

During the December 2003 and June 2002 years the consolidated entity issued debentures to fund its investment in interests in Goulburn Street PI (see notes 6 & 11). Of these debentures, the following were issued to planned investment schemes managed by the consolidated entity:

	31 Dec 2003 $	30 June 2002 $
Cromwell Goulburn Street Planned Investment *	-	-
Cromwell Planned Investment – No 3	-	390,000
Cromwell Northbourne Planned Investment	-	300,000

* $3,000,000 issued during the December 2002 half-year.

During the December 2002 half-year the above debentures were redeemed. The following interest was paid by the consolidated entity (included in borrowing costs) to planned investment schemes:

Cromwell Goulburn Street Planned Investment **	-	-
Cromwell Planned Investment – No 3 **	-	3,769
Cromwell Northbourne Planned Investment **	-	2,865
	-	6,634

** $173,909 interest paid during the December 2002 half-year.

During the June 2002 financial year $3 million owing to the consolidated entity by CCC Marcoola Pty Ltd ("CCC") was repaid from funds borrowed by CCC from the Cromwell Select Income Fund, a scheme managed by the consolidated entity. The funding was in respect of the property development at Marcoola which was undertaken by CCC with services provided by the consolidated entity. During the December 2002 half-year the $3 million loan owing by CCC to Cromwell Select Income Fund was repaid.

During the December 2003 year the parent entity acquired 380,500 interests at $1 each in the Cromwell Select Income Fund and redeemed 365,000 of these interests at cost.

During the December 2002 half-year the parent entity entered into a lease of premises with Cromwell Mary Street Planned Investment (refer note 3 for minimum lease payments paid and note 24 for the operating lease commitments). As part of the lease arrangements the parent entity received a lease incentive.

The directors believe transactions between related parties were on commercial terms and conditions, unless otherwise stated.

Aggregate amounts payable to directors and their director-related entities (including remuneration) at the reporting date:

	Consolidated Entity		Parent Entity	
	31 Dec 2003 $	30 Jun 2002 $	31 Dec 2003 $	30 Jun 2002 $
Current liabilities				
- directors remuneration	9,828	-	9,828	-
- marketing database*	423,725	-	423,725	-
- systems integration fee	22,549	-	22,549	-
	456,102	-	456,102	-

*These amounts are owed to an entity related to WR Foster who is a director of Cromwell Property Securities Limited (a wholly owned controlled entity).

22. SEGMENT INFORMATION

Primary Reporting – Business Segments

2003

During the December 2003 year the consolidated entity operated predominantly in the one business segment. It derived revenue from management and administrative services provided to property and mortgage related managed investment schemes for which a controlled entity is the responsible entity. The consolidated entity operates in Australia only.

2002

During the June 2002 financial year the consolidated entity operated in Australia in the following divisions by service type:

- Managed Investment Schemes (MIS) Division – the consolidated entity is involved in the promotion and management of property and mortgage related managed investment schemes.
- Property Development Management (PDM) Division – the consolidated entity was involved in the management of certain property developments, primarily with one third party developer.

	MIS Division $	PDM Division $	Consolidated Entity $
Segment revenue	4,950,652	1,500,000	6,450,652
Sale of interests in MIS			3,288,000
Other unallocated revenue			534,524
Revenue from ordinary activities			10,273,176
Segment result	1,087,753	1,168,767	2,256,520
Unallocated revenue less unallocated expenses			(289,052)
Profit from ordinary activities before income tax			1,967,468
Income tax expense			(155,915)
Net profit			1,811,553
Assets			
Segment assets	4,416,221	3,219,433	7,635,654
Interests in MIS			23,432,461
Other unallocated assets			587,884
Total assets			31,655,999
Liabilities			
Segment liabilities	3,131,853	153,759	3,285,612
Liabilities associated with MIS interests			21,545,781
Other unallocated liabilities			1,031,462
Total liabilities			25,862,855
Acquisition of non-current assets	60,000	-	60,000
Interests in MIS (non-current)			-
Unallocated			238,531
			298,531
Depreciation and amortisation	25,410	-	25,410
Unallocated			53,809
			79,219

22. SEGMENT INFORMATION (cont)

Notes to and forming part of the segment information

(a) Accounting policies
Segment information is prepared in conformity with the accounting policies of the entity as disclosed in note 1 and the segment reporting accounting standard, AASB 1005 *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, property, plant and equipment and other intangible assets, net of related provisions. While most of these assets can be directly attributed to individual segments, the carrying amounts of certain assets used jointly by segments are allocated where appropriate based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes or interest bearing liabilities.

