CEDAR WOODS
PROPERTIES LIMITED
ABN 47 009 259 081

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20 February, 2006.

Australian Stock Exchange Limited
Exchange Centre,
Level 4,
20 Bridge Street
Sydney NSW 2000.

Dear Sir / Madam,

HALF YEAR REPORTING

Please find attached our media release and announcement for delivery to the market.

Also attached are the Appendix 4D and Half Year Financial Statements.

Yours faithfully,

Paul Freedman,
Company Secretary

MEDIA RELEASE

CEDAR WOODS ANNOUNCES RECORD HALF-YEAR PROFIT AND UPGRADED FULL YEAR RESULT

- ***Record net profit for the first half of $9.95m.***
- ***Upgraded forecast of full year net profit to approximately $15m.***
- ***Maiden interim dividend declared of 6.0 cents per share.***
- ***Dividend reinvestment plan reintroduced for interim dividend.***
- ***Share Purchase Plan announced.***
- ***Market capitalisation of $180m achieved.***
- ***Record share price of $3.40.***

Cedar Woods Properties Limited has reported a record net profit of $9.95m for the half year to 31 December 2005, and has upgraded its full year net profit forecast to approximately $15m, representing an increase of 20% over the result reported in the previous year.

As a consequence the directors are pleased to declare a maiden fully franked interim dividend of 6 cents per share, payable on 21 April 2006. The Board has also announced the reintroduction of the dividend reinvestment plan (DRP) for the forthcoming dividend, which allows shareholders to take up shares at a 2.5% discount to the market price.

The Company will also introduce a share purchase plan (SPP), allowing shareholders to subscribe for up to $2,000 worth of additional shares in the company. Both the DRP and SPP have been underwritten to a maximum of $3m.

The Company's record result is attributed to continuing strong sales at residential projects at Mariners Cove, Mandurah, The Rivergums at Baldivis and The Kestrels in Wanneroo, combined with contributions from its new commercial project at Balcatta and the beach front Aria Apartments in Rockingham.

Revenue of $52.4m was achieved in the first half, also a new record, reflecting strong price growth and the increased contribution from recently introduced projects in the company's portfolio.

The company has delivered earnings per share of 18.7 cents for the half year, and expects to deliver full year earnings per share of around 28 cents per share which will also be a record for the Company, and an increase of around 20% over the earnings reported in the previous full year.

The half year and forecast full year results were prepared under Australian Equivalents to International Financial Reporting Standards and have been compared to published results from previous financial years which were reported under Australian Accounting Standards.

The share price recently rose to a record of $3.40 corresponding to a market capitalisation of approximately $180m.

With a diverse portfolio of projects the company is well positioned to continue to deliver earnings growth above 10% per annum for shareholders.

For further information please contact:

Paul Sadleir
Managing Director
CEDAR WOODS PROPERTIES LIMITED
08 9480 1500

CEDAR WOODS PROPERTIES LIMITED

- ANNOUNCES ANOTHER RECORD FIRST HALF PROFIT
- UPGRADES FULL YEAR PROFIT FORECAST TO APPROXIMATELY \$15M.
-DECLARES MAIDEN INTERIM DIVIDEND OF 6 CENTS PER SHARE

HIGHLIGHTS

Cedar Woods Properties Limited has reported a record net profit of \$9.95m for the half year to 31 December 2005, and has upgraded its profit forecast for the full year to approximately \$15m, representing an increase of 20% over the result reported in the previous year.

The company has delivered earnings per share of 18.7 cents for the half year, and expects to deliver full year earnings per share of around 28 cents per share which will also be a record for the Company.

Revenue rose strongly to \$52.4m, reflecting strong price growth at existing projects and the increased contribution from recently introduced projects in the company's portfolio. Strong sales have continued into the second half.

As a consequence the directors are pleased to declare a maiden fully franked interim dividend of 6 cents per share, payable on 21 April 2006.

The Board has also announced the reintroduction of the dividend reinvestment plan (DRP) for the forthcoming dividend, which allows shareholders to take up shares at a 2.5% discount to the market price.

The Company will also introduce a share purchase plan (SPP), allowing shareholders to subscribe for up to \$2,000 worth of additional shares in the company, at the same price as under the DRP. Both the DRP and SPP have been underwritten to a maximum of \$3m. Further details will be provided in writing to all shareholders.

