

ASX ANNOUNCEMENT / MEDIA RELEASE

21st February 2012



Cedar Woods Properties Limited

Highlights:

- Solid first half net profit of \$10.9m
- Confirms guidance of record FY2012 net profit of approximately \$34m, up 21% on pcp
- Full year profit underpinned by approximately \$89m in presales at projects completing in the second half
- Interim dividend of 11 cents fully franked declared; full year payout ratio maintained at 50% of net profit
- DRP and BSP in place for interim dividend
- Net debt to equity ratio of 45% (at 31 December 2011), comfortably within stated 20-75% target range
- \$110m corporate bank facility extended a further 15 months to 30 November 2014; reduced funding costs and \$42m headroom available
- Positive outlook for FY2013 with approximately \$51m in presales secured and several new projects adding to revenues and

Cedar Woods Delivers Solid First Half Profit of \$10.9m; Confirms FY2012 Profit Guidance of \$34m – up 21%

Cedar Woods Properties Limited (ASX:CWP) today confirmed a net profit after tax of \$10.9m for the first half of FY2012. The company also confirmed guidance for full year net profit of approximately \$34m, an increase of 21% over FY2011, underpinned by approximately \$89m in presales for the second half.

As previously guided, earnings for FY2012 will be substantially weighted to the second half owing to a number of significant stages settling in the second half, as well as seasonality and other factors.

Anticipating a strong full year result, the Board has decided to pay a fully franked interim dividend of 11 cents per share, matching the interim dividend paid a year ago. The Board will maintain the company's dividend policy of distributing approximately 50% of full year net profit.

Cedar Woods' Managing Director, Paul Sadleir, said the outlook for the company remains positive as current and future projects in Victoria and Western Australia continue to progress on schedule, delivering FY2012 earnings and building presales for FY2013 and beyond.

"We are satisfied with the company's first half result and are confident of delivering a record net profit of \$34m for the full year, comfortably exceeding our 10% per annum earnings growth target.

"Cedar Woods remains in a strong financial position moving into the second half of FY2012. The company's gearing remains modest, with a net debt-to-equity ratio of 45% at 31 December 2011, comfortably within our stated 20-75% target range. In addition, the company's \$110m corporate debt facility has been extended by a further 15 months to 30 November 2014, with a reduction in funding costs achieved and available headroom of \$42m.

"With the FY2012 net profit forecast underpinned by \$89m in presales due for settlement in the second half, management is now focused on achieving presales for FY2013. New projects are soon to be released at Piara Waters and South Hedland in WA and these, together with the new projects recently released at Realm Camberwell in Victoria and Batavia Coast Apartments in Geraldton, will contribute to earnings in FY2013 and later years. Approximately \$51m of presales are already in place for settlement in FY2013.

"We have \$140m in presales currently in hand, similar to the position at the same time last year. Cedar Woods is well positioned for FY2013 with a diverse and strategically located portfolio in urban and regional growth corridors in Victoria and Western Australia together with the launch of a number of new projects," concluded Mr Sadleir.

OPERATIONAL HIGHLIGHTS

Victorian Projects

With almost all of the company's FY2012 presales requirements achieved for its Victorian projects, management's focus during the first half has been on the delivery and construction of presold stages. While the company experienced softer market conditions during the first half, it made solid progress on building presales for FY2013.

Stage 1 of the Williams Landing Town Centre is proceeding as planned, with design documentation for the Shopping Centre and Masters Home Improvement store well advanced. Planning approvals have been granted for the Shopping Centre, while approvals for the Masters store are expected by April 2012.

Meanwhile, construction of the Williams Landing train station and freeway interchange by the Victorian Government is on schedule, with expected completion in late CY2012. Progress on the construction of infrastructure and the Town Centre are expected to generate additional interest in residential lots at Williams Landing.

At Realm Camberwell, the company has presold 20 of the 27 homes in the initial release, ranging in price from \$750,000 to \$1.2m. Civil works have commenced with construction of the first three stages to begin in the second half, allowing first settlements in FY2013. Once complete, the estate will have a total of 78 homes over a number of stages.

At Banbury Village at Footscray, a number of presold stages are currently under construction. 95% of The Heritage Apartments are presold and will contribute to earnings in FY2012 and FY2013. The first stage comprises 32 apartments and is expected to be completed before the end of FY2012.

