

ASX Announcement and Media Release

23 FEBRUARY 2016

The logo for Cedar Woods, featuring the company name in a white sans-serif font on a blue background. The word "Cedar" is on the left, followed by a stylized white diamond icon containing a circular arrow, and the word "Woods" is on the right.

Cedar Woods Properties Limited

ASX Code: CWP

1H FY2016 summary:

- 1H FY2016 NPAT of \$18.1 million, up 100% on prior year
- Record full year earnings guidance approximately \$43 million NPAT
- Fully franked interim dividend of 12 cps declared, in-line with 1H FY2015
- Strong financial position maintained, gearing at 25.9% at 31 Dec 2015
- Pre-sales of \$176 million with the majority expected to settle in FY2016
- Well positioned for FY2017 with new landmark projects in three states

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Cedar Woods Delivers Strong First Half Profit, Positioned for Further Growth

Cedar Woods Properties Limited (ASX: CWP) ('Cedar Woods' or the company) reports net profit after tax for the first half of the 2016 financial year (1H FY2016) of \$18.1 million, an increase of 100 per cent on the previous corresponding period.

The company also confirmed that it expects NPAT for FY2016 to be approximately \$43 million, representing a sixth consecutive year of record profit. The full-year outlook is based on secured pre-sales of \$176 million mostly settling in the second half of the financial year, with the balance in FY2017 and FY2018.

Reflecting the company's confidence in the full-year guidance, the Board has declared a fully franked interim dividend of 12 cents per share, in line with 1H FY2015. The Board intends to maintain the policy of distributing approximately 50 per cent of full year net profit to shareholders via dividends.

Cedar Woods' Managing Director Paul Sadleir said: "We are pleased to deliver a solid result for the first half, well up on the previous year, and look forward to a stronger second half underpinned by our significant bank of pre-sales.

"During the half, we continued to diversify our national portfolio with an acquisition at Woolloowin in Brisbane, as well as being chosen as preferred proponent for the Glenside project in Adelaide.

"We are confident that if conditions continue as anticipated, we will deliver a full year net profit of approximately \$43 million."



Financial Commentary

Revenue for 1H FY2016 was \$77 million, in line with 1H FY2015, with improved margins generating the significant increase in profit, as a result of a change in mix of contributing projects, with less apartment contributions and continued cost savings across the company's operations. The result for the previous corresponding period was characterised by significant revenues from the Elements, South Hedland project and the Realm, Camberwell project, both of which were completed in FY2015.

Cedar Woods maintained a strong balance sheet through the half, with gearing of 25.9 per cent at 31 December 2015, comfortably within the company's target range of 20 per cent to 75 per cent, providing capacity to develop and expand the company's project pipeline. It is expected that gearing will remain at the lower end of the target range for the second half. The company continues to assess acquisition opportunities with several proposals under consideration across its preferred corridors in Victoria, Queensland, Western Australia and South Australia.

The company has arranged the refinancing of the \$23 million development facility for the Williams Landing Shopping Centre with a new 3 year \$30 million finance facility with Bankwest, expiring in February 2019. This provides an ongoing investment facility for the existing centre and provides for the \$6.5 million extension of the centre referred to below.

Operational Update

One of the company's long term strategies has been geographic diversification, which has seen activities undertaken in four key states where Cedar Woods' focus on land and infill medium density developments is best suited.

Consistent with this strategy, recent acquisition activity has enhanced the company's portfolio with new projects in prime locations that will add significantly to development activities and revenues over many years. In particular Wooloowin and Glenside will service the growing demand for inner suburban living, through the provision of apartment and townhouse product.

The Williams Landing Town Centre strategy continues, with initiatives across a range of land uses, including retail, office, childcare and residential.

Victorian Projects Update

Positive market conditions for residential property developers continued in Victoria during the first half across all sectors, with growth in prices and strong sales volumes.

At Williams Landing, interest has remained high and a large number of settlements in the first half contributed strongly to profit. The first stage of the Addison neighbourhood was released in January this year, with continued price growth.

