

21 August 2009

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

Dear Sir/Madam,

FULL YEAR RESULTS ANNOUNCEMENT

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

Also attached is the Appendix 4E.

Yours faithfully,



**Paul Freedman,
Company Secretary**

21 August 2009

ASX ANNOUNCEMENT

(ASX : CWP)

CEDAR WOODS POSITIONED FOR GROWTH IN FY2010.

Highlights

- **Full year profit forecast achieved**
- **Final dividend of 7 cents per share, fully franked**
- **Significant reduction in gearing**
- **Strong pre-sales in place for FY2010**
- **New projects to be commenced in Perth and Melbourne in FY2010**
- **Bank funding in place until September 2011**

Cedar Woods Properties Limited today announced a net profit of \$9.3 million for the year to 30 June 2009.

The company has recorded earnings per share of 16.2 cents, compared to 37.3 cents reported in the previous year.

A fully franked final dividend of 7 cents per share will be paid on 30 October 2009 and the dividend reinvestment plan will be in operation for the final dividend.

Managing Director Paul Sadleir said that the result was creditable during a period when the property market in Australia had been severely impacted by the global financial crisis.

“The company has been impacted by difficult conditions but remains strongly positioned with an excellent product range across two States and strong pre-sales for FY2010,” Mr. Sadleir said. “We are pleased with the progress at our Melbourne projects, having delivered the first stages at Williams Landing and Carlingford. We are confident of receiving an increase in income from Victorian projects in FY2010.”

Sales from the company’s well located residential estates in the northern and southern coastal corridors in the Perth metropolitan area were boosted by the First Home Buyers Grant in the second half. Also, settlements from the initial stages of the company’s Melbourne projects contributed to the second half result.

The company’s debt position significantly improved in the second half, with gearing (net bank debt / equity) dropping to 51% at 30 June, comfortably within the company’s 20-75% target range. Net bank debt at 30 June was \$48m, less than half of the company’s total available facilities, thereby leaving ample capacity for funding the company’s activities.

During the year the company’s main financier, Suncorp extended the \$107m corporate finance facility by a further year to 30 September 2011. In addition, separate facilities provided by National Australia Bank provided the company funding for the development of the Helena Valley and Carlingford projects.

New projects coming in Western Australia

The company has entered into agreements with Landcorp and the Department of Housing for the development of State Government owned land at Carine and Harrisdale in WA. It is anticipated that construction on the Harrisdale project will commence in October 2009.

In addition, Cedar Woods' first land syndicate - in Wellard, a new town only 30 minutes by train and car from the Perth CBD - will deliver its first titles during FY2010. With a third of the lots from the first stage now pre-sold, the company looks forward to completing the first stage and the commencement of further stages in FY2010.

Plans are also underway to launch a new boutique apartment development on the waterfront in Rockingham WA. The 15-apartment development known as 'The Jetty' has been approved and there has been a high level of interest which gives the Board confidence the project will proceed.

Victorian projects move ahead

Since its successful launch in 2008, the company's new project at Williams Landing has seen strong buyer demand with over 350 lots now sold to the public and to builders for the builders' display village.

The first settlements at Williams Landing were achieved in the fourth quarter of FY2009. Over 200 pre-sold lots are expected to be delivered in FY2010 with new stages already under construction.

Also in Melbourne, the company recently delivered the first two stages of a 600 lot residential estate known as 'Carlingford' at Lalor in the city's northern suburbs. Over 100 lots have been pre-sold in stages to be delivered in FY2010, with the new stages already under construction.

The company's Footscray development, 'Banbury Village', was launched late in FY2009. Just 6 kilometres from the Melbourne CBD, this project will become a 300 dwelling development, to include a range of townhouses, apartments and terrace housing. The first two stages, comprising 10 detached and semi detached four bedroom homes and 18 townhouses, are now fully pre-sold. The first of these homes is expected to be delivered in the last quarter of FY2010.

