



CROMWELL
PROPERTY GROUP

Cromwell Ipswich City Heart Trust

ARSN 154 498 923

Half-Year Financial Report

31 December 2018

Responsible Entity:
Cromwell Funds Management Limited
ABN 63 114 782 777 AFSL 333214
Level 19, 200 Mary Street
Brisbane QLD 4000

Contents

Directors' Report	3
Auditor's Independence Declaration	6

Financial Statements

Statement of Comprehensive Income	7	Statement of Changes in Equity	9
Statement of Financial Position	8	Statement of Cash Flows	10

Notes to the Financial Statements	11
Directors' Declaration	15
Independent Auditor's Review Report	16

DIRECTORY

Responsible Entity:

Cromwell Funds Management Limited
ABN 63 114 782 777
AFSL 333214
Level 19, 200 Mary Street
Brisbane QLD 4000
Tel: +61 7 3225 7777
Fax: +61 7 3225 7788
Email: invest@cromwell.com.au
Web: www.cromwell.com.au

Custodian:

The Trust Company Limited
Angel Place, Level 18
123 Pitt Street
Sydney NSW 2000
Tel: 02 9229 9000
Web: www.perpetual.com.au

Auditor:

Pitcher Partners
Level 38, Central Plaza One
345 Queen Street
Brisbane QLD 4000
Tel: +61 7 3222 8444
Fax: +61 7 3221 7779
Web: www.pitcher.com.au

Directors' Report

The Directors of Cromwell Funds Management Limited, the responsible entity of Cromwell Ipswich City Heart Trust (the "Trust"), present their report at the end of the half-year ended 31 December 2018.

The responsible entity and its Directors

Cromwell Funds Management Limited has been the responsible entity of the Trust since its registration. Cromwell Funds Management Limited is part of Cromwell Property Group, a global real estate investment manager with \$11.5 billion of assets under management. The responsible entity undertakes management and administrative duties for the Trust and monitors the Custodian, The Trust Company Limited, which holds the Trust's assets on behalf of the unitholders.

The responsible entity's Directors are as follows:

Ms MA McKellar	Non-executive Director
Ms JA Tongs	Non-executive Director
Mr WRL Foster	Non-executive Director
Mr PL Weightman	Executive Director

Trust extension

The Trust reached the end of its initial seven year term on 28 December 2018 and unitholders were asked to vote on a rollover proposal for the Trust in September 2018 a total of 47,858,798 units were eligible to vote. Excluded were 4,641,182 units held by Cromwell Direct Property Fund, a managed investment scheme managed by Cromwell Funds Management Limited and 20 units held by a Director of Cromwell Funds Management Limited. A total of 40,114,888 votes were cast in the poll, representing 83.82% of eligible votes. Of those, 39,480,763 votes, representing 82.49% of total eligible votes, were in favour of the extending the Trust term. An extraordinary resolution to rollover the Trust for a further four and a half years to 28 June 2023 was therefore approved by unitholders.

Review of operations and results

Financial performance

The Trust recorded a statutory profit of \$2,786,000 for the half-year ended 31 December 2018 (2017: statutory profit of \$6,231,000).

The statutory profit includes a number of items which are non-cash in nature, or occur infrequently and/or relate to realised or unrealised changes in the values of assets and liabilities and in the opinion of the Directors of the responsible entity, need to be adjusted for in order to allow unitholders to gain a better understanding of the Trust's underlying operating profit. Operating profit is considered by the Directors to reflect the underlying earnings of the Trust. It is a key metric taken into account in determining distributions for the Trust.