Shortly after the end of the first half the company share price rose to a record of \$3.40. The market capitalisation of the company has risen to approximately \$180m.

OPERATING RESULTS

Residential Projects

Strong sales performance was experienced at the company's major residential estates in the northern and southern growth corridors of the Perth metropolitan area.

At 'Mariners Cove' in Mandurah, the Company launched a precinct of 17 house and land package lots around the parkland in Stage 9 and the majority of these have been sold. With only a small number of lots left in Stage 9, the Company expects to commence on the 70-lot Stage 10 towards the end of the financial year.

Strong demand for waterfront product has driven sales of canal lots at Mandurah and as a consequence the company's flagship canal estate at Mariners Cove performed strongly during the first half, experiencing good sales and price growth. The first and second stages of 'The Islands' are now sold out. The company has completed the development of the third island stage and, with the southernmost release of these lots overlooking the entry canal and conservation reserve, has achieved record prices for these lots. The Company will continue to sell lots on the third island stage throughout the balance of FY2006 and FY2007.

Sales at 'The Rivergums', Baldivis have continued strongly, and the company has now settled over 300 lots in the first four stages. Stage 4 was completed at the end of the first half with most lots settled prior to the end of the half. Sales continue strongly in Stage 5 and it is expected that these lots will be completed with settlements due prior to 30 June 2006.

At 'The Kestrels' at Tapping in the City of Wanneroo, the first three stages have now been completed. To date, over 150 residential lots have been settled in the estate. The Company is now selling the premium cottage lots with views over the central park and standard lots in Stage 4, which is under construction and due for completion in the second half. The display village is now complete and provides a major drawcard to the estate.

The Company continues to progress planning for its 15 hectare site in Forrestdale, which will provide the company the opportunity to participate in the rapidly growing south-east corridor of Perth. The company plans to develop a 140-lot boutique residential estate when the development front reaches the property, anticipated in 2 years time. Recently the Company successfully achieved a rezoning of the property to an 'Urban' land use which will permit residential development.

Built Form

The Company completed its first apartment project in Rockingham in FY2005. Known as 'Aria Apartments', this 32 apartment development was highly successful and has set the benchmark for new development along the Rockingham foreshore.

During the first half of FY2006 development continued on the first stage of the 62-unit 'Nautilus Apartments', also on the Rockingham foreshore, with completion scheduled for late 2006. Over 50 of the apartments are now pre-sold with the balance to be sold over the remaining construction term of the development.

In FY2005 the company acquired two waterfront sites at Palm Beach, Rockingham and Halls Head, Mandurah and planning for two boutique apartment developments has been progressed during the first half with marketing expected to commence for both sites later this year.

Mixed Use and Commercial

During the first half development continued at the company's mixed density estate at Canning Vale, WA. Known as 'Cambridge Waters', the estate will comprise a range of compact standard lots, cottage lots, terrace housing and apartments. Development of the estate, including state of the art landscaping, is now complete. A sales office has been opened at the adjacent Livingston Marketplace shopping centre.

During the first half the company settled all but one of the remaining lots at the company's 6-hectare commercial site at Balcatta, known as 'The Axis' due to its excellent location adjacent the junction of the Mitchell Freeway and Reid Highway. This project is now complete.

The Company continues to advance the planning for its Laverton land holding which is 275 ha in area and strategically placed adjacent to major road and rail infrastructure and just 18 kilometres west of Melbourne. The Company has lodged applications requesting a rezoning of the property to permit a mixed use development incorporating commercial, retail and residential uses.

The company has also recently acquired a 9 ha development site in Footscray, in Melbourne's inner-west, adjacent to Whitten Oval and West Footscray railway station. The development concept for the \$10.5m site comprises over 200 dwellings in a range of densities, with the first development stage expected to be ready for sale in 2008. The Victorian office continues to review opportunities for new medium to large-scale broad acre development opportunities and infill sites in and around Melbourne.