Outlook

In contrast to FY2009 the timing of settlements of significant projects is anticipated to be evenly spread and therefore earnings should be more balanced between the two halves in FY2010.

The company is well positioned for FY2010, with a diverse product range and a large number of pre-sales in place and the Board is confident of achieving strong profit growth in FY2010.

For further information please contact:

Paul Sadleir
Managing Director
CEDAR WOODS PROPERTIES LIMITED
08 9480 1500

CEDAR WOODS PROPERTIES LIMITED

PROFIT ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2009

Cedar Woods Properties Limited (Cedar Woods) is pleased to report a \$9.3 million net profit after tax for the year to 30 June 2009 (2008 - \$20.6 million), and earnings per share of 16.2 cents (2008: 37.3 cents per share).

The directors have declared a fully franked final dividend of 7 cents per share to be paid on 30 October 2009. The dividend reinvestment plan will be in place for the final dividend.

OPERATING HIGHLIGHTS

Cedar Woods' FY2009 result was achieved against the backdrop of the global financial crisis and a subdued national property market. Well located projects and a diverse range of product continue to serve the company well and earnings were received from the company's Melbourne projects for the first time in FY2009.

Second half earnings and profits were in line with the company's forecast with the company's projects at Helena Valley in Perth and Williams Landing and Carlingford in Melbourne performing well.

Western Australia

The award-winning 'Mariners Cove' project in Mandurah offers a choice of canal lots or house and land packages. The first stage of 'The Landings', a prestige waterfront development on the canals, was completed during the second half. With the first stage 75% sold, the second stage is also under development due for completion in FY2010. These first two stages are the first in a series of planned developments in the canal zone that will ultimately see over 40 homes built in stages according to demand.

Demand for the company's canal lots reduced in FY2009, as the Mandurah market remained subdued throughout the year. This was compensated by demand for the company's major residential estates in the northern and southern growth corridors of the Perth metropolitan area. These estates continued to be popular, with new stages being substantially pre-sold and developed during the second half.

Keen interest at the company's Helena Valley Private Estate enabled the company to sell and settle over 90% of the available lots in this boutique estate located at the foothills in Perth's eastern corridor.

The company owns a waterfront site at Palm Beach, Rockingham and plans for the development of 15 apartments and a ground floor commercial unit, to be known as 'The Jetty' have been approved. The apartments will have a northerly aspect with views across the Rockingham beach front.

Victoria

It was an exciting year for the company's Melbourne operations, which saw the initial stages of development completed at both Williams Landing and Carlingford, with settlements at both projects in the final quarter.

Over 350 sales have now been recorded at Williams Landing since the commencement of the project. The first two stages were completed in FY2009 and the company has commenced further stages that will be completed in FY2010. Over 200 lots have already been pre-sold for delivery in FY2010.

These are the initial stages of a development that will incorporate over 2,000 dwellings and a town centre development which will include retail and commercial buildings focused around a railway station and transit interchange, only 20 minutes from Melbourne.

Settlements have been completed in the first two stages of the company's Carlingford project in Lalor in the city's northern suburbs. The first two stages, comprising 125 lots, were sold out and were completed in May.

The third and fourth stages have already been released and 100 pre-sales have been recorded for those stages which are scheduled for delivery in FY2010.

The first two stages of the company's Footscray development, 'Banbury Village' were released in April 2009. Comprising 10 detached and semi detached four bedroom homes and 18 townhouses, these stages are now 100% pre-sold. The first of these homes is expected to be delivered in the last quarter of FY2010. More recently, homes from the third stage were released in June 2009 with one of these homes being auctioned off the plan. The remaining 9 homes in stage 3 sold within weeks of the release and are expected to be delivered in FY2011.

SYNDICATES

The company's first land syndicate, Cedar Woods Wellard Limited (CWWL) owns a 47 hectare parcel of land at Wellard, WA. During the year CWWL commenced the development of the first stage of a new estate known as 'Emerald Park' which will ultimately comprise over 500 lots, conveniently located only five minutes drive from the Kwinana freeway and two commuter railway stations. The lots in the first stage are reaching completion with settlements expected in the first quarter of FY2010.

