

ASX Announcement and Media Release

26 February 2014



Cedar Woods Properties Limited

ASX Code: CWP

Cedar Woods 1H2014 summary:

- First half NPAT of \$20.5 million, a 13% increase on pcp
- Maintains full year earnings guidance of a record NPAT performance in FY2014 of \$40 million, based on current market conditions continuing
- The Board declares a fully franked interim dividend of 12 cents, up 9%
- Strong balance sheet with net debt to equity of 21%
- Actively assessing project acquisitions prospects in WA, VIC and QLD

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Cedar Woods Properties Half Year Financial Results for FY2014

Cedar Woods Properties Limited (ASX: CWP) reports net profit after tax (NPAT) of \$20.5 million for the first half of FY2014 (1H 2014), an increase of 13 per cent on the previous corresponding period, driven by the ongoing performance of the company's portfolio of residential estates in Perth and Melbourne.

Revenues increased by 39 per cent from the previous corresponding period to \$102.1 million, boosted by a larger contribution from built-form products at the company's Melbourne projects.

Cedar Woods maintains its full year earnings guidance for FY2014 of approximately \$40 million, based on current market conditions continuing.

The Board has declared a fully franked interim dividend of 12 cents per share (up 9 per cent), and has determined the company's Dividend Reinvestment Plan (DRP) and Bonus Share Plan (BSP) will be available for this dividend. The Board intends to maintain the company's policy of distributing approximately 50 per cent of full year net profit.

The company's balance sheet remains strong with net debt under \$50 million and debt-to-equity of 21 per cent.

Cedar Woods Managing Director Paul Sadleir said: "The first half of FY2014 has been focused on delivering stages at a number of our established projects in Perth and Melbourne, as well as adding to our portfolio to build future earnings."



“By maintaining a disciplined approach to project delivery and acquisition, Cedar Woods has enjoyed a strong first half performance and is well placed to achieve a record full year net profit in FY2014.”

During the first half of FY2014, Cedar Woods extended its portfolio with acquisitions in WA (Byford on the Scarp) and Victoria (Clayton South), and continued to unlock value at its landmark Williams Landing project in Melbourne.

Balance Sheet Strength

Cedar Woods maintained a strong balance sheet through the half, with gearing of 21 per cent at 31 December 2013 which is at the lower end of the company’s target range of 20 per cent to 75 per cent, providing capacity to develop and expand the company’s project pipeline.

In December 2013, the company extended its three-year, \$110 million corporate finance facility by a further year to 30 November 2016. The facility is provided by Australia and New Zealand Banking Group (ANZ) and Bank of Western Australia (Bankwest), a division of the Commonwealth Bank of Australia, on a joint basis. At 31 December 2013 net debt was \$46 million.

Western Australia Project Highlights

Cedar Woods’ Perth-based projects benefited from positive market conditions in 1H 2014 with strong buyer activity at a number of its estates.

The sales program at Carine Rise, a co-development between Cedar Woods, the St Ives Group and LandCorp in Perth’s middle-northern suburb of Carine, began in 1H 2014 and received strong buyer interest. Stage 1 sold out during the first half and the project’s remaining stages will be released in 2H 2014.

Significant progress was made at The Rivergums in Baldivis, where construction of Stage 9 was completed and settlements began in January 2014. Stage 10 is now under construction.

At Emerald Park, Cedar Woods has benefited from significant demand for land in the area, with strong sales during 1H 2014. Stage 5 at Emerald Park was completed in the first half and has already sold out, with settlements commencing in January 2014.

Sales at Mariners Cove made a strong contribution to earnings in 1H 2014 and activity has further strengthened during the past two months with the market for this lifestyle product remaining buoyant.

The company added Byford on the Scarp to its WA portfolio in August 2013 and a small



number of settlements were achieved in the first half, with settlement activity continuing into the second half. Construction at Cedar Woods' other Byford landholding, The Brook at Byford, began during the first half with settlements expected to commence in FY2015.

