

ASX Announcement and Media Release

25 February 2015



Cedar Woods Properties Limited

ASX Code: CWP

1H FY2015 Overview:

- 1H FY2015 NPAT of \$9.1 million
- Full year earnings guidance increased to a record \$41 million NPAT
- Fully franked interim dividend of 12 cps declared, in-line with 1H FY2014
- Strong financial position maintained, gearing at 36% at 31 Dec 2014
- Full year performance significantly weighted to the second half due to the timing of project stages

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Cedar Woods Properties Limited 1H FY2015 Financial Results

Cedar Woods Properties Limited (ASX: CWP) ('Cedar Woods') reports net profit after tax for the first half of the 2015 financial year (1H FY2015) of \$9.1 million. Cedar Woods has increased its full year earnings guidance for FY2015 to a record \$41 million NPAT, based on the company's strong delivery program for 2H FY2015 and assuming current market conditions continue.

The company previously announced on 20 August 2014 and on 14 October 2014 that FY2015 performance would be substantially weighted to the second half of the financial year, due to the timing of the project stages. Unequal contributions from each half are not unusual for Cedar Woods due to seasonal and other factors and management's primary focus is on the achievement of the full year profit objective.

Reflecting the company's confidence in the full-year performance, the Board has declared a fully franked interim dividend of 12 cents per share, in line with 1H FY2014. The Board has also determined the company's Dividend Reinvestment Plan and Bonus Share Plan will be available for this dividend. The Board intends to maintain the policy of distributing approximately 50 per cent of full year net profit.

Cedar Woods' Managing Director Paul Sadleir said: "Our project delivery program achieved a number of milestones and strong pre-sales during the first half, and we are confident of delivering a sixth consecutive year of full year profit growth."

As at 31 December 2014, Cedar Woods has secured pre-sales of \$147 million mostly settling in the second half of the financial year, with the balance in FY2016. The company continues to build its FY2016 pre-sales and today announced it will commence the sale process for its Masters Home Improvement store at Williams Landing in Victoria, with the transaction targeted to settle in 1H FY2016, which will significantly bolster the 1H FY2016 result.



Balance Sheet Strength

Cedar Woods maintained a strong balance sheet through the half, with gearing of 36 per cent at 31 December 2014, 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. The company continues to assess acquisition opportunities with several proposals under consideration.

In November 2014 the company extended its three-year, \$135 million corporate finance facility by a further year to 30 November 2017. 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. In addition the company has a \$23 million finance facility for the Williams Landing shopping centre development. At 31 December 2014 net debt for the combined facilities was \$91.9 million.

Western Australian Projects Update

Cedar Woods continued to receive strong levels of buyer interest across its WA portfolio during 1H FY2015. The company also achieved a number of significant planning milestones during the half year, building the pipeline for future earnings.

While market conditions in WA are softening with the slowdown in resources related activity, Cedar Woods' experience shows that well-located projects, close to transport infrastructure and in growth corridors, continue to generate strong buyer demand.

Sales activity at The Rivergums, Mariners Cove, Piara Central, Elements, Byford on the Scarp and the Brook at Byford all continued in 1H FY2015, with a number of stages at these projects scheduled to settle in 2H FY2015.

At Bushmead, Cedar Woods' 273ha site in Hazlemere 16km from Perth's CBD, the Local Structure Plan ("LSP") was lodged with the City of Swan in October 2014. It is anticipated the LSP will be approved in late CY2015. The project is expected to deliver approximately 750 homesites.

Cedar Woods also advanced planning at Brabham, a master-planned community of 480 lots 22km from Perth's CBD. The project, which will include sites for a primary school, a neighbourhood park and significant land conservation, was granted conditional subdivision approval in January 2015. Construction is set to commence in 2H FY2015, with sales expected to start prior to the end of the financial year and first settlements in FY2016.

The Mangles Bay Marina Project in Rockingham, a co-development with LandCorp, was granted Federal Department of Environment approval during 1H FY2015. This concludes the environmental assessment process and the project is now in the planning phase.