At the Newton apartments, the first apartment offering at Williams Landing, the 57 apartment project was successfully launched with pre-sales of more than 40 per cent achieved by December 31 and approximately 80 per cent by the end of January 2016.



At the Williams Landing Town Centre, the company has commenced a \$6.5 million extension of the Williams Landing Shopping Centre, which will include a childcare centre and new retail tenancies.

Construction of the fully-sold final stage of Banbury Village in Footscray, the 101-unit Botanica Apartments, has continued and is expected to be completed by the end of FY2016. Settlements are expected to commence in FY2016 and continue into FY2017.

The Jackson Green development in Clayton South was launched in the September quarter last year with the first two releases achieving strong presales and price points well above the suburb's median house price.

At the St.A project in St Albans, Cedar Woods completed a successful release with 12 townhouses sold in the December quarter. Again, good prices were achieved with the average price approximately 20 per cent higher than the suburb's median house price, reflecting the demand for new housing in inner suburban locations and with proximity to train stations and other established facilities.

Western Australian Projects Update

While market conditions continue to ease in Western Australia, Cedar Woods achieved a number of significant objectives during the first half.

Sales activity at The Rivergums, Ariella, Piara Central, Emerald Park, Byford on the Scarp and The Brook at Byford continued in 1H FY2016.

The final stage of Mariners Cove in Mandurah is attracting strong interest from buyers keen to purchase canal lots in the last remaining stage of the project, with solid sales in the first half.

At Bushmead, Cedar Woods' 273ha site 16km from Perth's CBD, the Local Structure Plan has been approved by the City of Swan. The project is expected to cater for 800 dwellings. Subject to receipt of subdivisional approval, construction of stage 1 is expected to commence in the current financial year with the first settlements in FY2017.

At Ariella Estate in Brabham, the 99 lot first stage was completed, with settlements commencing in the first half and continuing into the current half. Following the strong sales response to the release of the first stage of Ariella, construction of the 94-lot second stage began in September 2015 with settlements from this stage anticipated to commence in FY2016.

At Emerald Park, stage 7 of the project has been completed with settlements continuing into the current half year. The final stage is now close to completion and titles are expected in the second half. A child care site was sold in 1H FY2016 and is scheduled to settle in the second half.

In August 2015, Cedar Woods acquired 51 hectares of land in North Baldivis. The land is adjacent to an existing 68 hectare landholding already owned by the company and will allow a combined total yield of approximately 1500 lots. A local structure plan for North Baldivis has been lodged with approval expected in the current financial year, to allow construction and lot sales to commence in FY2017.



The Mangles Bay Marina project in Rockingham, a co-development with LandCorp, continues to progress through the planning phase. An extensive stakeholder program continues, and full planning approval is anticipated by November 2016. Development is scheduled to commence in the middle of calendar 2017.

Queensland Projects Update

The company's Ellendale development in Upper Kedron, Brisbane, received initial planning approval for the first 480 lots in 1H FY2016, with the planning process underway for the balance of the 228ha site. A marketing centre has been established and is ready for the project launch, scheduled in coming months. Stage 1 of 143 lots is anticipated to commence construction in the second half, subject to detailed design approval. The Ellendale project is being released into a Queensland market that is coming off a period of relatively slow growth, and should benefit from improving conditions.

In December 2015, Cedar Woods purchased a 3.81ha infill site in Woolloowin, in Brisbane's inner north. Settlement of the \$24.6 million acquisition will occur upon the vendor completing the process for creation of the site's title, which is anticipated to occur by mid-2016. The site has current approval for 279 residential dwellings, with buildings of up to eight levels, and work continues to refine the development concept which will be in line with concepts successfully delivered on similar sites in Melbourne.

South Australia Project Update

Cedar Woods has signed an exclusivity agreement with Renewal SA, a South Australian government agency, as preferred proponent to progress the development of the Glenside project. The 16.5ha site is approximately 2 kilometres south-east of the Adelaide CBD. Cedar Woods has developed a master plan for the site and expects settlement to follow rezoning of the site in early FY2017 and staged development to occur over a number of years.