In Geraldton, the company is party to a 'joint venture' project at the Batavia Coast Marina Apartments. Construction was completed in November 2013, later than originally expected. Settlements commenced at the end of the first half and have continued into the second half of the financial year, with 15 apartments settled so far out of the 31 presold. With construction now complete, marketing of the remaining stock of 23 apartments has been increased.

Forecast income for the project has not changed, however the company has written-down the carrying value of its interest by \$700,000 to \$7.4m, as realisation of its investment will be over a longer period than previously anticipated. The 'joint venture' has a bank finance facility that is non-recourse to Cedar Woods. The conditions of that facility are currently being met, with a set level of settlement revenues from current contracts required to maintain compliance.

Construction at The Elements project in South Hedland is well advanced and settlements are expected in the second half. Although the market in South Hedland has slowed due to the downturn in mining activity, sales are continuing at a reasonable rate and the project is two-thirds pre-sold.

Victorian Project Highlights

Cedar Woods' Victorian portfolio benefited from an overall improvement in residential market conditions in the Melbourne metropolitan area. The company witnessed modest price growth at some of its projects and buyer demand remains strong across the portfolio.

Revenue during the half was boosted by a higher contribution from built-form products as the company settled a number of stages at its Realm and Banbury Village projects. Built-form projects typically return lower margins than the land-only products and account for the reduction in gross margin across the portfolio in the first half, and this will continue in the second half. Management remains focused on achieving growth in NPAT and gross margins often fluctuate depending on the mix of projects contributing in any one reporting period.

Significant milestones were reached at Williams Landing in 1H 2014. Three stages of residential neighbourhoods were completed and buyer interest remains high.

One of Williams Landing Town Centre's major retail sites, the Masters Home Improvement store, opened in November 2013. Cedar Woods retains ownership of the property and rental income commenced during 1H 2014.



Construction of the Williams Landing Shopping Centre started in December 2013 and additional roads and other infrastructure were also completed in the Town Centre.

Cedar Woods continues to adopt a phased and structured approach to unlocking value at Williams Landing. The commercial and retail sites in the Town Centre will be developed over time and some present the opportunity for sale to third-parties. Sales of commercial and retail sites at Williams Landing will diversify Cedar Woods' earnings in the coming years and provide an additional revenue source to complement the company's existing residential portfolio.

At Realm in Camberwell, several stages were completed and settled during 1H 2014. The project is recognised as a stand-out example of an integrated housing development in a middle-suburban setting.

Several stages at Banbury Village in Footscray are being developed during FY2014 and Stage 18, a 38-unit apartment building, was launched during the first half with 36 units pre-sold. The project also received two industry awards at the 2013 Victorian Urban Development Institute of Australia (UDIA) Awards for Excellence: it was named the Best Medium Density Residential Development and received a commendation in the Urban Renewal category.

At St Albans, Cedar Woods successfully rezoned its 6.8 hectare landholding from industrial to residential. The project is expected to deliver more than 200 dwellings and construction is expected to start in 2015.

Cedar Woods' Victorian portfolio was extended during 1H 2014 with the addition of land at Clayton South, a 6.5 hectare infill site with the potential for approximately 250 dwellings. Construction is expected to commence in 2015.

Project Acquisition Program

Cedar Woods has an active acquisitions program as it continually seeks to replenish its inventory and add to its portfolio to provide future growth. Typically, the company makes between two and four land acquisitions each financial year, selecting properties through a disciplined and rigorous assessment process.

The company is currently assessing several acquisition prospects in WA, Victoria and Queensland, with some of significant scale under consideration. One of these prospects is under preliminary due diligence under a conditional contract. Should this or any of the other prospects advance to the acquisition phase, the company will update the market in line with



its regular disclosure practices.

Outlook

Strong population growth in Western Australia (3.3 per cent¹) and Victoria (2.0 per cent¹) continues to underpin demand for residential property. Loans to investors and owner occupiers remain on a solid uptrend, with owner occupier finance in WA 8.0 per cent higher and Victoria 9.0 per cent higher in the year to December 2013². Building approvals in both states are also significantly higher than a year ago and residential construction is anticipated to lift strongly in calendar 2014.