FINANCIAL HIGHLIGHTS

The result for the half-year was as follows. All amounts, including comparative figures reflect the adoption of Australian Equivalents to International Financial Reporting Standards (AIFRS):

	CONSOLIDATED	
	Six months ended 31 December 2005 $'000	Previous Corresponding Period $'000
Revenue from sale of land	**52,403**	**21,527**
Profit before income tax expense	**14,262**	**4,866**
Income Tax expense	**4,308**	**1,460**
Net profit after tax attributable to members of Cedar Woods Properties Limited	**9,954**	**3,406**

Strong sales have continued since 31 December 2005, although the profit in the second half will not be as high as in the first half because the company has fewer settlements programmed during the second period. The company's earnings from period to period are more dependent upon the timing of the settlements in each development under AIFRS than they were under previous Accounting Standards (AGAAP). Management will continue to focus 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.

The half-year result provides a solid foundation for the company's full year earnings target, with well over half of the FY2006 profit earned in the first half. The company has upgraded its forecast net profit to $15.0m for the full year, a result which is expected to provide earnings growth of around 20% on the earnings per share reported for the previous full year under AGAAP.

The company's net bank debt / equity ratio at 31 December 2005 was 74%, reflective of the company's increased development program. This ratio is at the upper end of management's preferred range of 20 - 75%, and is in accordance with previous guidance. Management expects that the ratio will continue at the upper end of its target range for the balance of the financial year as the completion of the Nautilus Apartment project approaches in late 2006, at which time significant settlements are programmed.

During the period the company's financiers extended the corporate finance facility of $50m through to November 2008. In FY2005 the company established a separate limited recourse facility of $23m for the Nautilus Apartments. This combined funding provides the company with ample capacity for future development and portfolio growth.

OUTLOOK

The economy performed strongly in the first half both nationally and in particular in Western Australia. The property sector in Western Australia continued to perform well on a historic basis, with most commentators expecting a similar performance for the balance of FY2006.

The continued expansion of the company's portfolio has allowed the company to deliver profits from a range of products in different markets, as new projects start to deliver increasing earnings, supplementing those from the mature projects.

Looking beyond FY2006 the increased contribution from built form projects at Mandurah, Rockingham and Canning Vale will supplement earnings from existing residential and commercial projects.

The company is well positioned to continue to deliver earnings growth above 10% per annum for shareholders.

For further information please contact:

Paul Sadleir
Managing Director
CEDAR WOODS PROPERTIES LIMITED
08 9480 1500

CEDAR WOODS PROPERTIES LIMITED
APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

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 2005.

Comparatives are for the half-year ended 31 December 2004. The results for the comparative period have been adjusted to comply with Australian Equivalents to International Financial Reporting Standards (AIFRS).

2. Results for announcement to the market.

		2005 $'000	2004 $'000	Change %
2.1	Revenue from ordinary activities	52,403	21,527	Up 143%
2.2	Profit from ordinary activities after tax attributable to members	9,954	3,406	Up 192%
2.3	Net profit for the period attributable to members	9,954	3,406	Up 192%
2.4	Interim dividend per share, fully franked	6 cents	Nil	N/A
	Earnings per share	18.7 cents	6.4 cents	Up 192%

2.5 Record date for dividend

27 March 2006.

2.6 Explanation.

Refer to Company Announcement.

3. Net tangible assets per share.

	2005	2004
Net tangible assets per share	99 cents	79 cents

4. Details of entities over which control has been gained or lost during the period.

- Not applicable.

5. Details of dividends.

- The Board has declared an interim dividend of 6 cents per share payable on 21 April 2006.

6. Dividend Reinvestment Plan.

- The dividend reinvestment plan is in operation for the forthcoming dividend.

7. Details of Associates or Joint ventures

- None.

8. Accounting for foreign entities

- Not applicable.

9. Auditor's review report

No dispute or qualification exists in the auditor's review report. Refer to the attached.

CEDAR WOODS
PROPERTIES LIMITED

ABN 47 009 259 081

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CONTROLLED ENTITIES

HALF-YEAR REPORT – 31 DECEMBER 2005

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 2005 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

A.B.N. 47 009 259 081

Directors
William George Hames
Robert Stanley Brown
Dwane Patrick Buckland
Loh Kee Kong
Paul Stephen Sadleir

Company Secretary
Paul Freedman

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Auditor
PricewaterhouseCoopers
QV1, 250 St Georges Terrace
PERTH WA 6000

Solicitors
Jeremy Shervington
52 Ord Street
WEST PERTH WA 6005

Warren Symington Ralph
Level 2, Norfolk House
3 Norfolk Street,
FREMANTLE WA 6160

Stock Exchange Listing
Cedar Woods Properties Limited shares are listed on the Australian Stock Exchange Limited

ASX Code
CWP

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Cedar Woods Properties Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2005.