Outlook

Cedar Woods will continue to benefit from a nationally diversified portfolio of developments offering a range of products and at various levels of maturity. Its projects are in high growth corridors and residential demand is supported by resilient employment figures, continued population growth and the current low interest rate environment.

Cedar Woods' outlook for 2H FY2016 is underpinned by strong pre-sales of \$176 million, the majority of which are expected to settle in the second half of the financial year. This compares favorably to pre-sales of \$147 million at the same time last year. As a result, assuming current market conditions continue, Cedar Woods is confident it will deliver a record NPAT of approximately \$43 million for FY2016.

The company continues to build presales and anticipates construction commencing at a number of major projects including Ellendale, St.A, Newton apartments, Bushmead and North Baldivis in coming months, placing the company in a strong position for FY2017.

--- ENDS ---

CEDAR WOODS PROPERTIES LIMITED
APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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 2015.

Comparatives are for the half-year ended 31 December 2014.

2. Results for announcement to the market

		Dec 2015 Half \$'000	Dec 2014 Half \$'000	Change %
2.1	Revenue	77,048	77,910	Down 1.1%
2.2	Profit after tax attributable to members	18,113	9,057	Up 100.0%
2.3	Net profit for the period attributable to members	18,113	9,057	Up 100.0%
2.4	Interim dividend per share, fully franked	12 cents	12 cents	No change
	Earnings per share	23.0 cents	11.6 cents	Up 98.3%

Explanation

Refer to Company Announcement.

3. Net tangible assets per share

	Dec 2015	Dec 2014
Net tangible assets per share based on book values	\$3.69	\$3.30

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 29 April 2016. The dividend record date is 31 March 2016.

6. Dividend reinvestment plan and bonus share plan

The Dividend Reinvestment Plan (DRP) is not available for the interim dividend.

The Bonus Share Plan (BSP) is not available for the interim dividend.

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 2015 (Dec 2014: 32.5%). The share of the net profit from the joint venture for the half-year ended 31 December 2015 amounted to \$50,000 (Dec 2014 -\$566,000).

The reporting entity holds a 50% (Dec 2014: 50%) interest in the ordinary shares of Champion Bay Nominees Pty Ltd and the ordinary units of BCM Apartment Trust at 31 December 2015. The share of net profit from these entities for the half-year ended 31 December 2015 is Nil (Dec 2014 - 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 2015

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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 2015 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
Stephen Thomas Pearce, BBus (ACC), Grad Dip (Admin), FCA, AGIA, MAICD
Valerie Anne Davies, FAICD – Independent Non-executive Director
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

Registered office and principal place of business

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Email: email@cedarwoods.com.au
Website: www.cedarwoods.com.au

Share registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
PERTH WA 6000

Auditor

PricewaterhouseCoopers
125 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

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 2015.

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 unless otherwise stated:

William George Hames (Chairman)
 Robert Stanley Brown (Deputy Chairman)
 Ronald Packer
 Stephen Thomas Pearce
 Valarie Anne Davies (appointed 21 September 2015)
 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 2015 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 2015 is set out below:

	2015	2014
	\$'000	\$'000
Revenue	77,048	77,910
Profit before income tax expense	25,868	12,168
Income tax expense	(7,755)	(3,111)
Net profit attributable to members of Cedar Woods Properties Limited	18,113	9,057

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

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
22 February 2016



Auditor's Independence Declaration

As lead auditor for the review of Cedar Woods Properties Limited for the half-year ended 31 December 2015, 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
22 February 2016

CEDAR WOODS PROPERTIES LIMITED**DIRECTORS' DECLARATION
31 DECEMBER 2015**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 15 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 2015 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
22 February 2016

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 (the company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement 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 half-year 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 2015 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*.

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 2015 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*.

A handwritten signature in black ink that reads "Douglas Craig". The signature is written in a cursive, flowing style.