Further stages are also to be delivered at Carlingford estate during the second half, with the company continuing to offer house and land packages as well as residential lots.

Western Australian Projects

During the first half, development of several stages in Western Australia continued apace, with new project stages at The Rivergums, Emerald Park and Harrisdale Green delivered, and the prestigious 'Jetty Apartments' project completed in Palm Beach, near Rockingham. The company's residential land estates recorded increased sales in the second quarter relative to the first quarter – an encouraging result given softer conditions in the broader market.

At the company's Batavia Coast Marina Apartments joint venture development in Geraldton, approximately \$30m in presales have been secured, with more than half of the total 54 apartments now presold. The joint venture partners' project funding for construction has been confirmed, with construction progressing on schedule and completion expected in mid calendar year 2013. Apartments are priced at an average \$1.1m, with the remaining apartments expected to be sold over the construction term.

At The Rivergums in Baldivis, construction of Stage 8 was completed ahead of schedule, and the settlement of presales has commenced.

Construction of Stage 4 at the company's syndicated Emerald Park project in Wellard is on schedule for completion by the end of the second half of FY2012. Released in January 2012, the project has received a positive response and pleasing sales in recent weeks.

The third release at Harrisdale Green, a joint venture with the Western Australian Department of Housing, was well received and continues to experience strong sales. Construction of this release is well advanced with settlement of presales expected in the second half of FY2012.

In the second half of FY2012, the company will also be launching new projects at Piara Waters and South Hedland.

At “Piara Central”, Cedar Woods’ new estate in Piara Waters in the heart of Perth’s growing south-eastern corridor, all planning approvals have been completed and the project is expected to yield 150 lots at prices ranging between \$215,000 - \$270,000. The area is currently experiencing solid demand with marketing for the first release commencing in March 2012, and approximately 100 lots from the first two stages are expected to settle in FY2013.

Planning approvals are well advanced at the company’s South Hedland project, being acquired through a Western Australian Government land release process managed by the Department of Regional Development and Lands. The project will comprise approximately 150 lots with prices ranging from \$220,000 - \$270,000. Marketing for the first release will commence in April 2012. Strong demand is expected given the limited supply of land in Port Hedland and South Hedland.

RESULTS AND FINANCIAL POSITION

Cedar Woods’ operating results and financial position are summarised below.

Operating Results	H1 FY2012 (\$m)	FY2012 (\$m)	FY2011 (\$m)	Full Year Change (%)
	Actual	Forecast	Actual	Forecast
Revenue	77.7	179.0	131.8	+36%
Net profit after tax	10.9	34.0	28.0	+21%

Financial Position	31-Dec-11 (\$m)	30-Jun-11 (\$m)
	Actual	Actual
Total assets (book value)	226.6	233.6
Net bank debt	61.5	55.7
Gearing ¹ (%)	45%	43%
NTA (book value)	\$2.17	\$2.10

¹ Net bank debt to equity

Cedar Woods remains on-track to deliver a record FY2012 net profit of \$34m, up 21% on the previous financial year. The full year result will be substantially weighted to the second half, underpinned by \$89m in presales, owing to a number of significant stages settling in the second half, as well as seasonality and other factors.

The first half result included an impairment write down of \$0.7m against the eight remaining townhouses and apartments in Mandurah, and an unrealised ‘mark to market’ loss of \$1.5m on derivative financial instruments, primarily interest rate swaps.

As at 31 December 2011, Cedar Woods had net debt of \$61.5m and a net debt-to-equity ratio of 45%, comfortably within the company’s target range of 20-75%. The company was also well within its debt covenants. The company’s \$110m corporate debt facility was extended by a further 15 months to 30 November 2014, with \$42m headroom available.

The Board remains confident that the market value-based NTA per share is substantially above the current share price as well as the historic book NTA per share of \$2.17 as at 31 December 2011. The excess of the market value-based NTA over book value NTA has been driven by the continued strong performance of a number of key projects and that many of the company’s properties were acquired some time ago at much lower values than those now prevailing.

OUTLOOK

Economy

Despite the current softness in consumer confidence, the underlying fundamentals are positive for the residential property markets to which Cedar Woods has exposure.

A number of housing indicators have recently improved, including increased lending to first home buyers and investors, reduced listings of properties, national unemployment falling to 5.1% and improved consumer confidence.

Demand will also be supported by improved affordability, a shortfall of new housing and low vacancy rates.