1. Directors

The following persons held office as directors of Cedar Woods Properties Limited during the whole of the half-year and up to the date of this report:

R S Brown
D P Buckland
W G Hames
Loh Kee Kong
P S Sadleir

2. Review of Operations

The principal activity of the consolidated entity in the course of the half-year ended 31 December 2005 was that of property developer and no significant change in the nature of that activity has taken place during that period.

A summary of consolidated revenues and results for the half-year ended 31 December 2005 is set out below.

	2005 $'000	**2004 $'000**
Revenue from ordinary activities	52,403	21,527
Profit from ordinary activities before income tax expense	14,262	4,866
Income Tax expense	4,308	1,460
Net profit attributable to members of Cedar Woods Properties Limited	9,954	3,406

During the half-year the consolidated entity continued the sale of lots and units at its residential projects in Mandurah, Baldivis, Wanneroo and Rockingham.

Sales were boosted by the sale of commercial lots at the Axis project in Balcatta, which is now complete.

During the half-year the consolidated entity extended the term of its $50m finance facility with Suncorp Metway Bank to 2008, for the purpose of funding future acquisitions and its development program.

3. Rounding of amounts to nearest thousand dollars.

The company 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.

4. 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.

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

William Hames

WG Hames
Chairman

Perth, Western Australia

17 February, 2006

PRICEWATERHOUSECOOPERS

Auditors' Independence Declaration

As lead auditor for the review of Cedar Woods Properties Limited for the half year ended 31 December 2005, 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.

David J Smith

Partner

PricewaterhouseCoopers

Perth, 17 February 2006

Liability is limited by a scheme approved under Professional Standards Legislation.

PRICEWATERHOUSECOOPERS

Independent review report to the members of Cedar Woods Properties Limited

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Cedar Woods Properties Limited:

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of the Cedar Woods Properties Group (defined below) as at 31 December 2005 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Cedar Woods Properties Group (the consolidated entity), for the half-year ended 31 December 2005. The consolidated entity comprises both Cedar Woods Properties Limited (the Company) and the entities it controlled during that half-year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the consolidated entity's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which included:

- inquiries of company personnel/the responsible entity's personnel, and
- analytical procedures applied to financial data.

Our procedures include reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence
In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

David J Smith

David J Smith
Partner

Perth
17 February 2006

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 9 to 22 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 company's and consolidated entity's financial position as at 31 December 2005 and of their performance, as represented by the results of their operations and their cash flows, for the half year ended on that date; and

(b) there are reasonable grounds to believe that the company 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.

William Hames.

WG Hames
Chairman

Perth, Western Australia

17 February, 2006

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	NOTE	Consolidated Half Year to Dec 2005 $'000	 Half Year to Dec 2004 $'000
Revenue from sale of land		52,403	21,527
Cost of sales		29,916	11,562
Gross Profit		22,487	9,965
Other revenues from ordinary activities		254	106
Other expenses from ordinary activities:			
Project operating costs		(4,809)	(3,007)
Occupancy		(98)	(78)
Administration		(2,404)	(1,726)
Borrowing costs		(1,168)	(394)
Profit before income tax		14,262	4,866
Income tax expense		(4,308)	(1,460)
Profit for the half year		9,954	3,406
Profit attributable to members of Cedar Woods Properties Limited		9,954	3,406

		Half-Year 2005	 2004
Earnings per share for profit attributable to the ordinary equity holders of the company	3		
		Cents	**Cents**
Basic and diluted earnings per share		18.7	6.4