House prices have reflected this high level of activity with Melbourne houses increasing by 11.9 per cent and Perth 6.9 per cent in the twelve months to 31 January 2014³.

Cedar Woods has a positive outlook for the second half of FY2014, with presales of \$150 million mostly settling in 2H 2014. The company continues to build its FY2015 presales and has commenced planning and development on a number of new projects in both WA and Victoria to contribute earnings in FY2015 and beyond.

Subject to current market conditions continuing, Cedar Woods maintains full year earnings guidance of a record NPAT of approximately \$40 million in FY2014.

--- ENDS ---

¹ Australian Bureau of Statistics

² CBA

³ RPData-Rismark

CEDAR WOODS PROPERTIES LIMITED
APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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 2013.

Comparatives are for the half-year ended 31 December 2012.

2. Results for announcement to the market

		Dec 2013 Half \$'000	Dec 2012 Half \$'000	Change %
2.1	Revenue	102,104	73,526	38.9%
2.2	Profit after tax attributable to members	20,504	18,105	13.3%
2.3	Net profit for the period attributable to members	20,504	18,105	13.3%
2.4	Interim dividend per share, fully franked	12 cents	11 cents	9.1%
	Earnings per share	27.9 cents	25.0 cents	11.6%

Explanation

Refer to Company Announcement.

3. Net tangible assets per share

	Dec 2013	Dec 2012
Net tangible assets per share based on book values	\$2.98	\$2.68

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 12 cents per share payable on 30 April 2014. The dividend record date is 3 April 2014.

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 17 April 2014.

The Bonus Share Plan (BSP) is available for the interim dividend. The BSP election form closing date was 25 February 2014 (i.e. BSP elections have closed for this dividend).

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 10 April 2014.

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 Shareholder Information page on the company website.

7. Details of associates and joint venture entities

Cedar Woods Wellard Limited is an incorporated joint venture. The company holds a 32.5% shareholding at 31 December 2013 (Dec 2012: 32.5%). The share of the net loss from the joint venture for the half-year ended 31 December 2013 amounted to \$235,000 (Dec 2012 – loss of \$373,000).

The reporting entity holds a 50% (Dec 2012: 50%) interest in the ordinary shares of Champion Bay Nominees Pty Ltd and the ordinary units of BCM Apartment Trust at 31 December 2013. The share of net profit from these entities for the half-year ended 31 December 2013 is Nil (Dec 2012 - 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

HALF-YEAR REPORT – 31 DECEMBER 2013

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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 2013 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

CORPORATE DIRECTORY**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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Email: email@cedarwoods.com.auWebsite: www.cedarwoods.com.au**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

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 2013.

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 2013 were that of property developer and investor 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 2013 is set out below:

	2013	2012
	\$'000	\$'000
Revenue	102,104	73,526
Profit before income tax expense	27,730	25,334
Income tax expense	(7,226)	(7,229)
Net profit attributable to members of Cedar Woods Properties Limited	20,504	18,105

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.

CEDAR WOODS PROPERTIES LIMITED**DIRECTORS' REPORT (CONTINUED)****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.



P S Sadleir
Managing Director

Perth, Western Australia
25 February 2014

Auditor's Independence Declaration

As lead auditor for the review of Cedar Woods Properties Limited for the half-year ended 31 December 2013, 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.



Douglas Craig
Partner
PricewaterhouseCoopers

Perth
25 February 2014

CEDAR WOODS PROPERTIES LIMITED

**DIRECTORS' DECLARATION
31 DECEMBER 2013**

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 Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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 2014

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 2013, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Cedar Woods Properties Limited (the consolidated entity). The consolidated entity comprises 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 internal 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 Australian 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 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 2013 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

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 entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date;
- 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 2014