Furthermore, the company's projects are strategically located in Victoria and Western Australia's urban growth corridors, positioning the company well for the future.

Company

Cedar Woods anticipates another record profit in FY2012 of approximately \$34m, an increase of 21% over FY2011.

Looking to FY2013, the company has already secured approximately \$51m in presales at projects completing in that year.

New projects are soon to be released at Piara Waters and South Hedland and these, together with the new projects recently released at Realm Camberwell in Victoria and Batavia Coast Apartments in Geraldton, will contribute to earnings in FY2013 and later years, consistent with the company's objective of continued profit and dividend growth.

For further information please contact:

Paul Sadleir
Managing Director
Cedar Woods Properties Limited
08 9480 1500

Media:
MAGNUS Investor Relations + Corporate Communication
John Gardner – 08 9212 0101
Meredith Hemsley – 02 8999 1010

CEDAR WOODS PROPERTIES LIMITED
APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

1. Details of the reporting period

This report details the consolidated results of Cedar Woods Properties Limited and its controlled entities for the half-year ended 31 December 2011.

Comparatives are for the half-year ended 31 December 2010.

2. Results for announcement to the market

		Dec 2011 Half \$'000	Dec 2010 Half \$'000	Change %
2.1	Revenue	77,659	95,999	Down 19%
2.2	Profit after tax attributable to members	10,943	24,218	Down 55%
2.3	Net profit for the period attributable to members	10,943	24,218	Down 55%
2.4	Interim dividend per share, fully franked	11 cents	11 cents	No change
	Earnings per share	17.6 cents	39.8 cents	Down 56%

Explanation

Refer to Company Announcement.

3. Net tangible assets per share

	Dec 2011	Dec 2010
Net tangible assets per share based on book values	\$2.17	\$2.12

4. Details of entities over which control has been gained or lost during the period

Nil.

5. Details of dividends

The Board has declared a fully franked interim dividend of 11 cents per share payable on 30 April 2012.

6. Dividend reinvestment plan and bonus share plan

The dividend reinvestment plan and bonus share plan are available for the forthcoming dividend.

Closing date for bonus share plan election form - 20 February 2012 (refer notice of 31 January 2012)

Record date for entitlement to dividend - 4 April 2012

Closing date for dividend reinvestment plan election form – 20 April 2012

Dividend reinvestment plan/ bonus share plan discount – 2.5%

7. Details of associates or joint ventures

Cedar Woods Wellard Limited is an associated entity. The company holds a 32.5% (Dec 2010: 32.5%) shareholding at 31 December 2011. The share of the net loss from the associated entity for the half-year ended 31 December 2011 amounted to \$305,000 (Dec 2010 – loss of \$325,000).

8. Accounting for foreign entities

Not applicable.

9. Auditor's review report

No dispute or qualification exists in the auditor's review report. Refer to the attached.

Cedar Woods

P R O P E R T I E S L I M I T E D

ABN 47 009 259 081

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CONTROLLED ENTITIES

HALF-YEAR REPORT – 31 DECEMBER 2011

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Cedar Woods Properties Limited during the interim reporting period in accordance with continuous disclosure requirements of the *Corporations Act 2001*.

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES**DIRECTORS' REPORT****A.B.N. 47 009 259 081****Directors**

William George Hames, BArch (Hons) MCU (Harvard) LFRAIA, MPIA, FAPI (Econ) – Chairman
Robert Stanley Brown, MAICD, AIFS – Deputy Chairman
Ronald Packer, BCom (UWA), AAPI, FAICD, Solicitor Supreme Court of England & Wales
Paul Stephen Sadleir, BE, MBA, AAPI, FAICD, FRICS – Managing Director
Timothy Robert Brown, BA, LLB, M.Fin Post Grad Dip (Phil) (Alternate for R S Brown)

Company Secretary

Paul Samuel Freedman BSc, CA, GAICD

Registered office and principal place of business

Ground Floor, 50 Colin Street
WEST PERTH WA 6005
Postal address: P.O. Box 788 West Perth WA 6872
Phone: (08) 9480 1500
Fax: (08) 9480 1599
Email: email@cedarwoods.com.au
Website: www.cedarwoods.com.au

Share registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Auditor

PwC
QV1
250 St Georges Terrace
PERTH WA 6000

Securities exchange listing

Cedar Woods Properties Limited shares are listed on the Australian Securities Exchange Limited.

