

CEDAR WOODS PROPERTIES LIMITED
APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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 2016.

Comparatives are for the half-year ended 31 December 2015.

2. Results for announcement to the market

		Dec 2016 Half \$'000	Dec 2015 Half \$'000	Change %
2.1	Revenue	56,568	77,048	Down 26.6%
2.2	Profit after tax attributable to members	3,023	18,113	Down 83.3%
2.3	Net profit for the period attributable to members	3,023	18,113	Down 83.3%
2.4	Interim dividend per share, fully franked	12 cents	12 cents	No change
	Earnings per share	3.8 cents	23.0 cents	Down 83.5%

Explanation

Refer to Company Announcement.

3. Net tangible assets per share

	Dec 2016	Dec 2015
Net tangible assets per share based on book values	\$3.77	\$3.69

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 28 April 2017. The dividend record date is 3 April 2017.

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 2016 (Dec 2015: 32.5%). The share of the net profit from the joint venture for the half-year ended 31 December 2016 amounted to \$153,000 (Dec 2015 –\$50,000).

The reporting entity holds a 50% (Dec 2015: 50%) interest in the ordinary shares of Champion Bay Nominees Pty Ltd and the ordinary units of BCM Apartment Trust at 31 December 2016. The share of net profit from these entities for the half-year ended 31 December 2016 is Nil (Dec 2015 - 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

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

ABN 47 009 259 081

HALF-YEAR REPORT – 31 DECEMBER 2016

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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 2016 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 – Lead Independent Director

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

Ground Floor, 50 Colin Street

WEST PERTH WA 6005

Postal address: P.O. Box 788 West Perth WA 6872

Phone: (08) 9480 1500

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

Cedar Woods Properties Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at Ground Floor, 50 Colin Street, WEST PERTH WA 6005. Its shares are listed on the Australian Stock Exchange.

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 2016.

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 (Lead Independent Director)
 Valerie Anne Davies (Independent Non-executive Director)
 Paul Stephen Sadleir (Managing Director)
 Timothy Robert Brown (Alternate for R S Brown)

Stephen Thomas Pearce was a director from the beginning of the financial year until his resignation on 20 January 2017.

2. Review of operations

The principal continuing activities of the group in the course of the half-year ended 31 December 2016 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 2016 is set out below:

	2016	2015
	\$'000	\$'000
Revenue	56,568	77,048
Profit before income tax expense	4,236	25,868
Income tax expense	(1,213)	(7,755)
Net profit attributable to members of Cedar Woods Properties Limited	3,023	18,113

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 2016/191 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
21 February 2017



Auditor's Independence Declaration

As lead auditor for the review of Cedar Woods Properties Limited for the half-year ended 31 December 2016, 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
21 February 2017

PricewaterhouseCoopers, ABN 52 780 433 757

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CEDAR WOODS PROPERTIES LIMITED**DIRECTORS' DECLARATION
31 DECEMBER 2016**

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 2016 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
21 February 2017



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 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated 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 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 2016 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:

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- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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*.

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the company for the half-year ended 31 December 2016 included on Cedar Woods Properties Limited's web site. The company's directors are responsible for the integrity of the Cedar Woods Properties Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Douglas Craig

Douglas Craig
Partner

Perth
21 February 2017

CEDAR WOODS PROPERTIES LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Half-year	
	2016	2015
	\$'000	\$'000
Revenue from operations		
Sale of land and buildings	51,833	74,198
Services	2,236	279
Rent from properties	2,034	1,862
Interest revenue	465	709
	56,568	77,048
Other income	40	71
Expenses		
Cost of sales of land and buildings	(31,461)	(33,896)
Cost of providing services	(1,624)	(60)
Other expenses from ordinary activities:		
Project operating costs	(8,619)	(7,329)
Occupancy	(331)	(296)
Administration	(8,002)	(7,576)
Other	(1,336)	(328)
Finance costs	2 (1,152)	(1,816)
Share of net profit of joint ventures accounted for using the equity method	153	50
	4,236	25,868
Profit before income tax	4,236	25,868
Income tax expense	3 (1,213)	(7,755)
	3,023	18,113
Profit for the half-year	3,023	18,113
Total comprehensive income for the half-year	3,023	18,113
Total comprehensive income attributable to members of Cedar Woods Properties Limited	3,023	18,113
	Half-year	
Earnings per share for profit attributable to the ordinary equity holders of the company:	2016	2015
	Cents	Cents
Basic and diluted earnings per share	3.8	23.0

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 2016**

	NOTE	31 December 2016 \$'000	30 June 2016 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,469	1,697
Trade and other receivables		9,537	8,374
Inventories		77,222	55,644
Deferred development costs		6,334	6,535
Current tax assets		3,604	-
Total current assets		98,166	72,250
Non-current assets			
Receivables		8,224	6,890
Inventories		311,946	311,542
Deferred development costs		12,759	11,836
Investments accounted for using the equity method		4,170	4,016
Property, plant and equipment		4,273	4,080
Investment properties		43,908	41,542
Lease incentives		849	573
Total non-current assets		386,129	380,479
Total assets		484,295	452,729
LIABILITIES			
Current liabilities			
Trade and other payables		17,715	13,494
Other financial liabilities	4	31,167	27,446
Current tax liabilities		-	6,070
Provisions		5,794	7,128
Total current liabilities		54,676	54,138
Non-current liabilities			
Borrowings	5	91,398	52,041
Other financial liabilities	4	35,122	34,086
Deferred tax liabilities		5,397	4,277
Provisions		78	271
Derivative financial instruments		339	728
Total non-current liabilities		132,334	91,403
Total liabilities		187,010	145,541
Net assets		297,285	307,188
EQUITY			
Contributed equity	7	119,525	119,525
Reserves		244	159
Retained profits		177,516	187,504
Total equity		297,285	307,188

