

ASX ANNOUNCEMENT / MEDIA RELEASE

26 February 2013

Cedar  Woods



Cedar Woods half year
report summary:

- ▶ First half net profit of \$18.1m, with \$70m in presales at projects completing in the second half
- ▶ Forecasting a record FY2013 full year NPAT of approximately \$35m, up 2% pcp
- ▶ 11 cents per share interim dividend
- ▶ Over \$80m in presales already in place for FY2014
- ▶ Net debt to equity ratio of 12% at 31 December
- ▶ Corporate bank facility extended to 30 November 2015
- ▶ Acquisition of 32 ha site in Byford, WA for \$6.5m

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Cedar Woods Properties Half Year Financial Results for FY2013

Cedar Woods Properties Limited (ASX: CWP) today reports net profit after tax (NPAT) of \$18.1 million for the first half of FY2013 (1H2013), an increase of 65 per cent on the previous corresponding period, driven by a stronger contribution from its residential estates in Melbourne and Perth.

Cedar Woods recently upgraded its full year earnings guidance for FY2013 to a record net profit of \$35 million, compared to FY2012 NPAT of \$34.25 million.

Anticipating a strong full year performance, the Board has declared a fully franked interim dividend of 11 cents per share. The Board intends to maintain the company's policy of distributing approximately 50 per cent of full year net profit.

Cedar Woods Managing Director, Paul Sadleir, said: "Following a strong first half performance, Cedar Woods is well placed to deliver a record full year net profit of \$35 million.

"The Company's portfolio of strategically-located projects continued to witness strong buyer demand in WA, and performed well in Victoria, despite challenging market conditions.

"With FY2013 presales substantially in place, we have already turned our attention to the FY2014 year and have over \$80 million presales in place for that year, which is a strong achievement in the current market."

Cedar Woods has maintained a strong balance sheet with a comfortable 12 per cent gearing, which positions the company to pursue growth opportunities through development of existing projects and through acquisitions.

At the end of 2012 the company's financiers confirmed the extension of the company's \$110m corporate debt facility by a further 12 months to 30 November 2015, with Bankwest joining ANZ Bank in the corporate club facility.

"We are continuing to see opportunities arise as financial institutions re-weight their portfolios and property owners seek capital to develop their holdings or look to dispose of their investments," said Mr Sadleir.

"We recently acquired a 32 hectare site in Byford, WA and continue to review further opportunities."



Western Australian Projects

Cedar Woods witnessed strong demand across a number of its WA projects in 1H2013, due to continued improvement in housing affordability, strong employment, increased activity by first home buyers and lower interest rates. Demand has continued into the new calendar year. New project launches at Piara Central (Piara Waters) and Elements (South Hedland) boosted sales volumes.

At The Rivergums in Baldivis, Stage 9 (76 lots) was pre-released in November 2012 with completion and settlements commencing from March 2013.

Construction of Stage 4 at the company's syndicated Emerald Park project in Wellard was completed on schedule in September 2012. These 120 lots are now sold out and Stage 5 construction has commenced ahead of schedule.

Similarly, the final release of 38 lots in Stage 5 at Harrisdale Green, a collaboration with the Western Australian Department of Housing, in October 2012 is also largely sold out.

Piara Central, Cedar Woods' new 150 lot estate in Piara Waters in the heart of Perth's growing south-eastern corridor, has more than 100 sales to date, with strong demand indicating further sales will be forthcoming in the second half of 2013.

Construction has commenced at the company's South Hedland project with settlements scheduled in FY2014. At the Batavia Marina Apartments in Geraldton, construction remains on track for completion in July 2013, with pre-sales in excess of 60 per cent.

Cedar Woods recently acquired a 32.3ha site in Byford for \$6.5 million. The property is well located on the South West Highway, adjacent to Byford town centre, 35km south of Perth CBD and 10km south of the Armadale regional centre.

The property has subdivision approval for the first 149 lots out of a total of approximately 350 lots. The first stage is expected to be released in mid-2013, with construction to commence soon after.

Victorian Projects

Cedar Woods' Victorian projects performed well in 1H2013, despite challenging market conditions. The company's projects, located in key growth areas with proximity to public transport, remain in demand. Strong presales for the second half of 2013 have been achieved, with construction of several stages progressing.

At Williams Landing, construction has commenced on the Masters Home Improvement store, in



the Williams Landing Town Centre. The Town Centre will integrate with the new train station and freeway interchange which is expected to open in the next few months. Major roads and other infrastructure in the Town Centre are under construction, also scheduled for completion in mid-2013. This progress is expected to generate additional interest in residential and commercial opportunities at Williams Landing.