ASX Code

CWP

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Cedar Woods Properties Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

1. Directors

The following persons were directors of Cedar Woods Properties Limited during the whole of the half-year and up to the date of this report:

William George Hames (Chairman)
 Robert Stanley Brown (Deputy Chairman)
 Ronald Packer
 Paul Stephen Sadleir (Managing Director)
 Timothy Robert Brown (Alternate for R S Brown)

2. Review of operations

The principal continuing activities of the group in the course of the half-year ended 31 December 2011 were that of property investor and developer and no significant change in the nature of those activities has taken place during that period.

A summary of consolidated revenues and results for the half-year ended 31 December 2011 is set out below:

	2011	2010
	\$'000	\$'000
Revenue	77,659	95,999
Profit before income tax expense	15,827	34,741
Income tax expense	(4,884)	(10,523)
Net profit attributable to members of Cedar Woods Properties Limited	10,943	24,218

During the half-year the group continued the sale of lots and units at its residential projects in Western Australia and Victoria.

The group's earnings from period to period are dependent upon the timing of the settlements in each development. Management's focus is primarily on the achievement of full year results and the distribution of profits between half-years may from time to time be uneven due to the timing of settlements of significant projects.

3. Auditor's independence declaration

A copy of the auditor's independence declaration as required by section 307C of the *Corporations Act 2001* is set out on page 5.

4. Rounding of amounts

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

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

A handwritten signature in black ink, appearing to read "William Hames". The signature is written in a cursive style with a large initial 'W'.

W G Hames
Chairman

Perth, Western Australia
20 February 2012



Auditor's Independence Declaration

As lead auditor for the review of Cedar Woods Properties Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cedar Woods Properties Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'P. Dreyer', is written over a faint, light-colored signature line.

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
20 February 2012

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES**DIRECTORS' DECLARATION
31 DECEMBER 2011**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that Cedar Woods Properties Limited will be able to pay its debts as and when they become due and payable.

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



W G Hames
Chairman

Perth, Western Australia
20 February 2012



Independent auditor's review report to the members of Cedar Woods Properties Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cedar Woods Properties Limited, which comprises the balance sheet as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Cedar Woods Properties Limited Group (the consolidated entity). The consolidated entity comprises both Cedar Wood Properties Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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 Cedar Woods Properties Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
QV1, 250 St Georges Terrace, PERTH WA 6000, GPO BOX D198, PERTH WA 6840
T +61 8 9238 3000, F +61 8 9238 3999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Independent auditor's review report to the members of Cedar Woods Properties Limited (continued)

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 Cedar Woods Properties Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in cursive script, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script, appearing to read 'Pierre Dreyer'.

Pierre Dreyer
Partner

Perth
20 February 2012

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

		Half-year	
		2011	2010
		\$'000	\$'000
Revenue from operations	2	77,659	95,999
Cost of sales		(47,101)	(49,028)
Gross margin		30,558	46,971
Other income		99	198
Other expenses:			
Project operating costs		(5,964)	(5,656)
Occupancy		(297)	(251)
Administration		(5,088)	(4,398)
Finance costs		(894)	(851)
Unrealised financial instrument losses	3	(1,482)	-
Depreciation and amortisation expense		(128)	(120)
Write down of assets		(672)	(827)
Share of net losses of associate accounted for using the equity method		(305)	(325)
Profit before income tax		15,827	34,741
Income tax expense		(4,884)	(10,523)
Profit for the half-year		10,943	24,218
Other comprehensive income			
Changes in the fair value of available-for-sale financial assets, net of tax		(1)	1
Total comprehensive income for the half-year		10,942	24,219
Total comprehensive income for the half-year attributable to members of Cedar Woods Properties Limited		10,942	24,219
		Half-year	
		2011	2010
		cents	cents
Earnings per share for profit attributable to the ordinary equity holders of the group:			
Basic and diluted earnings per share		17.6	39.8

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

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**BALANCE SHEET
AS AT 31 DECEMBER 2011**