The Trust recorded an operating profit for the half-year of \$2,811,000 (2017: \$2,612,000). Operating profit is not calculated in accordance with International Financial Reporting Standards ("IFRS") and has not been audited or reviewed by the Trust's auditor. A reconciliation of operating profit for the Trust, as assessed by the Directors, to the reported profit for the half-year is as follows:

	Half-year ended	
	31 December 2018 \$'000	31 December 2017 \$'000
Operating profit	2,811	2,612
<i>Reconciliation to profit for the year</i>		
Fair value net (losses) / gains:		
Investment property	(368)	2,958
Derivative financial instruments	151	462
Non-cash property investment income / (expense):		
Straight-line lease income	430	659
Lease incentive and lease cost amortisation	(159)	(103)
Amortisation of loan transaction costs	(79)	(35)
Performance fees ⁽¹⁾	-	(322)
Profit for the half-year	2,786	6,231

(1) Performance fees are only payable to the responsible entity on the successful sale of the Investment Property or an extension of the Trust term. Operating profit is adjusted for the movement in the performance fee provision. As part of the rollover proposal put to unitholders at an EGM on 26 September 2018, unitholders approved an amendment to the constitution of the Trust in respect of the performance fee calculation period; the calculation period for the performance fee since acquisition of the Investment Property was brought forward to 30 June 2018 from 28 December 2018 (refer to note 6 to the financial statements).

Directors' Report

Rental income, excluding straight-line lease income and lease incentive and lease cost amortisation, which are non-cash items, was \$5,320,000 (2017: \$5,084,000).

	Half-year ended	
	31 December 2018 \$'000	31 December 2017 \$'000
Base rent and recoverable outgoings	5,399	5,084
Straight-line lease income	430	659
Lease incentive and lease cost amortisation	(159)	(103)
Rental income and recoverable outgoings	5,670	5,640

The increase in base rent and recoverable outgoings is largely due to annual increases in rent received from the tenants of the property.

Operating profit per unit for the half-year was 5.4 cents (2017: 5.0 cents). Distributions paid/payable per unit for the half-year was 4.8 cents (2017: 4.6 cents).

	Half-year ended	
	31 December 2018 Cents	31 December 2017 Cents
Operating profit per unit ⁽¹⁾	5.4	5.0
Profit per unit	5.3	11.9
Distribution per unit	4.8	4.6

(1) Based upon operating profit disclosed page 3.

Financial position

	As at	
	31 December 2018	30 June 2018
Total assets (\$'000)	129,776	129,412
Net assets (\$'000)	75,026	74,734
Net debt (\$'000) ⁽¹⁾	41,388	41,627
Gearing (%) ⁽²⁾	33.5%	33.8%
Units issued ('000)	52,500	52,500
NTA per unit	\$1.43	\$1.42
NTA per unit (excluding interest rate derivatives)	\$1.44	\$1.43

(2) Borrowings less cash and cash equivalents.

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

NTA per unit is a key measure of the underlying value of the Trust's assets. This was \$1.43 per unit compared to \$1.42 at the end of the last financial year.

Subsequent events

No matter or circumstance has arisen since 31 December 2018 that has significantly affected or may significantly affect:

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

Rounding of amounts

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars, or in certain cases to the nearest dollar.

Directors' Report

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) accompanies this report on page 6.

This report is made pursuant to section 306(3) of the *Corporations Act 2001* (Cth).



PL Weightman

Director

27 February 2019

Brisbane



PITCHER PARTNERS

Level 38, 345 Queen Street
Brisbane, Queensland 4000

Postal Address
GPO Box 1144
Brisbane, Queensland 4001

Tel +61 7 3222 8444
Fax +61 7 3221 7779
www.pitcher.com.au
info@pitcherpartners.com.au

The Directors
Cromwell Funds Management Limited
As Responsible Entity for Cromwell Ipswich City Heart Trust
Level 19
200 Mary Street
BRISBANE QLD 4000

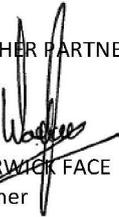
Dear Directors

Auditor's Independence Declaration

As lead auditor for the review of the financial report of Cromwell Ipswich City Heart Trust for the half year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