CEDAR WOODS PROPERTIES LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

		Half-year	
		2013	2012
		\$'000	\$'000
Revenue from operations	2	102,104	73,526
Cost of sales		(61,222)	(35,614)
Gross margin		40,882	37,912
Other income	2	564	1,104
Expenses:			
Project operating costs		(6,173)	(5,897)
Occupancy		(297)	(284)
Administration		(6,712)	(5,642)
Finance costs	3	(621)	(1,443)
Share of net losses of joint venture accounted for using the equity method		(235)	(373)
Other	3	322	(43)
Profit before income tax		27,730	25,334
Income tax expense	4	(7,226)	(7,229)
Profit for the half-year		20,504	18,105
Total comprehensive income for the half-year		20,504	18,105
Total comprehensive income attributable to members of Cedar Woods Properties Limited		20,504	18,105
		Half-year	
		2013	2012
Earnings per share for profit attributable to the ordinary owners of the company:		cents	Cents
Basic and diluted earnings per share		27.9	25.0

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CEDAR WOODS PROPERTIES LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013**

	NOTE	31 December 2013 \$'000	30 June 2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,711	3,017
Trade and other receivables		6,255	3,409
Inventories		93,154	76,009
Deferred development costs		5,296	11,037
Total current assets		106,416	93,472
Non-current assets			
Receivables		8,308	6,674
Inventories		189,764	174,864
Deferred development costs		7,692	3,412
Joint venture accounted for using the equity method		1,693	1,929
Available-for-sale financial assets		7,397	8,073
Property, plant and equipment		1,538	1,299
Investment properties		12,399	11,301
Total non-current assets		228,791	207,552
Total assets		335,207	301,024
LIABILITIES			
Current liabilities			
Trade and other payables		17,407	20,951
Other financial liabilities	5	34,382	11,603
Derivative financial instruments	6	22	93
Current tax liabilities		3,069	8,006
Provisions		6,695	6,630
Total current liabilities		61,575	47,283
Non-current liabilities			
Borrowings	7	48,079	40,779
Deferred tax liabilities		4,289	3,436
Provisions		352	310
Derivative financial instruments	6	1,085	1,472
Total non-current liabilities		53,805	45,997
Total liabilities		115,380	93,280
Net assets		219,827	207,744
EQUITY			
Contributed equity	9	86,043	83,795
Reserves		376	496
Retained profits		133,408	123,453
Total equity		219,827	207,744

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

CEDAR WOODS PROPERTIES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

Consolidated	NOTE	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
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	8	-	-	(9,859)	(9,859)
		3,083	(18)	(9,841)	(6,776)
Balance at 31 December 2012		82,408	579	112,968	195,955
Balance at 1 July 2013		83,795	496	123,453	207,744
Profit for the half-year		-	-	20,504	20,504
Total comprehensive income for the half-year		-	-	20,504	20,504
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		2,248	-	-	2,248
Transfers from reserves to retained profits		-	(120)	120	-
Dividends provided for or paid	8	-	-	(10,669)	(10,669)
		2,248	(120)	(10,549)	(8,421)
Balance at 31 December 2013		86,043	376	133,408	219,827

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

CEDAR WOODS PROPERTIES LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013**

	Half-year	
	2013	2012
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (incl. GST)	109,312	79,487
Payments to suppliers and employees (incl. GST)	(25,530)	(21,681)
Payments for land and development	(66,144)	(56,357)
Interest received	311	403
Borrowing costs paid	(2,513)	(2,122)
Income taxes paid	(11,310)	(13,575)
	4,126	(13,845)
Net cash inflows (outflows) from operating activities		
Cash flows from investing activities		
Proceeds from sale of investment properties	-	1,205
Proceeds from sale of property, plant and equipment	3	-
Payments for investment properties	(3,809)	-
Payments for property, plant and equipment	(410)	(166)
	(4,216)	1,039
Net cash (outflows) inflows from investing activities		
Cash flows from financing activities		
Proceeds from borrowings	7,201	27,527
Dividends paid	8 (8,408)	(6,773)
Payment of share issue expenses	(9)	-
	(1,216)	20,754
Net cash (outflows) inflows from financing activities		
Net (decrease) increase in cash and cash equivalents	(1,306)	7,948
Cash and cash equivalents at the beginning of the half-year	3,017	366
	1,711	8,314
Cash and cash equivalents at the end of the half-year		