Following successful removal of the floorspace limit in 2012, Cedar Woods continues to progress design options for the Williams Landing Shopping Centre, to be anchored by Woolworths and situated adjacent the Masters Home Improvement Store.

Several residential stages are under construction at Williams Landing and are scheduled for completion by the end of FY2013. Construction at the new 48 home display village continues, which will serve as a major generator of enquiry for land sales.

At Realm Camberwell, sales in 1H2013 have been strong with 60 of the 69 homes released presold. The remaining stages are scheduled to be released throughout 2013, with all stages expected to be sold and settled by the end of FY2015.

Strong sales at Banbury Village in Footscray have resulted in the project achieving nearly all of its FY2013 sales targets. Additional stages of residential lots and town houses are also being delivered at the Carlingford estate in Lalor with the required settlements on track for the second half of FY2013.

The 6.8ha St Albans development site rezoning process is proceeding as anticipated and new acquisition opportunities are being investigated.

Outlook

Cedar Woods recently upgraded its FY2013 earnings guidance to a net profit of approximately \$35 million, supported by more than \$70 million in presales for the second half and assuming current market conditions continue.

Cedar Woods has more than \$80 million presales already in place for FY2014.

The company maintains a strong balance sheet with low debt, has ample funding for the development of its current portfolio, and is well positioned to leverage any strengthening in market conditions and pursue further growth initiatives as opportunities arise.

CEDAR WOODS PROPERTIES LIMITED
APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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 2012.

Comparatives are for the half-year ended 31 December 2011.

2. Results for announcement to the market

		Dec 2012 Half \$'000	Dec 2011 Half \$'000	Change %
2.1	Revenue	73,526	77,659	Down 5%
2.2	Profit after tax attributable to members	18,105	10,943	Up 65%
2.3	Net profit for the period attributable to members	18,105	10,943	Up 65%
2.4	Interim dividend per share, fully franked	11 cents	11 cents	No change
	Earnings per share	25.0 cents	17.6 cents	Up 42%

Explanation

Refer to Company Announcement.

3. Net tangible assets per share

	Dec 2012	Dec 2011
Net tangible assets per share based on book values	\$2.68	\$2.17

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 2013. The dividend record date is 5 April 2013.

6. Dividend reinvestment plan and bonus share plan

The Dividend Reinvestment Plan (DRP) is available for the interim dividend. Election forms must be received by 19 April 2013.

The Bonus Share Plan (BSP) is available for the interim dividend. Election forms must be received by 25 February 2013. The BSP record date is 5 April 2013.

The pricing period under the DRP and BSP comprises the five business days prior to and including the record date and the five business days after the record date.

The pricing methodology is the daily volume weighted average sale price of the ordinary shares in the Company quoted on the ASX during the pricing period, adjusted for the discount.

The discount applicable to the price under the DRP and BSP is 2.5%.

It is anticipated that the price under the DRP and BSP will be advised to ASX on 12 April 2013.

All ordinary Shares allotted under the DRP or BSP will from the date of allotment rank equally in all respects with existing ordinary fully paid shares in the company.

Full details of the DRP and BSP rules are available on the company website.

7. Details of associates or joint ventures

Cedar Woods Wellard Limited is an associated entity. The company holds a 32.5% (Dec 2011: 32.5%) shareholding at 31 December 2012. The share of the net loss from the associated entity for the half-year ended 31 December 2012 amounted to \$373,000 (Dec 2011 – loss of \$305,000).

The reporting entity holds a 50% (Dec 2011: Nil) interest in Champion Bay Nominees Pty Ltd and BCM Apartment Trust at 31 December 2012. The share of net profit from these associated entities for the half-year ended 31 December 2012 is Nil (Dec 2011 - Nil).

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

PROPERTIES LIMITED

ABN 47 009 259 081

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CONTROLLED ENTITIES

HALF-YEAR REPORT – 31 DECEMBER 2012

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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 2012 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), FAICD, Solicitor Supreme Court of England & Wales
Paul Stephen Sadleir, BE, MBA, AAPI, FAICD – 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

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Share registry

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

Auditor

PricewaterhouseCoopers
125 St Georges Terrace
PERTH WA 6840

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 2012.