PITCHER PARTNERS


WARWICK FACE
Partner

Brisbane, Queensland
27 February 2019

Ken Ogden
Nigel Fischer
Mark Nicholson

Peter Camenzuli
Jason Evans
Ian Jones

Kylie Lamprecht
Norman Thurecht
Brett Headrick

Warwick Face
Nigel Batters
Cole Wilkinson

Simon Chun
Jeremy Jones
Tom Splatt

James Field
Daniel Colwell

Statement of Comprehensive Income

For the half-year ended 31 December 2018

	Notes	Half-year ended	
		31 December 2018 \$'000	31 December 2017 \$'000
Revenue and other income			
Rental income and recoverable outgoings		5,670	5,640
Interest		60	54
Fair value net gains from:			
Investment property	3	-	2,958
Derivative financial instruments		151	462
Total revenue and other income		5,881	9,114
Expenses			
Property expenses and outgoings		996	966
Management and administration costs		531	442
Performance fees		-	322
Finance costs	5(c)	1,200	1,153
Fair value net loss from investment property	3	368	-
Total expenses		3,095	2,883
Profit for the half-year		2,786	6,231
Other comprehensive income for the half-year		-	-
Total comprehensive income for the half-year		2,786	6,231

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

Statement of Financial Position

As at 31 December 2018

	Notes	As at	
		31 December 2018 \$'000	30 June 2018 \$'000
Current assets			
Cash and cash equivalents		6,372	6,294
Receivables		365	109
Other current assets		39	9
Total current assets		6,776	6,412
Non-current asset			
Investment property	3	123,000	123,000
Total non-current asset		123,000	123,000
Total assets		129,776	129,412
Current liabilities			
Trade and other payables		5,316	865
Distribution payable		421	413
Derivative financial instruments	4	116	471
Unearned income		933	873
Borrowings	5	-	47,921
Provisions	6	-	4,135
Total current liabilities		6,786	54,678
Non-current liabilities			
Derivative financial instruments	4	204	-
Borrowings	5	47,760	-
Total non-current liabilities		47,964	-
Total liabilities		54,750	54,678
Net assets		75,026	74,734
Equity			
Contributed equity	7	51,119	51,119
Retained earnings		23,907	23,615
Total equity		75,026	74,734

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

Statement of Changes in Equity

For the half-year ended 31 December 2018

31 December 2018	Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2018		51,119	23,615	74,734
Total comprehensive income for the half-year		-	2,786	2,786
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Distributions paid / payable	2	-	(2,494)	(2,494)
Balance at 31 December 2018		51,119	23,907	75,026

31 December 2017	Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2017		51,119	15,457	66,576
Total comprehensive income for the half-year		-	6,231	6,231
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Distributions paid / payable	2	-	(2,428)	(2,428)
Balance at 31 December 2017		51,119	19,260	70,379

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

Statement of Cash Flows

For the half-year ended 31 December 2018

	Half-year ended	
	31 December 2018 \$'000	31 December 2017 \$'000
Cash flows from operating activities		
Receipts in the course of operations	5,911	5,669
Payments in the course of operations	(1,884)	(1,878)
Interest received	76	54
Finance costs paid	(1,152)	(1,123)
Net cash provided by operating activities	2,951	2,722
Cash flows from investing activities		
Payments for investment property	(147)	(87)
Net cash used in investing activities	(147)	(87)
Cash flows from financing activities		
Payment of distributions	(2,486)	(2,415)
Payment of loan transaction costs	(240)	(23)
Net cash used in financing activities	(2,726)	(2,438)
Net increase in cash and cash equivalents	78	197
Cash and cash equivalents at 1 July	6,294	5,850
Cash and cash equivalents at 31 December	6,372	6,047

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

Notes to the Financial Statements

For the half-year ended 31 December 2018

1 Basis of preparation

This general purpose financial report of Cromwell Ipswich City Heart Trust (the "Trust") for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (Cth). The financial report is designed to provide an update on the Trust's financial performance and financial position since the last annual financial report was issued. This financial report therefore does not include all the notes normally included in an annual financial report and needs to be read in conjunction with the annual report for the year ended 30 June 2018. The Trust is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies adopted, other than those outlined below under *New and amended standards adopted by the Trust*, are consistent with those of the previous financial year and corresponding half-year reporting period.