In Geraldton on WA's Mid-West coast, a continued slowdown in the residential market has led Cedar Woods to incur an impairment provision of \$2.5 million against the investment in the Batavia Coast Marina Apartments joint venture project. This impairment has been included in the 1H FY2015 result. Sales and settlement activity continued during 1H FY2015, and the joint venture has initiatives underway to improve the project's sales rate.

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Victorian Projects Update

Positive market conditions for residential property developers continued in Victoria during 1H FY2015. Prices continue to rise and clearance rates for established homes remain at good levels.

Cedar Woods' Victorian projects performed well during the first half, with continued buyer demand across the portfolio. Price growth continued and sales remained strong.

At Williams Landing, interest has remained high with most releases selling out within weeks of being offered to the market. A comprehensive delivery program means a number of stages are scheduled for settlement during 2H FY2015, with more than 90% pre-sold.

At the Williams Landing Town Centre, stage 1 of the shopping centre, which contains a Woolworths supermarket and 24 specialty tenancies, was completed and open for business prior to the busy December trading period. Additional tenancies will continue to open during 2H FY2015.

Cedar Woods has today announced it has commenced the sale process for its 13,500sqm Masters Home Improvement store at Williams Landing. This is consistent with the company's strategy to unlock value at Williams Landing's Town Centre sites over time, diversifying the company's earnings and providing an additional revenue source to complement Cedar Woods' existing residential portfolio. Settlement on the transaction is targeted for the first half of FY2016.

Cedar Woods will continue to adopt a phased and structured approach to unlocking value at Williams Landing Town Centre. Some retail and commercial sites may be retained, while others may be considered for sale to third parties as development sites or after development by Cedar Woods.

All stages at Realm in Camberwell are now sold and settled, with a strong design and financial outcome achieved at the project.

The final stage of Banbury Village in Footscray, the 101-unit Botanica Apartments, generated good sales activity during 1H FY2015. Construction is anticipated to commence prior to the end of FY2015 subject to achieving the necessary presales, with a builder now selected, and settlements expected in FY2017.

Planning and approvals were progressed at both the St A development in St Albans and the Jackson Green development in Clayton South during 1H FY2015. At St A, early planning works are now complete and masterplan approvals are advancing. The project's first stages are expected to be lodged for approval in 2H FY2015. At Jackson Green, Cedar Woods has already lodged an application for permit approval for the project's initial stages. Jackson Green is expected to be launched to the market before the end of 1H FY2016. Demolition work at both sites has now been completed.

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Queensland Project Update

The company's Upper Kedron development in Brisbane received Council planning approvals in December 2014, subject to appeal or Queensland Government review and detailed design work for initial stages is underway. There is potential for a delay in the commencement of development works and changes to the scale of development approved by Council, which may impact the project's carrying value.

The Council approved a masterplan for the site with the capacity for 980 lots with stage applications to be made progressively as the development is delivered and with 200 of the 980 lots to be considered after delivery of various road works and intersection upgrades.

Cedar Woods' Upper Kedron project will deliver a master planned community on a strategically located, 228ha site just 13km west of the Brisbane CBD. The concept includes a proposal to dedicate 40 per cent of the site to green space which will create a special living environment for future residents. The site is largely cleared but will undergo a significant tree planting and rehabilitation program.

Registration of interest for lots within the development from people living in the local area has been extensive, confirming the level of unmet demand for well-located residential lots.

The project is expected to deliver 550 jobs at any one time, with up to 1000 people employed at peak construction periods, providing the opportunity for a substantial boost to the local economy.

Corporate Governance

A number of corporate governance initiatives have recently been implemented.

The composition of the Board's committees will be changing to ensure that each committee has a majority of independent directors. The following changes will be effective from 1 June 2015:

- Independent director Ron Packer will become the "lead" independent director
- Independent director Stephen Pearce will join the Human Resources & Remuneration and Nomination Committee
- William Hames will stand down from the Nomination Committee.

In addition, the Board is continuing to update its remuneration policies, with an incentive clawback policy recently introduced.

Outlook

The major drivers for the residential property market – population growth, interest rates and employment remain positive.

In terms of population, Cedar Woods' projects are located in Australia's three fastest growing states, which all have high growth rates by world standards.