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

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	NOTE	Consolidated 31 December 2005 $'000	Consolidated 30 June 2005 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		169	1,413
Receivables		5,710	810
Inventories		35,687	42,927
Total Current Assets		41,566	45,150
Non-Current Assets			
Receivables		851	865
Inventories		65,546	66,783
Available for sale investments		7	7
Property, plant & equipment		305	291
Deferred tax assets		1,162	1,117
Options over land		1,305	1,407
Total Non-Current Assets		69,176	70,470
Total Assets		110,742	115,620
LIABILITIES			
Current Liabilities			
Payables		8,906	16,876
Interest bearing liabilities		21,648	15,869
Current tax liabilities		1,421	805
Provisions		3,116	2,893
Total Current Liabilities		35,091	36,443
Non-Current Liabilities			
Payables		-	1,350
Interest bearing liabilities		21,151	26,957
Deferred tax liabilities		1,304	1,433
Provisions		370	347
Total Non-Current Liabilities		22,825	30,087
Total Liabilities		57,916	66,530
NET ASSETS		**52,826**	**49,090**
EQUITY			
Contributed equity	4	22,120	21,940
Reserves		1,377	1,648
Retained Profits		29,329	25,502
TOTAL EQUITY		**52,826**	**49,090**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

		Consolidated	
	NOTE	Half Year to Dec 2005 $'000	Half Year to Dec 2004 $'000
Total equity at the start of the half-year		49,090	44,110
Profit for the half-year		9,954	3,406
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs		180	50
Dividends provided for or paid		(6,398)	(5,326)
Total equity at the end of the half-year		**52,826**	**42,240**

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

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	NOTE	Half Year to Dec 2005 $'000	Half Year to Dec 2004 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		57,391	22,217
Payments to suppliers & employees (inclusive of GST)		(47,379)	(30,682)
Interest received		47	22
Borrowing costs		(1,644)	(1,350)
Income tax paid		(3,865)	(3,536)
Net cash inflow (outflow) from operating activities		4,550	(13,329)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from repayment of employee share loan		27	28
Proceeds from sale of plant and equipment		6	3
Payments for plant and equipment		(51)	(26)
Net cash (outflow) inflow from investing activities		(18)	5
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		36,374	41,270
Repayment of borrowings		(35,919)	(22,217)
Dividends paid to shareholders	5	(6,231)	(5,190)
Net cash (outflow) inflow from financing activities		(5,776)	13,863
Net (decrease) increase in cash and cash equivalents		(1,244)	539
Cash and cash equivalents at the beginning of the half-year		1,413	132
Cash and cash equivalents at the end of the half-year		**169**	**671**

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

1. Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2005 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 2005 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.

a) Basis of preparation of the half-year financial report

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards.
This interim financial report is the first Cedar Woods Properties Limited interim financial report to be prepared in accordance with AIFRSs. AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Cedar Woods Properties Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the interim financial report for the half year ended 30 December 2005, management has amended certain accounting methods applied in the previous AGAAP financial statements to comply with AIFRS. The comparative figures were restated to reflect the appropriate adjustments.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the group's equity and its net income are given in note 9.

Historical cost convention
These financial statements have been prepared under the historical cost convention.

b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Cedar Woods Properties Limited (parent) as at 31 December 2005 and the results of all subsidiaries for the period then ended. Cedar Woods Properties Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are those entities over which the parent has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the parent. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries.

All inter-company balances and transactions are eliminated upon consolidation.

c) Recognition of Revenue

Revenue is measured at the fair value of the consideration received and is recognised net of discounts and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of land and developed properties
Revenue arising from the sale of land and developed properties held for resale is recognised at settlement.

Interest and dividends
Interest and dividend revenue is recognised when control of a right to receive consideration for the provision of, or investment in, assets has been attained.

d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate in Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and assessable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of distributions from controlled entities and it is probable that the temporary differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Cedar Woods Properties Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

e) Earnings per share

Basic earnings per share is determined by dividing the net profit after income tax attributable to equity holders of Cedar Woods Properties Limited by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus elements in ordinary shares issued during the year.

f) Cash

Cash and cash equivalents includes cash on hand, deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

g) Receivables

Receivables include refundable deposits paid pursuant to conditional contracts for the purchase of land. When the conditions attached to a purchase contract are satisfied, the deposit is included as part of inventory together with the balance of the purchase price. A corresponding liability is then raised for any amounts due, but not yet paid at balance date.

h) Inventories

Land Held for Development and Resale
With effect from 1 July 1992, land purchased for development and resale is valued at the lower of cost and net realisable value. Cost includes acquisition and subsequent development costs, and applicable borrowing costs from 1 July 1998. All land held for development and resale is regarded as inventory and is classified as such in the balance sheet. Land is classified as current inventory only when sales are expected to result in realisation of cash within the next twelve months.

When development is completed borrowing costs and other holding costs are expensed as incurred.