Douglas Craig
Partner
PricewaterhouseCoopers

Perth
22 February 2016

CEDAR WOODS PROPERTIES LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Half-year	
	2015	2014
	\$'000	\$'000
Revenue from operations		
Sale of land and buildings	74,198	73,762
Services	279	1,982
Rent from properties	1,862	1,498
Interest revenue	709	668
	77,048	77,910
Other income	71	6
Expenses		
Cost of sales of land and buildings	(33,896)	(46,898)
Cost of providing services	(60)	(862)
Other expenses from ordinary activities:		
Project operating costs	(7,329)	(7,671)
Occupancy	(296)	(355)
Administration	(7,576)	(6,813)
Other	(328)	(2,500)
Finance costs	2 (1,816)	(1,215)
Share of net profit of joint ventures accounted for using the equity method	50	566
	25,868	12,168
Profit before income tax	25,868	12,168
Income tax expense	3 (7,755)	(3,111)
	18,113	9,057
Profit for the half-year	18,113	9,057
Total comprehensive income for the half-year	18,113	9,057
Total comprehensive income attributable to members of Cedar Woods Properties Limited	18,113	9,057
	Half-year	
Earnings per share for profit attributable to the ordinary equity holders of the company:	2015	2014
	Cents	Cents
Basic and diluted earnings per share	23.0	11.6

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 2015**

	NOTE	31 December 2015 \$'000	30 June 2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		3,378	1,886
Trade and other receivables		12,733	9,475
Inventories		67,084	59,181
Deferred development costs		8,544	6,495
Total current assets		91,739	77,037
Non-current assets			
Receivables		3,191	3,069
Inventories		306,954	251,109
Deferred development costs		8,239	5,868
Investments accounted for using the equity method		4,025	3,975
Available-for-sale financial assets		700	1,029
Property, plant and equipment		3,593	2,479
Investment properties		37,704	37,982
Lease incentives		947	782
Total non-current assets		365,353	306,293
Total assets		457,092	383,330
LIABILITIES			
Current liabilities			
Trade and other payables		14,580	16,063
Borrowings	5	22,654	22,481
Other financial liabilities	4	25,468	-
Current tax liabilities		1,959	8,679
Provisions		7,828	8,365
Total current liabilities		72,489	55,588
Non-current liabilities			
Borrowings	5	56,025	7,313
Other financial liabilities	4	33,081	32,106
Deferred tax liabilities		3,783	2,236
Provisions		372	414
Derivative financial instruments		248	68
Total non-current liabilities		93,509	42,137
Total liabilities		165,998	97,725
Net assets		291,094	285,605
EQUITY			
Contributed equity	7	119,525	119,525
Reserves		151	186
Retained profits		171,418	165,894
Total equity		291,094	285,605

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 2015**

Consolidated	NOTE	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
Balance at 1 July 2014		116,716	309	144,576	261,601
Profit for the half-year		-	-	9,057	9,057
Total comprehensive income for the half-year		-	-	9,057	9,057
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		(3)	-	-	(3)
Transfers from reserves to retained profits		-	(38)	38	-
Dividends provided for or paid	6	-	-	(12,142)	(12,142)
		(3)	(38)	(3,047)	(3,088)
Balance at 31 December 2014		116,713	271	141,529	258,513
Balance at 1 July 2015		119,525	186	165,894	285,605
Profit for the half-year		-	-	18,113	18,113
Total comprehensive income for the half-year		-	-	18,113	18,113
Transactions with owners in their capacity as owners:					
Transfers from reserves to retained profits		-	(35)	35	-
Dividends provided for or paid	6	-	-	(12,624)	(12,624)
		-	(35)	5,524	5,489
Balance at 31 December 2015		119,525	151	171,418	291,094