Rounding of amounts

The Trust is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars, or in certain cases to the nearest dollar.

New and amended standards adopted by the Trust

During the half-year reporting period ended 31 December 2018, the following new accounting standards and interpretations were adopted by the Trust:

	Application date of Standard	Application date for the Trust
AASB 9 <i>Financial Instruments</i>	1 Jan 2018	1 Jul 2018
AASB 15 <i>Revenue from Contracts with Customers</i>	1 Jan 2018	1 Jul 2018

The impact of adoption of the new standards for the half-year reporting period is summarised below.

AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and derecognition of financial assets that are classified as available-for-sale or are designated at fair value through profit or loss, as well as financial liabilities designated at fair value through profit or loss. The standard also introduces new rules for hedge accounting, to align more closely with an entity's risk management practices.

As noted in the Trust's annual financial report for the year ended 30 June 2018, the Trust does not carry such financial assets or financial liabilities, and currently does not apply hedge accounting. As a result, adoption of the new accounting standard from 1 July 2018 will not have a material impact on the accounting for financial assets or financial liabilities, nor will it have a material impact on the Trust's hedging arrangements in the half-year reporting period ended 31 December 2018. Comparative results have not been restated.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue*, which currently covers contracts for goods and services, and AASB 111 *Construction Contracts* which covered construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

As noted in the Trust's annual financial report for the year ended 30 June 2018, the standard does not change the recognition of the Trust's primary revenue item, being rental income and recoverable outgoings. As a result, adoption of the new accounting standard from 1 July 2018 will not have a material impact on the Trust. Comparative results have not been restated.

The Trust has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Continuous disclosure

Continuous disclosure and updates on the Trust's performance and events significant to the Trust are provided on Cromwell's webpage at www.cromwell.com.au/investment-options/fully-subscribed-funds/cromwell-ipswich-city-heart-trust.

Trust term

The Trust's initial term was due to expire on 28 December 2018. The unitholders of the Trust have voted to approve an extension of the initial term of the Trust by four and a half years, to 28 June 2023.

2 Distributions

(a) Overview

The Trust's distribution policy is to distribute an amount which is no more than 100% of expected profits available for distribution over the medium term. Profits available for distribution exclude fair value gains or losses.

Notes to the Financial Statements

For the half-year ended 31 December 2018

(b) Distributions paid / payable

Distribution rates per unit since inception of the Trust were as follows:

From inception:	7.75 cents
1 July 2012 to 30 June 2013:	8.00 cents
1 July 2013 to 30 June 2014:	8.25 cents
1 July 2014 to 30 June 2015:	8.50 cents
1 July 2015 to 30 June 2016:	8.75 cents
1 July 2016 to 30 June 2017:	9.00 cents
1 July 2017 to 30 June 2018:	9.25 cents
Since 1 July 2018:	9.50 cents

Distributions increased by 23% since the inception of the Trust in December 2011. The distribution rate for the half-year was 9.50 cents per annum and is paid monthly. The annual distribution increases since inception of the Trust were made possible by annual rent increases from the Trust's investment property.

Total distributions paid / payable during the half-year were as follows:

	Half-year ended	
	31 December 2018 \$'000	31 December 2017 \$'000
Distributions paid / payable	2,494	2,428

3 Investment property

(a) Overview

The Trust holds one investment property, Ipswich City Heart Building at 117 Brisbane Street, Ipswich, Queensland. The property is 91% leased to the Queensland State Government's Department of Public Works until 2028.