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 2012 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 2012 is set out below:

	2012	2011
	\$'000	\$'000
Revenue	73,526	77,659
Profit before income tax expense	25,334	15,827
Income tax expense	(7,229)	(4,884)
Net profit attributable to members of Cedar Woods Properties Limited	18,105	10,943

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 'P S Sadleir', written in a cursive style.

P S Sadleir
Managing Director

Perth, Western Australia
25 February 2013



Auditor's Independence Declaration

As lead auditor for the review of Cedar Woods Properties Limited for the half year ended 31 December 2012, 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 that reads 'Douglas Craig'.

Douglas Craig
Partner
PricewaterhouseCoopers

Perth
25 February 2013

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**DIRECTORS' DECLARATION
31 DECEMBER 2012**

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 2012 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.



P S Sadleir
Managing Director

Perth, Western Australia
25 February 2013



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 2012, 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 2012 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*.



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 2012 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*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Douglas Craig

Douglas Craig
Partner

Perth
25 February 2013

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

		Half-year	
		2012	2011
		\$'000	\$'000
Revenue from operations	2	73,526	77,659
Cost of sales		(35,614)	(47,101)
Gross margin		<u>37,912</u>	<u>30,558</u>
Other income	2	939	99
Other expenses:			
Project operating costs		(5,940)	(6,636)
Occupancy		(284)	(297)
Administration		(5,642)	(5,216)
Finance costs	3	(1,278)	(2,376)
Share of net losses of associate accounted for using the equity method		<u>(373)</u>	<u>(305)</u>
Profit before income tax		25,334	15,827
Income tax expense		<u>(7,229)</u>	<u>(4,884)</u>
Profit for the half-year		18,105	10,943
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of available-for-sale financial assets, net of tax		-	(1)
Total comprehensive income for the half-year		<u>18,105</u>	<u>10,942</u>
Total comprehensive income for the half-year attributable to members of Cedar Woods Properties Limited		<u><u>18,105</u></u>	<u><u>10,942</u></u>
		Half-year	
		2012	2011
		cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the group:			
Basic and diluted earnings per share		<u>25.0</u>	<u>17.6</u>

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 2012**

	NOTE	31 December 2012 \$'000	30 June 2012 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		8,314	366
Trade and other receivables		5,269	2,779
Inventories		83,457	63,454
Deferred development costs		2,683	4,244
Assets classified as held for sale		-	823
Total current assets		99,723	71,666
Non-current assets			
Receivables		9,293	8,504
Inventories		146,021	144,842
Deferred development costs		4,277	3,259
Investment accounted for using the equity method		2,240	2,613
Available-for-sale financial assets		7,311	6,189
Property, plant and equipment		1,288	1,241
Total non-current assets		170,430	166,648
Total assets		270,153	238,314
LIABILITIES			
Current liabilities			
Trade and other payables		14,874	16,179
Current tax liabilities		4,777	11,734
Provisions		5,650	5,079
Total current liabilities		25,301	32,992
Non-current liabilities			
Borrowings	4	31,581	4,188
Other financial liabilities		11,298	10,994
Deferred tax liabilities		3,804	3,194
Provisions		215	155
Derivative financial instruments	5	1,999	2,165
Total non-current liabilities		48,897	20,696
Total liabilities		74,198	53,688
Net assets		195,955	184,626
EQUITY			
Contributed equity	7	82,408	79,325
Reserves		579	597
Retained profits		112,968	104,704
Total equity		195,955	184,626

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 2012**

Consolidated	NOTE	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
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
Balance at 1 July 2012		79,325	597	104,704	184,626
Profit for the half-year		-	-	18,105	18,105
Total comprehensive income for the half-year		-	-	18,105	18,105
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		3,083	-	-	3,083
Transfers from reserves to retained profits		-	(18)	18	-
Dividends provided for or paid	6	-	-	(9,859)	(9,859)
		3,083	(18)	(9,841)	(6,776)
Balance at 31 December 2012		82,408	579	112,968	195,955

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 2012**

	Half-year	
	2012	2011
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (incl. GST)	79,487	83,586
Payments to suppliers and employees (incl. GST)	(21,681)	(18,486)
Payments for land and development	(56,357)	(56,094)
Interest received	403	311
Borrowing costs paid	(2,122)	(2,942)
Income taxes paid	(13,575)	(7,165)
	<hr/>	<hr/>
Net cash outflows from operating activities	(13,845)	(790)
	<hr/>	<hr/>
Cash flows from investing activities		
Proceeds from sale of investment properties	1,205	-
Payments for property, plant and equipment	(166)	(797)
	<hr/>	<hr/>
Net cash inflows (outflows) from investing activities	1,039	(797)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from share issue	-	1,921
Payment of share issue expenses	-	(48)
Proceeds from borrowings	27,527	5,664
Dividends paid	6 (6,773)	(5,706)
	<hr/>	<hr/>
Net cash inflows from financing activities	20,754	1,831
	<hr/>	<hr/>
Net increase in cash and cash equivalents	7,948	244
Cash and cash equivalents at the beginning of the half-year	366	351
	<hr/>	<hr/>
Cash and cash equivalents at the end of the half-year	8,314	595
	<hr/> <hr/>	<hr/> <hr/>