	NOTE	31 December 2011 \$'000	30 June 2011 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		595	351
Trade and other receivables		3,563	3,958
Inventories		38,787	46,558
Deferred development costs		6,524	9,529
Derivative financial instruments	4	-	35
Total current assets		49,469	60,431
Non-current assets			
Receivables		9,732	8,911
Inventories		158,120	155,840
Investment accounted for using the equity method		3,072	3,377
Available-for-sale financial assets		14	15
Derivative financial instruments	4	1	231
Property, plant and equipment		1,646	954
Investment properties		2,020	2,045
Deferred development costs		2,524	1,791
Total non-current assets		177,129	173,164
Total assets		226,598	233,595
LIABILITIES			
Current liabilities			
Trade and other payables		14,602	33,546
Current tax liabilities		3,464	4,760
Provisions		4,515	4,457
Total current liabilities		22,581	42,763
Non-current liabilities			
Borrowings	5	61,249	55,451
Deferred tax liabilities		4,337	5,337
Provisions		137	88
Derivative financial instruments	4	1,624	407
Total non-current liabilities		67,347	61,283
Total liabilities		89,928	104,046
Net assets		136,671	129,549
EQUITY			
Contributed equity	7	48,011	44,682
Reserves		631	662
Retained profits		88,028	84,205
Total equity		136,670	129,549

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

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

Consolidated	NOTE	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2010		40,447	874	67,469	108,790
Profit for the half-year		-	-	24,218	24,218
Total comprehensive income for the half-year		-	1	24,218	24,219
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs		2,257	-	-	2,257
Transfers from reserves to retained profits		-	(13)	13	-
Dividends provided for or paid	6	-	-	(4,852)	(4,852)
Employee share plan reserve		190	(190)	-	-
		2,447	(203)	(4,839)	(2,595)
Balance at 31 December 2010		42,894	672	86,848	130,414
Balance at 1 July 2011		44,682	662	84,205	129,549
Profit for the half-year		-	-	10,943	10,943
Total comprehensive income for the half-year		-	(1)	10,943	10,942
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs		3,329	-	-	3,329
Transfers from reserves to retained profits		-	(30)	30	-
Dividends provided for or paid	6	-	-	(7,150)	(7,150)
		3,329	(30)	(7,120)	(3,821)
Balance at 31 December 2011		48,011	631	88,028	136,670

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

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

	Half-year	
	2011	2010
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	83,586	103,558
Payments to suppliers and employees (inclusive of goods and services tax)	(18,486)	(23,025)
Payments for land and development	(56,094)	(52,380)
Interest received	311	309
Borrowing costs	(2,942)	(2,748)
Income taxes paid	(7,165)	(4,020)
Net cash (outflows) inflows from operating activities	(790)	21,694
Cash flows from investing activities		
Proceeds from repayment of employee share loans	-	5
Loans to associated entity	-	(33)
Payments for property, plant and equipment	(797)	(39)
Net cash outflows from investing activities	(797)	(67)
Cash flows from financing activities		
Proceeds from share issue	1,921	-
Payment of share issue expenses	(48)	-
Proceeds from borrowings	5,664	-
Repayment of borrowings	-	(19,097)
Dividends paid	(5,706)	(2,593)
Net cash inflows (outflows) from financing activities	1,831	(21,690)
Net increase (decrease) in cash and cash equivalents	244	(63)
Cash and cash equivalents at the beginning of the half-year	351	527
Cash and cash equivalents at the end of the half-year	595	464

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

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2011

1. BASIS OF PREPARATION OF HALF-YEAR STATEMENT

This general purpose financial report for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Cedar Woods Properties Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

2. REVENUE

	Half-year	
	2011	2010
	\$'000	\$'000
From operations		
Sale of land and buildings	74,898	94,250
Management fees and commissions	1,350	394
Lease income	276	303
Interest	1,135	1,052
Total revenue	77,659	95,999

3. UNREALISED FINANCIAL INSTRUMENT LOSSES

	Half-year	
	2011	2010
	\$'000	\$'000
Unrealised financial instrument losses	1,482	-
	1,482	-

The unrealised financial instrument losses result from re-measuring the derivative financial instruments to fair value at balance date. Details of the derivative financial instruments and the group's policy on entering into derivative financial instruments are set out in note 4.

4. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December	30 June
	2011	2011
	\$'000	\$'000
Current assets		
Interest rate swap contracts	-	35
Non-current assets		
Interest rate cap contracts	1	2
Interest rate swap contracts	-	229
	1	266
Non-current liabilities		
Interest rate swap contracts	1,624	407
	(1,623)	(141)

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2011 (CONTINUED)**

(a) Instruments used by the group

The group is party to derivative financial instruments in the normal course of business in order to manage exposure to fluctuations in interest rates in accordance with the group's financial risk management policies.