Cedar Woods owns a 25% interest in CWWL and will manage the development of Emerald Park, deriving significant long term management fees once settlements commence.

NEW PROJECTS

The company has sufficient projects within its portfolio to generate earnings growth without the need for acquisitions in the next few years.

Cedar Woods will continue to assess opportunities, consistent with its objective to acquire new projects with the potential to enhance earnings growth in the medium to longer term.

The company has entered into agreements with Landcorp and the Department of Housing for the development of State Government owned land at Carine and Harrisdale in WA. It is anticipated that the Harrisdale project will commence during FY2010, with the first stage of a residential estate that will ultimately comprise over 400 homes.

These projects are consistent with leveraging the company's management skills without having to fund full project needs.

FINANCIAL HIGHLIGHTS, ASSET VALUES AND FUNDING POSITION

The company's full year financial results can be found in the attached Appendix 4E.

Revenue was \$107 million, an increase of 31%, reflecting a change in product mix from the previous reporting period, including the first contribution from Melbourne projects. Margins were lower as sales of premium product were reduced in FY2010 while there was a higher proportion of sales to first home buyers and a significant contribution to revenue from Melbourne projects.

In FY2009, net profit after tax reduced to \$9.3 million, 55% below the \$20.6m profit reported in the previous year. The reduced profit was the result of reduced sales of premium product, the impact of option expiries and impairment adjustments.

Options carried at a value of \$5.3m expired in FY2009. These options, entered into and extended over a number of years, were allowed to expire as the Board held the view that, due to changes in property and financial markets, the potential of the underlying developments did not warrant purchase at the exercise prices. The option fees, all paid in previous financial years, were written off.

The Board assessed the whole property portfolio and made other impairment provisions totalling \$4.0m, mainly against new projects that are still at a preliminary stage, to reflect current market conditions.

The majority of the company's property portfolio comprises assets acquired prior to the property boom and as a consequence, the Board is confident that the total market value of the portfolio is substantially above the carrying value.

During the second half of FY2009 the company achieved a significant reduction in its bank debt mainly as result of programmed settlements. Total net bank borrowings reduced from \$106m at 31 December 2008 to \$48m at 30 June 2009, being less than half of the company's available bank facilities. The net bank debt/equity ratio improved from 135% to only 51% at 30 June, being comfortably within the company's self-imposed target range of 20-75%.

The debt/equity ratio quoted above is based upon the historical cost of the company's assets. As stated above, the directors are confident that the market value of the asset portfolio is substantially higher than the book value, despite the general softening in property values.

During FY2009, the company's financiers extended the corporate finance facility to \$107m with expiry in September 2011. In addition, new facilities were provided by National Australia Bank to finance the Helena Valley and Carlingford projects.

DIVIDEND POLICY AND REINVESTMENT PLAN

Cedar Woods strives to achieve a balance between providing an attractive return to shareholders and the necessity to retain profits to fund future growth. The company has a policy of paying approximately 50% of net profit after tax and realised reserves as dividends.

In view of current economic conditions the directors have resolved to pay a fully franked final dividend of 7 cents per share on 30 October 2009. The Dividend Reinvestment Plan will be available to shareholders for the final dividend.

OUTLOOK

With low interest rates, strong inbound migration and an increasing shortage of housing stock, the longer term prospects are positive for the residential property sector.

In FY2010, Cedar Woods will continue to develop and sell product at its residential estates located in Perth's major growth corridors and will also commence new projects at Harrisdale and Rockingham. The syndicate project, Cedar Woods Wellard Limited (CWWL), will realise its first lots and the company will generate a management fee stream from this project. The Mandurah market is expected to remain subdued during FY2010, with limited demand.