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Interest rates are at historical lows and still on a downward trajectory, with many forecasters tipping another rate cut in coming months.

As a result, residential building approvals and new home sales continue at high levels.

Cedar Woods enjoyed good levels of enquiry throughout the first half and continuing in the new year.

Cedar Woods' positive outlook for 2H FY2015 is underpinned by strong pre-sales of \$147 million, the majority of which is expected to settle in the second half of the financial year. The company's extensive development program is on track, backed by continued sales activity and disciplined project execution and delivery.

As a result, Cedar Woods has increased its full year earnings guidance for FY2015 to a record NPAT of \$41 million, based on the company's strong delivery program for 2H FY2015 and assuming current market conditions continue.

The company continues to build its FY2016 presales and remains well positioned to maintain earnings momentum into FY2016.

--- ENDS ---

A webcast of the Half-Year FY2015 Financial Results presentation can be viewed as follows:

Time: 11:00am – 11:30am (AEST)
8.00am – 8.30am (AWST)

Link: www.openbriefing.com/OB/1657.aspx

The live webcast can also be accessed via a link on the Cedar Woods website (www.cedarwoods.com.au)

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CEDAR WOODS PROPERTIES LIMITED
APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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 2014.

Comparatives are for the half-year ended 31 December 2013.

2. Results for announcement to the market

		Dec 2014 Half \$'000	Dec 2013 Half \$'000	Change %
2.1	Revenue	77,910	102,104	Down 23.7%
2.2	Profit after tax attributable to members	9,057	20,504	Down 55.8%
2.3	Net profit for the period attributable to members	9,057	20,504	Down 55.8%
2.4	Interim dividend per share, fully franked	12 cents	12 cents	No change
	Earnings per share	11.6 cents	27.9 cents	Down 58.4%

Explanation

Refer to Company Announcement.

3. Net tangible assets per share

	Dec 2014	Dec 2013
Net tangible assets per share based on book values	\$3.30	\$2.98

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 2015. The dividend record date is 1 April 2015.

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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 2015.

The Bonus Share Plan (BSP) is available for the interim dividend. The BSP election forms must be received by 17 April 2015.

The pricing period under the DRP and BSP comprises the three 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 2015.

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 2014 (Dec 2013: 32.5%). The share of the net profit from the joint venture for the half-year ended 31 December 2014 amounted to \$566,000 (Dec 2013 – loss of \$235,000).

The reporting entity holds a 50% (Dec 2013: 50%) interest in the ordinary shares of Champion Bay Nominees Pty Ltd and the ordinary units of BCM Apartment Trust at 31 December 2014. The share of net profit from these entities for the half-year ended 31 December 2014 is Nil (Dec 2013 - 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.

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Cedar Woods

PROPERTIES LIMITED

ABN 47 009 259 081

HALF-YEAR REPORT – 31 DECEMBER 2014

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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 2014 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
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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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 6000

Securities exchange listing

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

ASX Code

CWP

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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 2014.

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
 Stephen Thomas Pearce
 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 2014 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 2014 is set out below:

	2014	2013
	\$'000	\$'000
Revenue	77,910	102,104
Profit before income tax expense	12,168	27,730
Income tax expense	(3,111)	(7,226)
Net profit attributable to members of Cedar Woods Properties Limited	9,057	20,504

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.

(a). Significant items

The half-year result was affected by the following significant item:

	2014	2013
	\$'000	\$'000
Write down of assets		
Available for sale financial assets	2,500	676

As a result of a continued slowdown in the residential market in Geraldton, Cedar Woods has written down its investment in the Batavia Coast Marina Apartments joint venture project to \$4,897,000.

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CEDAR WOODS PROPERTIES LIMITED**DIRECTORS' REPORT (CONTINUED)****3. Auditor's independence declaration**

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

4. Rounding of amounts

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

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



P S Sadleir
Managing Director

Perth, Western Australia
24 February 2015

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Auditor's Independence Declaration

As lead auditor for the review of Cedar Woods Properties Limited for the half-year ended 31 December 2014, 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
24 February 2015


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CEDAR WOODS PROPERTIES LIMITED**DIRECTORS' DECLARATION
31 DECEMBER 2014**

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 2014 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
24 February 2015

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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 consolidated balance sheet as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the 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 both 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 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 2014 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*.