(b) Inter-segment transfers
There are no inter-segment transfers.

23. FINANCIAL INSTRUMENTS

Derivative Financial Instruments
The consolidated entity does not normally use derivative financial instruments on its own account (however, derivatives such as interest rate swaps are used for schemes for which CPSL, a controlled entity, is the responsible entity).

Interest Rate Risk
Cash assets – held in at call bank accounts with variable interest receivable thereon at market bank rates which were approximately 4.0% at 31 December 2003 (June 2002: 3.0%).

Receivables/payables – generally no interest is receivable or payable thereon, except as disclosed in note 5.

Other financial assets – generally no interest is receivable thereon, although the paid up interests in the managed investment schemes are entitled to a monthly distribution of income from the respective scheme.

Lease liabilities – the interest rate implicit in each lease is fixed over the relevant lease term. The average interest rate on the various leases is approximately 6.6% (June 2002: 6.6%). Leases are payable by fixed monthly instalments with a residual over the period to 2006.

Other interest-bearing liabilities – see note 11.

Net Fair Value
The net fair values of financial assets and financial liabilities generally approximate their carrying values.

The non-current receivable loan to Meadowbrook Shopping Village Syndicate is expected to be recovered in the 2004/2005 financial year and, given that the loan is non-interest bearing, it is estimated to have a net fair value in the order of $40,000 - $60,000 less than carrying value. However, as it is the consolidated entity's policy not to discount to present value in determining the recoverable amount these receivables are recognised at the amount due.

The consolidated entity's share of the net assets of Mary Street Planned Investment at 31 December 2003 was approximately $1,355,000. Similarly to the above, as it is the consolidated entity's policy not to discount to present value in determining recoverable amount the interests are recognised at cost of $1,517,000 which the directors believe is recoverable.

Credit Risk
The credit risk on financial assets which have been recognised in the statement of financial position is generally the carrying amount, net of any provisions.

23. FINANCIAL INSTRUMENTS (cont)

The consolidated entity has the following material credit risk exposures arising from concentrations of credit risk at balance date:

	Consolidated	
	31 Dec 2003	30 Jun 2002
Receivables	$	$
Amounts due from a third party property developer:		
• trade debtors - Norman Park Manors Pty Ltd	-	550,000
- CCC Marcoola Pty Ltd	-	1,650,000
• other loans - Norman Park Manors Pty Ltd	-	646,625
- CCC Marcoola Pty Ltd	-	372,808
- Canham Commodities Corporation Pty Ltd	143,463	-
- Margaret Square Pty Ltd	73,500	-
	216,963	3,219,433
Loans to property syndicates/schemes managed by the consolidated entity		
- Meadowbrook Shopping Village Syndicate	479,423	439,423
- Cromwell Diversified Property Trust	6,000,000	-
	6,479,423	439,423

(Refer to note 5 for further explanation on the above receivables)

Revenue		
A large proportion of the consolidated entity's revenue is derived from a small number of transactions:		
• property syndication fees – see note 21	2,563,713	3,346,528
• property development management service fees – see notes 2 and 5	-	1,500,000

Receivables also include a loan to the employee share plan (see notes 5 and 26).

The majority of the balance of revenue and trade debtors is derived from/owed by schemes for which a controlled entity acts as responsible entity.

24. COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent	
	31 Dec 2003	30 Jun 2002	31 Dec 2003	30 Jun 2002
	$	$	$	$
Finance Leases				
Commitments in relation to finance leases are payable as follows:				
Within one year	95,663	42,509	95,663	36,770
Later than one year but not later than five years	296,370	182,230	296,370	182,230
Minimum lease payments	392,033	224,739	392,033	219,000
Future finance charges	(43,184)	(29,743)	(43,184)	(29,564)
Recognised as a liability	348,849	194,996	348,849	189,436
Representing lease liabilities				
Current	72,870	27,961	72,870	22,401
Non-current	275,979	167,035	275,979	167,035
	348,849	194,996	348,849	189,436

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

Operating Leases

Commitments in relation to operating leases in existence at the reporting date but not recognised as liabilities are payable as follows:

Within one year	251,655	15,808	251,655	15,808
Later than one year but not later than five years	657,505	6,760	657,505	6,760
	909,160	22,568	909,160	22,568

Operating leases primarily comprise the lease of the consolidated entity's premises. The lease is for five years with an option for a further five years with rentals increasing at 3.5% per annum.