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 2016**

Consolidated	NOTE	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
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
Balance at 1 July 2016		119,525	159	187,504	307,188
Profit for the half-year		-	-	3,023	3,023
Total comprehensive income for the half-year		-	-	3,023	3,023
Transactions with owners in their capacity as owners:					
Transfers from reserves to retained profits		-	(6)	6	-
Dividends provided for or paid	6	-	-	(13,017)	(13,017)
Employee share plan reserve		-	91	-	91
		-	85	(9,988)	(9,903)
Balance at 31 December 2016		119,525	244	177,516	297,285

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 2016**

	Half-year	
	2016	2015
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (incl. GST)	60,614	84,184
Payments to suppliers and employees (incl. GST)	(28,647)	(26,852)
Payments for land and development	(42,200)	(76,897)
Interest received	184	292
Borrowing costs paid	(1,740)	(1,897)
Income taxes paid	(9,767)	(12,928)
	<hr/>	<hr/>
Net cash outflows from operating activities	(21,556)	(34,098)
	<hr/>	<hr/>
Cash flows from investing activities		
Repayment of loans by joint ventures	-	1,108
Payments for investment properties	(4,332)	(356)
Payments for property, plant and equipment	(611)	(1,315)
	<hr/>	<hr/>
Net cash outflows from investing activities	(4,943)	(563)
	<hr/>	<hr/>
Cash flows from financing activities		
Proceeds from borrowings	39,285	48,772
Dividends paid	6 (13,014)	(12,619)
	<hr/>	<hr/>
Net cash inflows from financing activities	26,271	36,153
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(228)	1,492
Cash and cash equivalents at the beginning of the half-year	1,697	1,886
	<hr/>	<hr/>
Cash and cash equivalents at the end of the half-year	<u>1,469</u>	<u>3,378</u>

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 2016

1. BASIS OF PREPARATION OF HALF-YEAR STATEMENT

This general purpose financial report for the interim half-year reporting period ended 31 December 2016 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 2016 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	
	2016	2015
	\$'000	\$'000
Finance costs		
Interest and finance charges	1,667	2,041
Calculated using effective interest method	1,557	1,020
Unrealised financial instrument losses (gains)	(389)	180
Less: amount capitalised	(1,683)	(1,425)
Finance costs expensed	<u>1,152</u>	<u>1,816</u>
Depreciation of property, plant and equipment	294	195
Depreciation of investment properties	<u>517</u>	<u>503</u>
Other		
Write-down of inventory	1,336	-
Impairment of available for sale financial assets	-	328
	<u>1,336</u>	<u>328</u>

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 2016 is 29%, compared to 30% for the six months ended 31 December 2015. The tax rate has been impacted by adjustments for current tax of prior periods in relation to research and development tax credits claimed in prior years.

CEDAR WOODS PROPERTIES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONTINUED)**

4. OTHER FINANCIAL LIABILITIES

	31 December 2016 \$'000	30 June 2016 \$'000
Current		
Due to vendors of properties under contracts of sale	31,167	27,446
	31,167	27,446
Non-current		
Due to vendors of properties under contracts of sale	35,122	34,086
	35,122	34,086

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

In January 2017 the group extended its \$175,000,000, 3 year corporate finance facility by an additional year to 30 November 2019. The facility is a club facility with a security trustee, providing the flexibility for other banks to enter, should the group's requirements grow and more lenders are 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.

The group has an investment facility of \$30,000,000 in place for the Williams Landing Shopping Centre provided by Commonwealth Bank trading as Bankwest. The facility extends to February 2019.

6. DIVIDENDS

	Half-year	
	2016 \$'000	2015 \$'000
Ordinary shares		
Dividends provided for or paid during the half-year:		
Paid in cash	13,014	12,619
Applied to the employee share plan loans	3	5
	13,017	12,624

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 (2015 – 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.

CEDAR WOODS PROPERTIES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONTINUED)**

7. CONTRIBUTED EQUITY

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

	Half-year	
	2016	2015
	\$'000	\$'000
Share capital at the beginning of the reporting period – 78,891,681 (2015 – 78,891,681) ordinary shares	119,525	119,525
Share capital at the end of the reporting period – 78,891,681 (2015 – 78,891,681) ordinary shares	119,525	119,525

8. CONTINGENT LIABILITIES

At 31 December 2016 bank guarantees totalling \$12,190,000 (30 June 2016 - \$14,145,000) had been provided to various state and local authorities supporting development and maintenance commitments.

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.

CEDAR WOODS PROPERTIES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2016 (CONTINUED)**

10. EVENTS AFTER THE BALANCE SHEET DATE

The group owns 100 ordinary units for \$1 each (a 50% interest in the ordinary units) in the BCM Apartment Trust (BCM). The group also owns 10 ordinary shares for \$1 each (a 50% interest) in Champion Bay Nominees Pty Ltd (CBN), the trustee of BCM. On 31 January 2017 CBN and BCM were deemed to become under the management control of the group, as a result of the resignation of a Director of CBN that represented the other 50% owner of the units and shares in BCM and CBN respectively. The financial effects of the group assuming control have not been recognised at 31 December 2016. The operating results and assets and liabilities of CBN and BCM will be consolidated from 1 February 2017. The change is not expected to materially impact the performance of the group going forward.