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cedar Woods Properties Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Douglas Craig

Douglas Craig
Partner

Perth
24 February 2015

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CEDAR WOODS PROPERTIES LIMITED

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

		Half-year	
		2014	2013
		\$'000	\$'000
Revenue from operations	2		
Sale of land and buildings		73,762	97,583
Services		1,982	3,303
Other revenue		2,166	1,218
		77,910	102,104
Other income	2	6	107
Expenses			
Cost of sales of land and buildings		(46,898)	(58,081)
Cost of providing services		(862)	(3,141)
Other expenses from ordinary activities:			
Project operating costs		(7,671)	(6,173)
Occupancy		(355)	(297)
Administration		(6,813)	(6,626)
Other	3	(2,500)	322
Finance costs	3	(1,215)	(250)
Share of net profit (loss) of joint ventures accounted for using the equity method		566	(235)
		12,168	27,730
Profit before income tax		12,168	27,730
Income tax expense	4	(3,111)	(7,226)
		9,057	20,504
Profit for the half-year		9,057	20,504
Total comprehensive income for the half-year		9,057	20,504
Total comprehensive income attributable to members of Cedar Woods Properties Limited		9,057	20,504
		Half-year	
		2014	2013
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic and diluted earnings per share		11.6	27.9

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

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CEDAR WOODS PROPERTIES LIMITED

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014**

	NOTE	31 December 2014 \$'000	30 June 2014 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		4,165	8,796
Trade and other receivables		5,544	10,057
Inventories		89,993	80,895
Current tax		5,196	-
Deferred development costs		8	134
Total current assets		104,906	99,882
Non-current assets			
Receivables		2,703	4,618
Inventories		240,120	249,698
Deferred development costs		10,764	8,854
Investments accounted for using the equity method		3,467	2,902
Available-for-sale financial assets		4,897	7,397
Property, plant and equipment		1,659	1,668
Investment properties		54,732	34,929
Lease incentives		245	-
Total non-current assets		318,587	310,066
Total assets		423,493	409,948
LIABILITIES			
Current liabilities			
Trade and other payables		15,757	26,306
Other financial liabilities	5	9,754	34,316
Derivative financial instruments		201	644
Current tax liabilities		-	5,998
Provisions		7,134	6,810
Total current liabilities		32,846	74,074
Non-current liabilities			
Borrowings	6	96,088	41,398
Other financial liabilities	5	31,160	30,241
Deferred tax liabilities		4,545	2,185
Provisions		341	449
Total non-current liabilities		132,134	74,273
Total liabilities		164,980	148,347
Net assets		258,513	261,601
EQUITY			
Contributed equity	8	116,713	116,716
Reserves		271	309
Retained profits		141,529	144,576
Total equity		258,513	261,601

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

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CEDAR WOODS PROPERTIES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

Consolidated	NOTE	Contributed equity \$'000	Reserves \$'000	Retained profits \$'000	Total \$'000
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	7	-	-	(10,669)	(10,669)
		2,248	(120)	(10,549)	(8,421)
Balance at 31 December 2013		86,043	376	133,408	219,827
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	7	-	-	(12,142)	(12,142)
		(3)	(38)	(3,047)	(3,088)
Balance at 31 December 2014		116,713	271	141,529	258,513

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 2014**

	Half-year	
	2014	2013
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (incl. GST)	84,548	109,312
Payments to suppliers and employees (incl. GST)	(23,694)	(25,530)
Payments for land and development	(79,446)	(66,144)
Interest received	243	311
Borrowing costs paid	(3,041)	(2,513)
Income taxes paid	(11,944)	(11,310)
Net cash (outflows) inflows from operating activities	(33,334)	4,126
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	-	3
Repayments of loan by Cedar Woods Wellard Limited	1,500	-
Advance of loan to BCM Apartment Trust	(440)	-
Payments for investment properties	(14,902)	(3,809)
Payments for property, plant and equipment	(121)	(410)
Net cash outflows from investing activities	(13,963)	(4,216)
Cash flows from financing activities		
Proceeds from borrowings	54,809	7,201
Dividends paid	7 (12,139)	(8,408)
Payment of share issue expenses	(4)	(9)
Net cash inflows (outflows) from financing activities	42,666	(1,216)
Net decrease in cash and cash equivalents	(4,631)	(1,306)
Cash and cash equivalents at the beginning of the half-year	8,796	3,017
Cash and cash equivalents at the end of the half-year	4,165	1,711