25. CONTINGENT LIABILITIES

The consolidated entity has provided the following guarantees:

- Margaret Square Project
  The consolidated entity has provided a guarantee to the seed lenders to Margaret Square Pty Ltd which had an option over a property in Margaret Street, Brisbane and carried out feasibility on developing the property. The option has since expired and the project abandoned. The guarantee is limited to the amount recoverable under a mortgage held by the consolidated entity over the assets of CCC Marcoola Pty Ltd, a company related to Margaret Square Pty Ltd. The consolidated entity has also provided loans to Margaret Square Pty Ltd ($73,500) and Canham Commodities Corporation Pty Ltd ($143,463), another company related to Margaret Square Pty Ltd – see note 5. The loan to Canham Commodities Corporation Pty Ltd is also secured under the same mortgage. The directors believe the loan to Canham Commodities Corporation Pty Ltd will be fully paid and that the consolidated entity will not incur any loss under the guarantee provided to the seed lenders to Margaret Square Pty Ltd.

- Meadowbrook Shopping Village
  The parent entity has provided a guarantee of $200,000 (2002: $200,000) to the financier of a lessee's fitout at the Meadowbrook Shopping Village (the consolidated entity manages the Shopping Village on behalf of the Meadowbrook Shopping Village Syndicate).

- Cromwell Diversified Property Trust – Convertible Underwriting Units (CUUs)
  The parent entity has guaranteed that CUU unitholders in Cromwell Diversified Property Trust ("CDPT") will receive distributions of 9% per annum during the term of issue of the CUUs by CDPT. The parent entity has also guaranteed holders of CUUs that all CUUs will be redeemed at $1 per CUU. The CUUs were issued by CDPT to assist in funding the deposit and certain acquisition costs on properties to be acquired from Challenger Financial Services Group ("Challenger"). As at 31 December 2003 the Custodian had received applications for 3.33 million CUUs although none had been issued at that date. On 17 March 2004 CDPT entered into an unconditional contract with Challenger and paid a further deposit of $7 million.

  A total of 12.509 million CUUs of $1 each have been subsequently issued by CDPT to fund the deposit and other associated acquisition costs. The CUUs have a maximum term of 12 months from the date of issue (17 March 2004) and may be redeemed earlier at the discretion of the responsible entity. A Product Disclosure Statement (PDS) is currently being prepared by Cromwell Property Securities Ltd, as the responsible entity for CPDT, to raise equity capital to assist in funding the properties to be purchased from Challenger and 700 Collins Street. The CUUs are to be redeemed from the proceeds of the PDS. See also note 28.

26. EMPLOYEE SHARE OWNERSHIP PLAN

An employee Share Ownership Plan (ESOP) was established in June 2003 by the directors of the parent entity and at that time acquired 2 million ordinary shares in the parent entity at a cost of $200,000 (being $0.10 per share). This was funded by way of a loan to the ESOP from the parent entity (refer note 5). All full-time and part-time employees who meet minimum service requirements, including directors of Cromwell Corporation Limited and its controlled entities, are eligible to participate in the Plan. Participation of the directors is subject to shareholder approval.

Shares granted under the Plan are entitled to voting rights and dividend participation.

At the Annual General Meeting on 27 November 2003, all the shares available under the plan were allocated to DJ Wilson, a director of the parent entity, at cost plus accumulated interest. The shares are to be acquired by DJ Wilson as follows –

Acquisition Period	No of Shares	$*
27/11/03 – 30/6/04	500,000	50,000
1/7/04 – 30/6/05	500,000	50,000
1/7/05 – 30/6/06	500,000	50,000
1/7/06 – 30/6/07	500,000	50,000
	2,000,000	200,000

* plus interest costs

The shares purchased are to be allocated at the end of the respective period. If any of the 500,000 shares have not been acquired by the end of each period, the right to acquire those shares will not be carried forward, but will automatically lapse. The right to acquire any additional shares will lapse on the date DJ Wilson ceases employment with the company.

DJ Wilson is restricted from disposing of or encumbering the shares until the earliest of –

- 10 years from acquisition;
- cessation of his employment; or
- a time determined by the board.

For the period to 31 December 2003, DJ Wilson has contributed $12,500 to the ESOP which equated to 121,222 fully paid ordinary shares. The fair value of those shares was approximately $13,929 as at 31 December 2003 based upon the closing price which the company's shares were traded on the Australian Stock Exchange at the end of the year.

27. SUBSEQUENT EVENTS

Cromwell Diversified Property Trust

The consolidated entity has incurred additional due diligence costs of approximately $276,000 in respect of the acquisition of the portfolio of properties from Challenger Financial Services Group ("Challenger") and in the preparation of the PDS in connection with the proposed capital raising – see note 5.