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 2012**

1. BASIS OF PREPARATION OF HALF-YEAR STATEMENT

This general purpose financial report for the interim half-year reporting period ended 31 December 2012 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 2012 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 AND OTHER INCOME

	Half-year	
	2012	2011
	\$'000	\$'000
From operations		
Revenue		
Sale of land and buildings	69,736	74,898
Management fees and commissions	1,297	1,350
Lease income	179	276
Interest	2,314	1,135
Total revenue	73,526	77,659
Other income		
Net gain on disposal of investment properties	382	-
Sundry income	557	99
	939	99

3. EXPENSES

	Half-year	
	2012	2011
	\$'000	\$'000
Finance costs		
Interest and finance charges	1,969	3,206
Calculated using effective interest method	305	-
Unrealised financial instrument (gains) losses	(165)	1,482
Less: amount capitalised	(831)	(2,312)
Finance costs expensed	1,278	2,376
Depreciation of property, plant and equipment	118	128
Write down of assets		
Inventory	43	671
Investments	-	1
	43	672

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2012 (CONTINUED)**

4. NON-CURRENT BORROWINGS

In December 2012 the group extended its \$110,000,000, 3 year finance facility for a further 12 months, now expiring on 30 November 2015.

In addition, Bank of Western Australia (Bankwest), a division of Commonwealth Bank of Australia, joined ANZ in providing the finance facility to the company on a joint basis. The facility was originally established as a club facility, providing the flexibility to allow the participation of additional financiers, should the group's requirements change and additional lenders be required. The club facility will continue to provide funding for Cedar Woods' existing operations, ongoing development of its projects and future acquisitions, and provides the company with access to competitively priced long-term funding.

5. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2012 \$'000	30 June 2012 \$'000
Non-current liabilities		
Interest rate swap contracts	1,999	2,165

(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 5.12% per annum (30 June 2012 – 5.43% 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 2013 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 100% (30 June 2012 - 100%) of the variable loans outstanding at balance date, with terms expiring in 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 100% (30 June 2012 – 100%) of the variable loans outstanding at balance date, with terms expiring in 2014 and 2015. The group is not applying hedge accounting to these derivative financial instruments. The gain or loss from re-measuring the derivative financial instruments at fair value is recognised in profit or loss.

6. DIVIDENDS

	Half-year	
	2012 \$'000	2011 \$'000
Ordinary shares		
Dividends provided for or paid during the half-year:		
Paid in cash	6,773	5,706
Satisfied by shares under the dividend reinvestment plan	3,083	1,441
Applied to the employee share plan loans	3	3
	9,859	7,150

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2012 (CONTINUED)**

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 (2011 – 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.

7. CONTRIBUTED EQUITY

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

	Half-year	
	2012	2011
	\$'000	\$'000
Share capital at the beginning of the reporting period – 72,189,514 (2011 – 61,817,936) ordinary shares	79,325	44,682
Shares issued pursuant to dividend reinvestment plan – 794,591 (2011 – 413,022) ordinary shares issued at \$3.88 (2011 - \$3.49) each	3,083	1,441
Shares issued pursuant to the bonus share plan – 63,688 (2011 – 76,867) ordinary shares	-	-
Shares issued pursuant to underwriters of the dividend reinvestment plan – Nil (2011 – 550,500) ordinary shares issued at \$Nil (2011 - \$3.49)	-	1,921
Cost of issuing equity	-	(33)
Share capital at the end of the reporting period – 73,047,793 (2011 – 62,858,325) ordinary shares	82,408	48,011

8. CONTINGENT LIABILITIES

At 31 December 2012 bank guarantees totalling \$6,178,558 (30 June 2012 - \$6,578,000) 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 2012 (CONTINUED)**

Revenues from external customers

	Half-year	
	2012	2011
	\$'000	\$'000
Sale of land and buildings in Australia, management fees and lease income	71,212	76,524

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.