Interest rate cap and swap contracts

Bank loans of the group currently bear an average variable interest rate of 6.55% per annum (30 June 2011 – 6.96% per annum). It is the group's policy to protect part of the loans from exposure to fluctuations in interest rates. Accordingly the consolidated entity has entered into interest rate cap and swap contracts under which a significant part of the consolidated entity's projected borrowings are protected for the period from 1 January 2012 to 2 June 2015.

The caps will be effective should the interest rate applicable to bank bills issued with a duration of 1 month (BBSY Bid) rise above certain levels, set at 8.0% - 8.5% per annum. Caps currently in place cover approximately 65% (30 June 2011 - 70%) of the variable loans outstanding at balance date, with terms expiring in 2012 and 2013.

The swaps effectively fix interest rates applicable to bank bills issued with a duration of 1 month (BBSY Bid) at certain levels between 4.06% - 6.0% per annum. Swaps currently in place cover approximately 50% (30 June 2011 – 55%) of the variable loans outstanding at balance date, with terms expiring in 2014 and 2015. The group is not applying hedge accounting to these derivatives. The gain or loss from re-measuring the derivative financial instruments at fair value is recognised in profit or loss.

5. NON-CURRENT BORROWINGS

On 8 December 2011 the group extended its \$110,000,000, 3 year finance facility with ANZ Bank for a further 15 months, now expiring on 30 November 2014.

6. DIVIDENDS

	Half-year	
	2011	2010
	\$'000	\$'000
Ordinary shares		
Dividends provided for or paid during the half-year:		
Paid in cash	5,706	2,593
Satisfied by shares under the dividend reinvestment plan	1,441	2,257
Applied to the employee share plan loans	3	2
	7,150	4,852

Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half year the directors have recommended the payment of an interim dividend of 11 cents per fully paid ordinary share (2010 – 11 cents), fully franked based on tax paid at 30%. A final dividend is also expected to be paid following the completion of the financial year.

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2011 (CONTINUED)**

7. CONTRIBUTED EQUITY

The movements in the share capital account during the period were:

	Half-year	
	2011 \$'000	2010 \$'000
Share capital at the beginning of the reporting period – 61,817,936 (2010 – 60,564,676) ordinary shares	44,682	40,447
Shares issued pursuant to dividend reinvestment plan – 413,022 (2010 – 735,152) ordinary shares issued at \$3.49 (2010 - \$3.07) each	1,441	2,257
Shares issued pursuant to the bonus share plan – 76,867 (2010 – Nil) ordinary shares	-	-
Shares issued pursuant to underwriters of the dividend reinvestment plan – 550,500 (2010 – Nil) ordinary shares issued at \$3.49 (2010 - \$Nil)	1,921	-
Cost of issuing equity	(33)	-
Vesting of shares issued under the Employee Share Plan – Nil (2008 Plan – 84,733 ordinary shares at \$2.24)	-	190
Share capital at the end of the reporting period – 62,858,325 (2010 – 61,384,561) ordinary shares	48,011	42,894

8. CONTINGENT LIABILITIES

At 31 December 2011 bank guarantees totalling \$6,089,000 (30 June 2011 - \$4,493,000) had been provided to various state and local authorities supporting development and maintenance commitments.

9. SEGMENT INFORMATION**(a) Description of segment**

Management has determined the operating segment based on the reports reviewed by the Managing Director that are used to make strategic decisions.

The group operates a single business in a single geographic area and hence has one reportable segment. The group engages in property investment and development which takes place in Australia. The group has no separate business units or divisions.

The internal reporting provided to the Managing Director includes key performance information at a whole of group level. The Managing Director uses the internal information to make strategic decisions, based primarily upon the expected future outcome of those decisions on the group as a whole. Material decisions to allocate resources are generally made at a whole of group level.

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2011 (CONTINUED)**

Revenues from external customers

	Half-year	
	2011	2010
	\$'000	\$'000
Sale of land and buildings in Australia, management fees and lease income	76,524	94,947

The group sells products to the public and is not reliant upon any single customer for 10% or more of the group's revenue.

Assets

All of the group's assets are held within Australia.

Measures of performance

The Managing Director assesses the performance of the operating segment based on the net profit after tax, earnings per share and net tangible assets per share.