	Independent valuation date	Independent valuation		Carrying amount		Fair value adjustment	
		As at		As at		For the half-year ended	
		31-Dec 2018 \$'000	30-Jun 2018 \$'000	31-Dec 2018 \$'000	30-Jun 2018 \$'000	31-Dec 2018 \$'000	31-Dec 2017 \$'000
117 Brisbane Street, Ipswich	Jun-18	123,000	123,000	123,000	123,000	(368)	2,958

(b) Movements in investment property

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

	Half-year ended	
	31 December 2018 \$'000	31 December 2017 \$'000
Balance at 1 July	123,000	114,000
<i>Additions at cost:</i>		
Improvements	12	-
Straight-line lease income	430	659
Lease costs and incentives	6	486
Lease incentive and lease cost amortisation	(80)	(103)
Net (loss) / gain from fair value adjustments	(368)	2,958
Total investment property	123,000	118,000

4 Derivative financial instruments

(a) Overview

The Trust manages its cash flow interest rate risk by using floating-to-fixed interest rate swap contracts. In these contracts the Trust agrees with other counterparties to exchange, at specified intervals (usually 30 days), the difference between contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Notes to the Financial Statements

For the half-year ended 31 December 2018

The original swap contract expired on 31 December 2018. On this date the Trust entered into a new swap contract to 28 June 2023. Under the new contract, the Trust will effectively pay interest on a notional swap amount of \$48,000,000 at a fixed rate of 2.105% (30 June 2018: at a fixed rate of 3.72%) with the counterparties paying at the variable 30 day bank bill swap bid rate which at balance date was 2.045% (30 June 2018: 2.07%).

	31 December 2018 \$'000	30 June 2018 \$'000
<i>Current liabilities</i>		
Interest rate swap contract	116	471
<i>Non-current liabilities</i>		
Interest rate swap contract	204	-

5 Borrowings

(a) Overview

The Trust has borrowed funds from a financial institution to partly fund the acquisition of the Trust's investment property at 117 Brisbane Road, Ipswich. This note provides further details about the Trust's debt facility and relating finance costs incurred during the year.

	As at	
	31 December 2018 \$'000	30 June 2018 \$'000
<i>Secured:</i>		
Bank loan – investment property	48,000	48,000
Less: unamortised loan transaction costs	(240)	(79)
Total borrowings – non-current	47,760	47,921

(b) Borrowing details

Bank loan – investment property

This bank loan facility is secured by a first registered mortgage over the Trust's investment property located at 117 Brisbane Street, Ipswich. In December 2018, the Trust renegotiated the terms of its finance facility extending the term of the facility by five years to December 2023, with the facility limit remaining unchanged. The loan bears interest at a variable rate plus a margin. The Trust has no unused finance facilities.

Due to the Trust having swap contracts for an amount equal to the bank loan facility and under such contracts receiving payments equal to the variable rate from the counterparty, the impact is equal to the loan interest being the fixed rate of 2.105% plus the margin. This will revert to the variable plus the margin once the swap contract expires in June 2023.

(c) Finance costs

	Half-year ended	
	31 December 2018 \$'000	31 December 2017 \$'000
Interest	1,121	1,118
Amortisation of loan transaction costs	79	35
Total finance costs	1,200	1,153

6 Provisions

(a) Overview

The responsible entity is entitled to a performance fee payable under the Trust's constitution. The performance fee payable is calculated as 20% of the excess cash flow above an internal rate of return of 10% from the property from the date of acquisition. Following the rollover of the Trust during the reporting period, the responsible entity became entitled to a performance fee by extraordinary resolution of the unitholders on 22 August 2018, hence, this amount has now been recognised in Trade and other payables.

	31 December 2018 \$'000	30 June 2018 \$'000
<i>Current:</i>		
Provision for performance fee	-	4,135

Notes to the Financial Statements

For the half-year ended 31 December 2018

(b) Movement in provision

	\$'000
Balance at 1 July 2017	2,416
Adjustment of provision through profit or loss	322
Balance at 31 December 2017	2,738
Adjustment of provision through profit or loss	1,397
Balance at 30 June 2018	4,135
Transfer to trade creditors ⁽¹⁾	(4,135)
Balance at 31 December 2018	-

(1) Performance fee subsequently paid out in January 2019.