In Melbourne the housing market remains amongst the strongest of the capital cities. The company has already pre-sold a significant number of the lots budgeted to sell in FY2010 and is now focusing on construction and the advancement of sales into FY2011. The public response to newly released

stages of Williams Landing, Carlingford and Banbury Village has exceeded the company's expectations.

Work has commenced in planning the future town centre component of the Williams landing project. This will comprise over 50 hectares of retail, bulky goods, commercial and high density residential development. The construction of the Williams Landing commuter rail station is due to commence in 2010. The Williams Landing Town Centre provides an exciting medium term development opportunity for the company.

2010 EARNINGS GUIDANCE

With a portfolio of residential estates in WA and Victoria, the company will continue to deliver earnings in two different geographical markets as the revenue base of the company grows.

In contrast to FY2009 the timing of settlements of significant projects is anticipated to be evenly spread and therefore earnings should be more balanced between the two halves in FY2010.

The company is well positioned for FY2010, with a diverse product range and a large number of pre-sales in place and the Board is confident of achieving strong profit growth in FY2010.

For further information please contact:

Paul Sadleir
Managing Director
CEDAR WOODS PROPERTIES LIMITED
08 9480 1500

CEDAR WOODS PROPERTIES LIMITED
APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

1. Details of the reporting period

This report details the consolidated results of Cedar Woods Properties Limited and its controlled entities for the year ended 30 June 2009. Comparatives are for the year ended 30 June 2008.

2. Results for announcement to the market

		<u>2009</u> \$'000	<u>2008</u> \$'000	Change %
2.1	Revenue	107,076	81,941	Up 31%
2.2	Profit after tax attributable to members	9,263	20,557	Down 55%
2.3	Net profit for the period attributable to members	9,263	20,557	Down 55%
2.4	Final dividend per share, fully franked (to be paid on 30 October 2009)	7 cents	10 cents	Down 30%
	Interim dividend per share (paid on 18 April 2008)	-	8 cents	Down 100%
	Total dividends	7 cents	18 cents	Down 61%
	Earnings per share	16.2 cents	37.3 cents	

Record date for dividend

The final dividend record date is 16 October 2009.

3. Income statement

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		<u>\$'000</u>	<u>\$'000</u>
Revenue		107,076	81,941
Cost of sales		59,057	33,027
Gross margin		48,019	48,914
Other revenues from ordinary activities		1,055	404
Expenses:			
Project operating costs		15,474	9,944
Occupancy		408	216
Administration		7,218	7,346
Write down of assets	3.1	9,227	500
Finance costs	3.2	3,047	2,230
Share of net losses of associates accounted for using the equity method		180	67
Profit before income tax		13,520	29,015
Income tax expense	3.3	4,257	8,458
Profit for the year		9,263	20,557
Net profit attributable to members of Cedar Woods Properties Limited		9,263	20,557

Earnings per share

Basic and diluted earnings per share		16.2 cents	37.3 cents
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Notes to the income statement

Note 3.1

Write down of assets is reconciled as follows:

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Write down of options and related costs	6,730	500
Write down of inventory	2,494	-
Write down of investments	3	-
	9,227	500

Note 3.2

Finance costs is reconciled as follows:

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest and finance charges	7,574	7,393
Calculated using effective interest method	237	180
Less: amount capitalised	(4,764)	(5,343)
Finance costs expensed	3,047	2,230

Note 3.3

The difference between the income tax attributable to profit and the prima facie tax expense is reconciled as follows:

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Profit before income tax expense	13,520	29,015
Prima facie income tax expense calculated at 30% (2008–30%)	4,056	8,705
Tax effect of amounts not deductible in calculating taxable income:		
- Share of net loss of associated entity	54	20
- Other items	149	9
	4,259	8,734
Adjustments for current tax of prior periods	(2)	(276)
Income tax expense	4,257	8,458