Prior to 1 July 1992 the consolidated entity's land assets were classified on acquisition as non-current investments and initially recorded at cost with regular independent valuations being undertaken. Increments or decrements were reflected in the balance sheet and also recognised in equity. The balance of this land is stated at 1992 valuation, which is its deemed cost under *AASB 140 Investment Property*. The amount remaining in the Asset Revaluation Reserve represents the balance of the net revaluation increment for land revalued prior to 1 July 1992 which is now classified as inventory and which is still held by the consolidated entity.

Land purchase options
When the consolidated entity enters into an option to acquire land, the option fee is capitalised until the point when the entity exercises the option, at which time the option fee is included as part of inventory. Should the option not be exercised, the option fee is expensed.

i) Acquisition of Assets

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to their acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values at the date of acquisition. The discount rate used is the applicable borrowing rate applied by the consolidated entity's financiers.

The acquisition of land is recognised when a valid unconditional purchase contract exists.

j) Impairment of Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and value arising from its continued use and subsequent disposal.

Non-current assets are not carried at an amount above their recoverable amount and where the carrying amount of an individual non-current asset is greater than its recoverable amount the asset is written down to its recoverable amount and the decrement is recognised as an expense in the net profit or loss in the reporting period. In determining recoverable amount the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate. The discount rates used vary but generally range between 15 – 25% depending upon the nature of the assets.

k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation.

Depreciation is calculated on a straight line or diminishing value basis to write off the net cost of each item of property, plant and equipment including leased equipment over its expected useful life to the consolidated entity. The expected useful lives of items of property, plant and equipment are 3 to 15 years.

l) Investments

Available-for-sale financial assets
Available-for-sale financial assets comprise marketable equity securities that are non-derivatives. They are included in non-current assets unless management intends to dispose of them within 12 months of balance sheet date. Unrealised gains and losses arising from changes in the fair value of the securities are recognised in equity when material.

m) Employee Entitlements

Wages, salaries, annual leave.
Liabilities for wages and salaries, bonuses and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Ownership-based remuneration schemes
Ownership-based remuneration is provided to employees via the Cedar Woods Properties Limited Employee Share Scheme. Information relating to this scheme is set out in note 36 of the Annual Report. No accounting entries are made in relation to the Employee Share Scheme until the shares are issued. At that time the shares are included in share capital account and the corresponding employee loans are established as receivables.

Employee Benefit On-Costs
Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Superannuation
Contributions by the consolidated entity to employees' superannuation funds are charged to the income statement when they are payable. The consolidated entity does not operate any defined benefit superannuation funds.

n) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 to 60 days of recognition.

o) Leased Non-Current assets

Operating lease payments are charged to the income statement in the periods in which they are incurred as this represents the pattern of benefit derived from the leased assets.

p) Borrowings and borrowing costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets during the period when the asset is being prepared for its intended use or sale. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the borrowing cost applicable to the borrowing for the relevant asset, in this case approximately 8% (2004: 8%).

q) Provisions

Provision for monitoring and surveys
Provision is made for the estimated liability arising from obligations in existence at balance date to statutory authorities for monitoring and surveys at the consolidated entity's land projects. The provision is not discounted to its present value as the effect of discounting is not material.

Provision for customer rebates
Provision is made for the estimated liability arising from obligations in existence at balance date to customers for the provision of landscaping and fencing rebates and other incentives.

r) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

s) Maintenance

Routine operating maintenance and repairs are charged as expenses as incurred.

t) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

u) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments in other economic environments.

v) Rounding of amounts

The company 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

2. SEGMENT INFORMATION

	Half-Year	
	2005	**2004**
	$'000	**$'000**
Primary reporting – business segment		
Property investment and development		
Segment revenue	52,403	21,527
Segment result	14,262	4,866

3. EARNINGS PER SHARE

	Half-Year	
	2005	**2004**
	Cents	Cents
Basic and diluted earnings per share	18.7	6.4
Weighted average number of ordinary shares outstanding during the period used in calculation of basic earnings per share	53,279,819	53,239,733