7 Contributed equity

(a) Overview

The Trust is now closed and will not issue any more units. Following approval by unitholders of the rollover of the Trust, the Trust term has been extended for a further four and a half years to until 28 June 2023. During the extended term unitholders have no right of withdrawal.

	As at 31 December 2018		As at 30 June 2018	
	# '000	\$ '000	# '000	\$ '000
Issued units	52,500	51,119	52,500	51,119

8 Fair value disclosures – financial instruments

(a) Overview

This note provides an update on the fair value measurements of financial instruments since the last annual financial report, including estimates and judgements made to determine the fair value of financial instruments.

(b) Fair value hierarchy

The Trust measures and recognises the following financial instruments at fair value on a recurring basis:

- Interest rate swap contracts – derivative financial instruments.

AASB 13 *Fair Value Measurement* describes a hierarchy of fair value measurements depending on the type of inputs used to determine fair value. The levels of fair value measurement as described in the accounting standard are as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification into different levels provides an indication about the reliability of the inputs used in determining fair value with level 1 measurements using the most reliable inputs and level 3 using the least reliable inputs as they are based on judgements and estimates.

The measurement of the fair value of the Trust's interest rate swaps is a level 2 measurement. These are "Vanilla" fixed to floating interest rate swap derivatives (over-the-counter derivatives). The fair value of the interest rate swaps has been determined using a pricing model based on discounted cash flow analysis which incorporates assumptions supported by observable market data at balance date including market expectations of future interest rates and discount rates adjusted for any specific features of the derivatives and counterparty or own credit risk.

The Trust held no other financial instruments at fair value in the current or prior year and there were no transfers between levels of the fair value hierarchy during the period.

(c) Fair values of other financial instruments not measured at fair value

The carrying amounts of receivables, other current assets, trade and other payables and distributions payable are assumed to approximate their fair values due to their short-term nature. The fair value of non-current borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Trust for similar financial instruments. The fair value of these borrowings is not materially different from the carrying value.

9 Unrecognised items

(a) Contingent liabilities

As disclosed in the Trust's 30 June 2018 annual financial report the Directors are not aware of any material contingent liabilities and the Directors are not aware of any material changes in contingent liabilities of the Trust since the last annual financial report.

(b) Commitments

The Trust does not have any material expenditure commitments. There has been no change since the Trust's last annual financial report.

Directors' Declaration

In the opinion of the Directors of Cromwell Funds Management Limited as responsible entity for Cromwell Ipswich City Heart Trust (collectively referred to as "the Directors"):

- (a) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- (b) the attached financial statements and notes are in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* (Cth), and;
 - (ii) giving a true and fair view of the Trust's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.

This report is made pursuant to section 303(5) of the *Corporations Act 2001* (Cth).



PL Weightman

Director

27 February 2019

Brisbane

INDEPENDENT AUDITOR'S REVIEW REPORT

Postal Address

GPO Box 1144

Brisbane, Queensland 4001

To the Members of Cromwell Ipswich City Heart Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half year financial report of Cromwell Ipswich City Heart Trust, which comprises the balance sheet as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

The directors of the Cromwell Funds Management Limited (the responsible entity) are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the trust's financial position as at 31 December 2018 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cromwell Ipswich City Heart Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the trust's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PITCHER PARTNERS



WARWICK FACE

Partner

Brisbane, Queensland

27 February 2019

Ken Ogden
Nigel Fischer
Mark Nicholson

Peter Camenzuli
Jason Evans
Ian Jones

Kylie Lamprecht
Norman Thurecht
Brett Headrick

Warwick Face
Nigel Batters
Cole Wilkinson

Simon Chun
Jeremy Jones
Tom Splatt

James Field
Daniel Colwell