4. Balance sheet

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		<u>\$'000</u>	<u>\$'000</u>
CURRENT ASSETS			
Cash and cash equivalents		1,583	486
Trade and other receivables		2,319	4,983
Inventories	4.1	44,628	40,930
Total current assets		48,530	46,399
NON-CURRENT ASSETS			
Receivables		159	259
Inventories	4.1	103,421	121,936
Investments accounted for using the equity method		3,480	3,660
Available for sale financial assets		15	21
Derivative financial instruments		775	524
Property, plant and equipment		990	869
Investment properties		2,143	2,192
Other – options over land		3,207	9,159
Total non-current assets		114,190	138,620
TOTAL ASSETS		162,720	185,019
CURRENT LIABILITIES			
Trade and other payables	4.2	11,357	11,672
Borrowings	4.3	535	8,196
Current tax liabilities		3,066	3,879
Provisions		4,666	2,109
Total current liabilities		19,624	25,856
NON-CURRENT LIABILITIES			
Borrowings	4.3	49,496	74,221
Deferred tax liabilities		112	738
Provisions		210	258
Total non-current liabilities		49,818	75,217
TOTAL LIABILITIES		69,442	101,073
NET ASSETS		93,278	83,946
EQUITY			
Contributed equity		34,849	29,507
Reserves		1,148	990
Retained profits		57,281	53,449
TOTAL EQUITY		93,278	83,946

Notes to the balance sheet

Note 4.1

	2009	2008
	\$'000	\$'000
Current assets - inventory		
Land held for resale		
-at cost	14,849	11,186
-at valuation 30 June 1992	58	333
-capitalised development costs	28,321	29,411
- at net realisable value	1,400	-
	44,628	40,930
Non-current assets - inventory		
Land held for resale		
-at cost	58,007	76,444
-at valuation 30 June 1992	1,564	1,434
-capitalised development costs	42,450	44,058
- at net realisable value	1,400	-
	103,421	121,936
Total inventory	148,049	162,866

Note 4.2

	2009	2008
	\$'000	\$'000
Current liabilities - trade and other payables		
Trade payables	2,618	5,135
Accruals	3,122	2,586
Other payables including GST	5,617	3,951
	11,357	11,672

Note 4.3

	2009	2008
	\$'000	\$'000
Current liabilities - borrowings		
Bank loans - secured	-	7,433
Vendors of land	535	763
	535	8,196
Non-current liabilities - borrowings		
Bank loans – secured	49,496	73,686
Vendors of land	-	535
	49,496	74,221

Bank loans are secured by way of first registered mortgages over certain property and fixed and floating charges over the consolidated entity's assets.

5. Cash flow statement

	<u>Note</u>	<u>2009</u>	<u>2008</u>
		<u>\$'000</u>	<u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
- Receipts from customers (including GST)		119,284	78,275
- Interest received		746	88
- Dividends received		1	1
Cash was disbursed to:			
- Payments to suppliers and employees (including GST)		(28,354)	(25,105)
- Payments for land and development		(45,312)	(46,002)
- Borrowing costs		(7,574)	(7,667)
- Income taxes paid		(5,696)	(7,164)
Net cash inflows (outflows) from operating activities	5.1	33,095	(7,574)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		7	2
Proceeds from repayment of employee share loans		-	104
Payments for property, plant and equipment		(309)	(644)
Payments for investments		-	(8)
Payments for investment property		-	(391)
Net cash outflows from investing activities		(302)	(937)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		40,134	31,856
Repayment of borrowings		(71,757)	(15,634)
Payment for derivative financial instrument		-	(120)
Payment of share issue expenses		(73)	-
Dividends paid		-	(8,217)
Net cash (outflows) inflows from financing activities		(31,696)	7,885
Net increase (decrease) in cash held		1,097	(626)
Cash at the beginning of the financial year		486	1,112
Cash at the end of the financial year		1,583	486