4. CONTRIBUTED EQUITY

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

	Half-Year	
	2005	**2004**
	$'000	**$'000**
Share capital at the beginning of the reporting period – 53,252,985 (2004 –53,228,355) ordinary shares	21,940	21,890
Shares issued pursuant to employee share plan – 62,500 ordinary shares issued at $2.88 cents each	180	-
Shares issued pursuant to employee share plan – 24,630 ordinary shares issued at $2.03 cents each	-	50
Share capital at the end of the reporting period – 53,315,485 (2004 – 53,252,985) ordinary shares	22,120	21,940

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

5. DIVIDENDS

	Half-Year	
	2005	**2004**
	$'000	**$'000**
Ordinary Shares		
Dividends provided for or paid during the half-year:		
Paid in cash	6,231	5,190
Employee Share plan	167	136
	6,398	5,326

6. ASSET REVALUATION RESERVE

	Half-Year	
	2005	**2004**
	$'000	**$'000**
Amount transferred during the half-year to retained profits	271	318

7. CONTINGENT LIABILITIES

At 31 December 2005 bank guarantees totalling $6,983,344 had been provided to:

- various state and local authorities supporting development and maintenance commitments.
- vendors securing future payments for land acquisitions included in liabilities.
- lessors pursuant to the lease of premises.

8. EVENTS OCCURRING AFTER REPORTING DATE

Since the end of the half year the Company has entered into conditional commitments totalling $10.5m with respect to the acquisition of new land for future development.

Since balance date the directors have recommended the payment of an interim dividend of 6 cents per ordinary share, fully franked based on tax paid at 30%. The dividend is expected to be paid on 21 April 2006 out of retained profits at balance date, but not recognised as a liability at that date.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

9. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRSs

Reconciliation of profit reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to profit under Australian equivalents to IFRSs (AIFRS).

$'000	**Note**	**Half year ended 31 December 2004**	**Year ended 30 June 2005**
Net profit reported under AGAAP		5,302	12,400
Decrease in revenue	(i)	(9,623)	(14,563)
Decrease in cost of sales	(ii)	6,459	10,944
Decrease in project operating costs		496	579
Change in tax expense	(iii)	772	896
Net profit reported under AIFRS		**3,406**	**10,256**

Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS).

$'000	**Note**	**1 July 2004**	**31 December 2004**	**30 June 2005**
Net assets reported under AGAAP		47,832	47,858	54,957
Decrease in trade receivables	(iv)	(19,675)	(29,579)	(36,515)
Increase in inventory	(v)	10,881	17,340	21,826
Reduction in deferred tax liability	(vi)	1,800	2,651	2,780
Other net liabilities and provisions	(vi)	3,271	3,970	6,042
Net assets reported under AIFRS		**44,109**	**42,240**	**49,090**

Equity reported under AGAAP		47,832	47,858	54,957
Reduction in retained profits	(vii)	(3,877)	(5,670)	(5,906)
Increase in reserves		154	52	39
Equity reported under AIFRS		**44,109**	**42,240**	**49,090**

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

Notes to the reconciliations

(i) Revenue from sale of land

Under AIFRS, revenue from sale of land is recognised at settlement of developed lots. Under previously reported Australian GAAP revenue arising from the sale of land is recognised on the signing of a valid unconditional contract of sale and revenue arising from unconditional sales contracts executed prior to the completion of construction is recognised by reference to the stage of completion of construction.

(ii) Cost of sales

As a result of the change to revenue brought about by the application of AIFRS, cost of sales has also changed.

(iii) Income tax

As a result of the change to the profit from ordinary activities brought about by the application of AIFRS, income tax expense would be lower, although the rate of tax would be unchanged. The consolidated entity has already adopted the revised version of AASB1020 *Income Taxes* and hence no changes in taxation accounting policies are required.

(iv) Receivables

Receivables decrease under AIFRS as a result of the change in revenue recognition policy outlined above. As all revenue from sale of land is recognised upon the cash settlement there would be no trade receivables. Prepayments are reclassified under receivables under AIFRS.

(v) Inventories

Inventories increase under AIFRS as the timing of recognition of sales revenue is deferred compared to treatment under existing Australian GAAP.

(vi) Deferred tax and other net liabilities

Due to the change in revenue recognition policy the deferred tax liability and other net liabilities and provisions are reduced.

(vii) Equity

Under AIFRS, total equity changes mainly as a result of the change to retained profits caused by the change in revenue recognition policy.

(viii) Cash flows

There are no material changes to the statement of cash flows as a result of adoption of AIFRS.