

24 August 2010

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

Dear Sir/Madam,

CEDAR WOODS REPORTS \$17.2M NET PROFIT

Please find attached our media release, profit announcement and Appendix 4E for delivery to the market.

Yours faithfully,



Paul Freedman
Company Secretary

MEDIA RELEASE

Tuesday 24th August 2010

Cedar Woods records 86% increase in net profit



Cedar Woods
Properties Limited
ASX Code: CWP

Cedar Woods records
86% increase in net
profit

HIGHLIGHTS

- ❖ Full year profit of \$17.2m, up 86%
- ❖ Final dividend of 8 cents per share, 100% franked
- ❖ New 3 year \$110m bank finance facility
- ❖ Low gearing level of 36%
- ❖ Over \$100m in pre-sales in place for FY2011
- ❖ New projects to deliver earnings in Perth and Melbourne in FY2011
- ❖ Asset values strengthened
- ❖ Forecasting NPAT of \$22m in FY2011

For further information
please contact:
Paul Sadleir
Managing Director

Cedar Woods Properties Limited today announced a net profit of \$17.2 million for the year to 30 June 2010, up 86%.

The company has recorded earnings per share of 29.0 cents, compared to 16.2 cents reported in the previous year, up 79%.

A fully franked final dividend of 8 cents per share will be paid on 29 October 2010 and the dividend reinvestment plan will be in operation for the final dividend.

Managing Director Paul Sadleir said that the result confirmed that the company had performed strongly during a period when the property market in Australia was recovering from the global financial crisis.

"This result confirms that our business strategy remains appropriate during difficult economic conditions. We are well positioned, with an excellent product range across two states and strong pre-sales in place for FY2011," Mr. Sadleir said. "We also have a strong balance sheet, ample funding and we are anticipating contributions from new projects going into FY2011."

The company's well located residential estates, in the northern and southern coastal corridors of the Perth metropolitan area, continued to deliver during FY2010. The property market in Victoria also performed well during the year and a growing contribution from the company's Melbourne projects helped to drive the stronger full year result.

The strong trading results have resulted in a substantial improvement in asset values during the year.

The company recently announced a new 3 year, \$110m corporate finance facility with ANZ Bank.

The company's debt position significantly improved in the second half, with gearing (net bank debt / equity) dropping to 36% at 30 June, comfortably within the company's 20-75% target range. Net bank debt at 30 June was \$39.7m, less than half of the company's total available facilities, thereby leaving ample capacity for funding the company's activities.

MEDIA RELEASE

Cedar Woods records 86% increase in net profit



Outlook

In contrast to FY2010, the timing of settlements of significant projects is anticipated to be weighted largely to the first half in FY2011. The second half will see continued development although associated settlements will occur in FY2012.

Presales of over \$100m are in place across the portfolio, programmed for settlement in FY2011, providing a platform for the company to achieve strong earnings growth in FY2011. The company is forecasting a full year net profit for FY2011 of \$22m, the majority of which will be recorded in the first half.

The company has a very strong portfolio, with current asset values substantially above both book value and that reflected in the current share price.

With a new 3 year finance facility in place and low gearing the company has ample funding in place to implement its ongoing business strategy.

Cedar Woods' profit announcement for the year ended 30th June 2010



Cedar Woods Properties Limited (Cedar Woods) is pleased to report a \$17.2 million net profit after tax for the year to 30 June 2010 (2009 – \$9.3 million) and earnings per share of 29.0 cents (2009: 16.2 cents per share).

The directors have declared a fully franked final dividend of 8 cents per share to be paid on 29 October 2010. The dividend reinvestment plan will be in place for the final dividend.

OPERATING HIGHLIGHTS

Cedar Woods' FY2010 result was achieved against the backdrop of financial and property markets recovering after the global financial crisis. Well located projects and a diverse product range continue to serve the company well.

Second half earnings and profits exceeded the company's forecast with projects in Perth and Melbourne contributing strongly.

Western Australia

During the second half the company completed the final development stages at its residential projects at Cambridge Waters (Canning Vale) and The Kestrels (Tapping) and completed another stage at The Rivergums (Baldivis), with settlements at these projects contributing to the second half result.