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 2015**

	Half-year	
	2015 \$'000	2014 \$'000
Cash flows from operating activities		
Receipts from customers (incl. GST)	84,184	84,548
Payments to suppliers and employees (incl. GST)	(26,852)	(23,694)
Payments for land and development	(76,897)	(79,446)
Interest received	292	243
Borrowing costs paid	(1,897)	(3,041)
Income taxes paid	(12,928)	(11,944)
Net cash outflows from operating activities	(34,098)	(33,334)
Cash flows from investing activities		
Repayment of loans by joint ventures	1,108	1,060
Payments for investment properties	(356)	(14,902)
Payments for property, plant and equipment	(1,315)	(121)
Net cash outflows from investing activities	(563)	(13,963)
Cash flows from financing activities		
Proceeds from borrowings	48,772	54,809
Dividends paid	(12,619)	(12,139)
Payment of share issue expenses	-	(4)
Net cash inflows from financing activities	36,153	42,666
Net increase (decrease) in cash and cash equivalents	1,492	(4,631)
Cash and cash equivalents at the beginning of the half-year	1,886	8,796
Cash and cash equivalents at the end of the half-year	3,378	4,165

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 2015

1. BASIS OF PREPARATION OF HALF-YEAR STATEMENT

This general purpose financial report for the interim half-year reporting period ended 31 December 2015 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 2015 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. EXPENSES

	Half-year	
	2015	2014
	\$'000	\$'000
Finance costs		
Interest and finance charges	2,041	2,955
Calculated using effective interest method	1,020	1,399
Unrealised financial instrument losses (gains)	180	(443)
Less: amount capitalised	(1,425)	(2,696)
Finance costs expensed	1,816	1,215
Depreciation of property, plant and equipment	195	132
Depreciation of investment properties	503	202

3. 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 2015 is 30%, compared to 26% for the six months ended 31 December 2014. The tax rate in the previous period has been impacted by adjustments for current tax of prior periods in relation to research and development tax credits claimed in prior years.

4. OTHER FINANCIAL LIABILITIES

	31 December	30 June
	2015	2015
	\$'000	\$'000
Current		
Due to vendors for land under contract of sale	25,468	-
	25,468	-
Non-current		
Due to vendors for land under contract of sale	33,081	32,106
	33,081	32,106

CEDAR WOODS PROPERTIES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2015 (CONTINUED)**

5. CURRENT AND NON-CURRENT BORROWINGS**Current Borrowings**

In August 2014, the group established a \$23,000,000 bank facility to project finance the construction of the Williams Landing Shopping Centre. The facility expires in February 2016 and a new \$30,000,000 3 year finance facility has been established with Commonwealth Bank trading as Bankwest, with expiry in February 2019. The facility refinances the existing facility and provides funding for a \$6.5m extension of the shopping centre.

Non-Current Borrowings

In November 2015 the group extended its \$135,000,000, 3 year finance facility for a further 12 months, now expiring on 30 November 2018. 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.

6. DIVIDENDS

	Half-year	
	2015	2014
	\$'000	\$'000
Ordinary shares		
Dividends provided for or paid during the half-year:		
Paid in cash	12,619	12,139
Applied to the employee share plan loans	5	3
	12,624	12,142

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 (2014 – 12 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	
	2015	2014
	\$'000	\$'000
Share capital at the beginning of the reporting period – 78,891,681 (2014 – 78,336,371) ordinary shares	119,525	116,716
Cost of issuing equity (net of deferred tax)	-	(3)
Share capital at the end of the reporting period – 78,891,681 (2014 – 78,336,371) ordinary shares	119,525	116,713

8. CONTINGENT LIABILITIES

At 31 December 2015 bank guarantees totalling \$12,753,695 (30 June 2015 - \$13,688,000) 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 2015 (CONTINUED)**

9. 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 development and investment 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.

10. EVENT AFTER THE BALANCE SHEET DATE

In February 2016 a new \$30,000,000 3 year finance facility for the Williams Landing Shopping Centre was established with Commonwealth Bank trading as Bankwest, with expiry in February 2019. The facility refinances the existing \$23m development facility and also provides funding for a \$6.5m extension of the shopping centre.