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

CEDAR WOODS PROPERTIES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013**

1. BASIS OF PREPARATION OF HALF-YEAR STATEMENT

This general purpose financial report for the interim half-year reporting period ended 31 December 2013 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 2013 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	
	2013	2012
	\$'000	\$'000
From operations		
Revenue		
Sale of land and buildings	100,725	69,736
Management fees and commissions	161	1,297
Lease income	293	179
Interest	925	2,314
Total revenue	102,104	73,526
Other income		
Fair value gains on financial liabilities at fair value through profit or loss	457	165
Net gain on disposal of investment properties	-	382
Sundry income	107	557
	564	1,104

3. EXPENSES

	Half-year	
	2013	2012
	\$'000	\$'000
Finance costs		
Interest and finance charges	2,649	1,969
Calculated using effective interest method	305	305
Less: amount capitalised	(2,333)	(831)
Finance costs expensed	621	1,443
Depreciation of property, plant and equipment	134	118
Write down (back) of assets		
Available for sale financial assets	676	-
Reversal of provision for doubtful debts	(998)	-
Inventory	-	43
	(322)	43

CEDAR WOODS PROPERTIES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 (CONTINUED)**

4. INCOME TAX

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year, adjusted for current tax of prior periods. The estimated average annual tax rate used for the six months to 31 December 2013 is 26%, compared to 29% for the six months ended 31 December 2012. The lower tax rate in the current period was predominantly the result of an adjustment for current tax of prior periods in relation to a research and development tax credit claimed in a prior year.

5. OTHER FINANCIAL LIABILITIES

	31 December 2013 \$'000	30 June 2013 \$'000
Due to vendors for land under contract of sale	34,382	11,603
	34,382	11,603

6. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2013 \$'000	30 June 2013 \$'000
Current liabilities		
Interest rate swap contracts	22	93
Non-current liabilities		
Interest rate swap contracts	1,085	1,472
	1,107	1,565

(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

The bank loans currently bear an average variable interest rate of 4.36% per annum (30 June 2013 – 4.82% 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 swap contracts under which a significant part of the consolidated entity's projected borrowings are protected for the period from 1 January 2014 to 2 June 2015.

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 83% (30 June 2013 – 98%) 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.

CEDAR WOODS PROPERTIES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 (CONTINUED)**

7. NON-CURRENT BORROWINGS

In December 2013 the group extended its \$110,000,000, 3 year finance facility for a further 12 months, now expiring on 30 November 2016.

The facility is a club facility, providing the flexibility to allow the participation of additional financiers, should the group's requirements change and additional lenders be required. Currently the facility is provided on a joint basis by ANZ and Commonwealth Bank trading as Bankwest. 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.

8. DIVIDENDS

	Half-year	
	2013	2012
	\$'000	\$'000
Ordinary shares		
Dividends provided for or paid during the half-year:		
Paid in cash	8,408	6,773
Satisfied by shares under the dividend reinvestment plan	2,258	3,083
Applied to the employee share plan loans	3	3
	10,669	9,859

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 12 cents per fully paid ordinary share (2012 – 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.

9. CONTRIBUTED EQUITY

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

	Half-year	
	2013	2012
	\$'000	\$'000
Share capital at the beginning of the reporting period – 73,359,551 (2012 – 72,189,514) ordinary shares	83,795	79,325
Shares issued pursuant to dividend reinvestment plan – 324,751 (2012 – 794,591) ordinary shares issued at \$6.95 (2012 - \$3.88) each	2,257	3,083
Shares issued pursuant to the bonus share plan – 48,381 (2012 – 63,688) ordinary shares	-	-
Cost of issuing equity	(9)	-
Share capital at the end of the reporting period – 73,732,683 (2012 – 73,047,793) ordinary shares	86,043	82,408

10. CONTINGENT LIABILITIES

At 31 December 2013 bank guarantees totalling \$7,537,000 (30 June 2013 - \$11,411,000) had been provided to various state and local authorities supporting development and maintenance commitments.

CEDAR WOODS PROPERTIES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2013 (CONTINUED)**

11. SEGMENT INFORMATION

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

The board has considered the business from both a product and a geographic perspective and has determined that 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.

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

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

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.