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

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CEDAR WOODS PROPERTIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014

1. BASIS OF PREPARATION OF HALF-YEAR STATEMENT

This general purpose financial report for the interim half-year reporting period ended 31 December 2014 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 2014 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	
	2014	2013
	\$'000	\$'000
From operations		
<i>Sales revenue</i>		
Sale of land and buildings	73,762	97,583
Services	1,982	3,303
	75,744	100,886
<i>Other revenue</i>		
Interest	668	925
Lease income	1,498	293
	2,166	1,218
Other income		
Sundry income	6	107
	6	107

3. EXPENSES

	Half-year	
	2014	2013
	\$'000	\$'000
Finance costs		
Interest and finance charges	2,955	2,736
Calculated using effective interest method	1,399	401
Unrealised financial instrument gains	(443)	(457)
Less: amount capitalised	(2,696)	(2,430)
Finance costs expensed	1,215	250
Depreciation of property, plant and equipment	132	134
Depreciation of investment properties	202	-
Write down of assets / (reversal of provision)		
Available for sale financial assets	2,500	676
Reversal of provision for doubtful debts	-	(998)
	2,500	(322)

CEDAR WOODS PROPERTIES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 (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 2014 is 26%, compared to 26% for the six months ended 31 December 2013. The tax rate in the current period has been impacted by adjustments for current tax of prior periods in relation to research and development tax credits claimed in prior years.

5. OTHER FINANCIAL LIABILITIES

	31 December 2014 \$'000	30 June 2014 \$'000
Current		
Due to vendors for land under contract of sale	9,754	34,316
	9,754	34,316
Non-current		
Due to vendors for land under contract of sale	31,160	30,241
	31,160	30,241

6. NON-CURRENT BORROWINGS

In November 2014 the group extended its \$135,000,000, 3 year finance facility for a further 12 months, now expiring on 30 November 2017. 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.

In August 2014, the group established a new \$23,000,000 bank facility with ANZ to project finance the construction of the Williams Landing Shopping Centre. The facility extends to 17 February 2016.

7. DIVIDENDS

	Half-year	
	2014 \$'000	2013 \$'000
Ordinary shares		
Dividends provided for or paid during the half-year:		
Paid in cash	12,139	8,408
Satisfied by shares under the dividend reinvestment plan	-	2,258
Applied to the employee share plan loans	3	3
	12,142	10,669

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 (2013 – 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.

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CEDAR WOODS PROPERTIES LIMITED

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2014 (CONTINUED)**

8. CONTRIBUTED EQUITY

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

	Half-year	
	2014	2013
	\$'000	\$'000
Share capital at the beginning of the reporting period – 78,336,371 (2013 – 73,359,551) ordinary shares	116,716	83,795
Shares issued pursuant to dividend reinvestment plan – Nil (2013 – 324,751) ordinary shares issued at \$Nil (2013 - \$6.95) each	-	2,257
Shares issued pursuant to the bonus share plan – Nil (2013 – 48,381) ordinary shares	-	-
Cost of issuing equity (net of deferred tax)	(3)	(9)
Share capital at the end of the reporting period – 78,336,371 (2013 – 73,732,683) ordinary shares	116,713	86,043

9. CONTINGENT LIABILITIES

At 31 December 2014 bank guarantees totalling \$13,162,000 (30 June 2014 - \$12,620,000) had been provided to various state and local authorities supporting development and maintenance commitments.

10. 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.

11. EVENT AFTER THE BALANCE SHEET DATE

On 13 February 2015 the group advanced a new loan of \$3.25m to the Batavia Coast Marina Apartments joint venture project, secured by first mortgages over apartments in the project. The financial effects of this transaction have not been brought to account at 31 December 2014.

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