Notes to cash flow statement

Note 5.1

	<u>2009</u> <u>\$'000</u>	<u>2008</u> <u>\$'000</u>
Reconciliation of profit after income tax to net cash inflows (outflows) from operating activities		
Profit after income tax	9,263	20,557
Depreciation	229	188
(Profit) loss on sale of non-current assets	(2)	12
Non cash employee benefits expense – share plan	247	190
Write down of assets	9,227	-
Fair value gain on derivative financial instrument	(251)	(316)
Share of loss in equity accounted investment	180	67
<i>Changes in operating assets and liabilities:</i>		
Increase in provision for employee benefits	42	194
Increase (decrease) in provisions	2,467	(1,476)
Decrease (increase) in inventories	11,597	(19,581)
Increase in options over land	(51)	(5,819)
(Increase) decrease in deferred tax assets	(1,213)	123
(Decrease) increase in current income tax payable	(813)	34
Increase in deferred income tax liability	587	1,137
Decrease (increase) in debtors	2,664	(4,327)
(Decrease) increase in creditors	(1,078)	1,443
Net cash inflows (outflows) from operating activities	33,095	(7,574)

6. Details of dividends

	<u>2009</u>	<u>2008</u>
Final dividend per share, fully franked	7 cents	10 cents
Interim dividend per share, fully franked (paid)	-	8 cents
Total dividend per share	7 cents	18 cents

The record date for the 2009 final dividend is 16 October 2009.

7. Dividend Reinvestment Plan

The Dividend Reinvestment Plan is available for the final dividend.

8. (a) Statement of changes in equity

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Total equity at the beginning of the financial year	83,946	71,643
Changes in the fair value of available-for-sale financial assets, net of tax	(6)	(23)
Net income recognised directly in equity	(6)	(23)
Profit for the year	9,263	20,557
Total recognised income and expense for the year	9,257	20,534
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity net of transaction costs	5,342	1,472
Dividends provided for or paid	(5,514)	(9,893)
Change in employee share plan reserve	247	190
Total equity at the end of the financial year	93,278	83,946

8. (b) Statement of retained profits

	<u>2009</u>	<u>2008</u>
	<u>\$'000</u>	<u>\$'000</u>
Retained profits at the beginning of the financial year	53,449	42,606
Net profit attributable to members of Cedar Woods Properties Limited	9,263	20,557
Transfers from reserves	83	179
Dividends provided for or paid	(5,514)	(9,893)
Retained profits at the end of the financial year	57,281	53,449

9. Net tangible assets per share

	<u>2009</u>	<u>2008</u>
Net tangible assets per share	\$1.60	\$1.52

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

- Not applicable.

11. Details of associates and joint venture entities

Cedar Woods Wellard Limited is an associated entity. The reporting entity owns a 25% (2008: 25%) shareholding from that date and up to 30 June 2009. The share of the net loss from the associated entity for the year ended 30 June 2009 amounted to \$180,153 (2008 - \$67,197).

12. Other significant information

None.

13. Foreign entities

- Not applicable.

14. Commentary on the results

14.1 Earnings per share

	2009	2008
Basic and diluted earnings per share	16.2 cents	37.3 cents
Weighted average number of ordinary shares used as the denominator in the calculation of earnings per share	57,152,089	55,043,772
Weighted average number of ordinary shares used as the denominator in the calculation of diluted earnings per share	57,311,959	55,118,772

Basic earnings per share is determined by dividing the profit 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.

Diluted earnings per share adjusts the earnings used in the determination of basic earnings per share to take account of the issue of dilutive potential ordinary shares. The weighted average number of ordinary shares is adjusted to reflect the conversion of all dilutive potential ordinary shares.

14.2 Returns to shareholders including distributions and buy backs

- Refer to note 6 above (Dividends).

14.3 Significant features of operating performance

- Refer to media release and profit announcement for details.

14.4 Results of segments

The consolidated entity operates in one business segment being property investment and development (the primary reportable segment) and one geographical segment being Australia (the secondary reportable segment).

14.5 Discussion of trends in performance

- Refer to media release and profit announcement for details.

14.6 Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified

- Nil.

15. Audit of financial statements

The report is based on financial statements which have been audited.

16. Disputes with auditors or qualifications

- None.