Recently the company commenced development of the first stage of the Harrisdale Green project, which is a joint venture for the development and sale of land owned by the Department of Housing. The initial lots in this project will be offered for sale shortly as the first stage approaches completion. Ultimately this project is expected to yield approximately 500 homes over a 4-5 year period.

In addition, the second stage of lots from Emerald Park, the syndicated project at Wellard, south of Perth, is expected to be titled in early-mid FY2011. Stage 1 has been completed and the company is encouraged by the ongoing buyer interest in this new estate. The display village is now under construction and is expected to be opened in late 2010.

During the first half the company launched a new apartment project at Palm Beach, on the Rockingham beachfront, known as 'The Jetty'. Comprising 15 luxury ocean view apartments and a ground floor retail tenancy, the project is over 65% sold. Construction commenced in the second half, with completion due early in FY2012.

Victoria

It was an exciting year for the company's Melbourne operations, which saw further stages completed at both Williams Landing and Carlingford, with settlements at both projects in the second half.

Cedar Woods' profit announcement for the year ended 30th June 2010



Over 580 sales have now been achieved at the residential component of Williams Landing since the commencement of the project. The Melbourne market was buoyant over the last 12 months with price appreciation of over 20% experienced. With demand outstripping supply, over 200 lots in future stages have already been pre-sold for delivery in FY2011.

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. In the second half the Victorian State government announced that it would be funding the construction of the Palmers Road overpass which will provide vehicular access directly into the estate from the Princes Freeway. This together with the already announced funding of the Williams Landing Railway Station will provide the impetus for the development of the town centre.

Settlements continued at the company's Carlingford project in Lalor in the city's northern suburbs. The first four stages of the project have now been completed and settled as the estate is now well established.

The fifth and sixth stages have already been released and 80 pre-sales have been recorded which are scheduled for delivery in FY2011.

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 eight stages have now been successfully released, comprising 92 homes, now 100% sold. The first stages of these homes are expected to be delivered in the first half of FY2011 with subsequent stages to be delivered in the second half. The next exciting phase is the release of the heritage apartments which are to be built incorporating existing, heritage listed art-deco buildings.

NEW PROJECTS

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.

Notably the company has sufficient projects within its portfolio to generate medium term earnings growth without the need for acquisitions, allowing it to be selective in acquiring new projects.

In the first half the company announced that it had made another significant investment in Melbourne, with the \$22.5m purchase of a 2.55 hectare residential development site in Camberwell, 12 km from the CBD. In close proximity to numerous private schools, shopping precincts and the CBD, the company plans to develop approximately 80 homes, commencing in FY2012. The company will settle on the land in early 2011.

Cedar Woods' profit announcement for the year ended 30th June 2010



In the second half the company announced that it had acquired the former Bushmead Rifle Range site located at Hazelmere, in Perth's eastern suburbs. The 273 hectare site was sold by the Department of Defence on behalf of the Commonwealth of Australia for \$18m, with settlement completed in July 2010. Contained within the site are defined areas including Conservation and Habitat Tree Protection Zones. The site is expected to yield between 600 and 900 residential lots, depending on lot sizes and planning outcomes.

The land is located 16 kilometres north east of the Perth CBD within the suburb of Hazelmere and adjacent Cedar Woods' Helena Valley Private Estate. Cedar Woods has undertaken extensive development throughout Helena Valley over a number of years and the success of its developments within this locality augers well for the Bushmead site. The land will require rezoning as well as planning, environmental and development approvals prior to subdivision.

Also during the second half the company was appointed as the nominated development partner to progress the Mangles Bay marina based tourist precinct in Rockingham partnering with LandCorp working with the Rockingham Kwinana Development Office and the City of Rockingham.

The project will complement the existing Rockingham beachfront giving the community improved beach access, a marina, affordable family accommodation and additional retail and commercial areas.

FINANCIAL HIGHLIGHTS, ASSET VALUES AND FUNDING POSITION

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

Revenue was \$108 million, 1% higher than the previous year, but an improvement in margins was achieved as a result of improving prices in Melbourne and a lower proportion of sales to first home buyers in Perth.