In February 2004 the consolidated entity paid $920,766 on behalf of CDPT to forward fix the interest rate (at 6.5% per annum for three years) on the debt facility of $86.45 million which is due to be drawn down in September 2004 to fund the acquisition of the investment property at 700 Collins Street, Melbourne. This cost was reimbursed by CDPT in March 2004 from the proceeds of the issue of CUUs – refer note 25.

In March 2004 the consolidated entity paid Investec Bank (Australia) Limited $1.33 million (and agreed to pay a further $715,000 by 30 June 2004) as a non-refundable commitment fee on a debt facility of up to $57.2 million. The facility is to be drawn down if required to assist in funding the purchase of the Challenger and 700 Collins Street properties. The consolidated entity has agreed not to recover this cost from CDPT directly. However, the consolidated entity will earn property syndication fees on settlement of these acquisitions which will more than recover the commitment fee.

The financial effects of the above were not recognised as at 31 December 2003.

28. CROMWELL DIVERSIFIED PROPERTY TRUST – PROPOSED CAPITAL RAISING

As noted above, a PDS is currently being prepared to raise equity capital to assist in funding the acquisition of the Challenger and 700 Collins Street Properties. The consolidated entity has incurred various costs as part of the acquisition of these properties as well as provided CDPT with loans to fund deposits of the properties and guarantees in respect of the distribution and capital redemption of the CUUs issued by CDPT for this purpose.

A summary of the consolidated entity's exposure to CDPT as at 31 December 2003 and 19 March 2004 is set out below.

		Consolidated	
	Reference Note	31 Dec 2003 $	19 Mar 2004 $
Paid/Payable to Date			
• Loan – CDPT	5	6,000,000	5,000,000
• Recoverable costs - CDPT			
Acquisition due diligence and associated costs	7	782,453	1,058,740
• Loan establishment fee (Investec)	27	-	2,045,000
		6,782,453	8,103,740
Contingent Liability			
• Guarantees – CUUs	25	-	12,509,000

28. CROMWELL DIVERSIFIED PROPERTY TRUST – PROPOSED CAPITAL RAISING (cont)

It is intended that the proposed capital raising will have a minimum subscription of $34 million by June 2004 (to enable CDPT to purchase the Challenger properties and 700 Collins Street) and a maximum subscription of $146.3 million. The assumed timing and quantum of the capital raising have been derived from a detailed marketing research paper prepared by the directors, however, the capital raising will not be underwritten.

If subscriptions are not received within certain timeframes, the CDPT will be in default under one or more of its standby loan facilities, including the Investec facility noted in note 27 above. The potential impact of this is not capable of reasonable estimation given the ultimate sharing of costs and/or expenses between the consolidated entity and CDPT is unknown.

The directors are confident the CDPT will achieve maximum subscription within certain timeframes up to 30 June 2005 and that all costs in respect of the transaction will be recoverable by the CDPT.

The directors declare that the attached financial statements and notes:

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) give a true and fair view of the company's and consolidated entity's financial position as at 31 December 2003 and of their performance, as represented by the results of their operations and their cash flows, for the 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 the company 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 Board of Directors.

P.L. Weightman
Director

Dated this 19th day of March 2004

JOHNSTON RORKE

Chartered Accountants

Floor 5 National Bank House
255 Adelaide Street Brisbane Q 4000
GPO Box 1144 Brisbane Q 4001
Ph 07 3222 8444 / Fax 07 3221 7779
Website www.jr.com.au
Email jr@jr.com.au

INDEPENDENT AUDIT REPORT TO MEMBERS OF CROMWELL CORPORATION LIMITED

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Cromwell Corporation Limited (the company) and the consolidated entity, for the year ended 31 December 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Cromwell Corporation Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 31 December 2003 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty

Without qualification to the opinion expressed above, attention is drawn to the following matter. As set out in note 28 the consolidated entity has a significant exposure to various loans and commitments provided to the Cromwell Diversified Property Trust (CDPT) as described in notes 25 and 28. Since CDPT's proposed capital raising will not be underwritten, there is uncertainty whether the consolidated entity will recover all the loans and amounts paid or payable on behalf of CDPT and whether it will become liable under the various guarantees it has given. The potential impact of this is not capable of reasonable estimation given the outcome of the capital raising and ultimate sharing of costs and/or expenses between the consolidated entity and CDPT is unknown.

JOHNSTON RORKE
Chartered Accountants

RCN WALKER
Partner

Brisbane, Queensland
19 March 2004