In FY2010, net profit after tax increased to \$17.24 million, 86% above the \$9.26m profit reported in the previous year. The increased profit was the result of both improved margins, lower costs and lower charges for impairment provisions. Total write downs of \$2m were made in respect of impairment whereas in the previous year the result was impacted by asset write downs and impairment adjustments totalling \$9.3m.

The Board assessed the whole property portfolio in arriving at the impairment provisions, including referring to independent valuations of a number of the company's projects. The majority of the company's property portfolio comprises assets acquired prior to the property boom and the total market value of the portfolio is substantially above the carrying value shown in the balance sheet.

Cedar Woods' profit announcement for the year ended 30th June 2010



The Board also noted that prior to the global financial crisis, the company's share price generally reflected its underlying value, but stock market volatility and sentiment towards the property sector has resulted in the share price falling significantly below the market value of the company's assets.

The strong trading results have resulted in a substantial improvement in asset values during the year.

During FY2010 the company continued to operate at modest gearing levels. Total net bank borrowings were \$39.7m at 30 June 2010 (\$47.9m at 30 June 2009) being less than half of the company's available bank facilities. The net bank debt/equity ratio improved from 51% at 30 June 2009 to 36% at 30 June 2010, 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 market value of the asset portfolio is substantially higher than the book value.

Subsequent to the end of the financial year the company finalised a new 3 year, \$110m corporate finance facility with ANZ Bank. The facility has been set up as a club facility, with a security trustee, providing the flexibility for other banks to enter should the company's requirements grow and more than one lender be required.

The company is completing the transition to the new facility and anticipates funding to commence on 31 August 2010, with expiry of the initial term in August 2013. The facility with ANZ is able to be extended for a further year on each anniversary of its commencement, subject to review by the lenders.

The company's existing finance facility with Suncorp will be retired upon the commencement of funding of the new facility.

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.

The directors have resolved to pay a fully franked final dividend of 8 cents per share on 29 October 2010. The Dividend Reinvestment Plan will be available to shareholders for the final dividend.

Cedar Woods' profit announcement for the year ended 30th June 2010



OUTLOOK

With growth in the economy picking up, strong inbound migration and an increasing shortage of housing stock, the longer term prospects remain positive for the residential property sector.

In FY2011, Cedar Woods will continue to develop and sell product at its residential estates located in Perth's major growth corridors and will also achieve revenues from the new project at Harrisdale Green. The Mandurah market is expected to recover slowly during FY2011.

In Melbourne the housing market remains amongst the strongest of the capital cities. The company has already pre-sold most of the lots budgeted to sell in FY2011 and is now focusing on construction and the advancement of sales into FY2012. The public response to newly released stages of Williams Landing, Carlingford and Banbury Village has been very strong. The first settlements from Banbury Village are anticipated in the first half of FY2011.

Work continues 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 and the value of this project has increased substantially in the last two years.

2011 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.

The company has a very strong portfolio, with current asset values substantially above both book value and that reflected in the current share price.

In contrast to FY2010, the timing of settlements of significant projects is anticipated to be largely weighted to the first half in FY2011. Over \$100m in presales contracts are already in place at fixed prices providing protection against market fluctuations during the current year.

The company is well positioned 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 FY2011, forecasting a full year net profit for FY2011 of \$22m.

CEDAR WOODS PROPERTIES LIMITED
APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

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 2010. Comparatives are for the year ended 30 June 2009.

2. Results for announcement to the market

		<u>2010</u> \$'000	<u>2009</u> \$'000	Change %
2.1	Revenue	108,415	107,076	Up 1.3%
2.2	Profit after tax attributable to members	17,241	9,263	Up 86%
2.3	Net profit for the period attributable to members	17,241	9,263	Up 86%
2.4	Final dividend per share, fully franked (to be paid on 29 October 2010)	8 cents	7 cents	Up 14%
	Interim dividend per share (paid on 30 April 2010)	5 cents	-	Up 100%
	Total dividends	13 cents	7 cents	Up 86%
	Earnings per share	29.0 cents	16.2 cents	

Record date for dividend

The final dividend record date is 15 October 2010.

3. Income statement

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		<u>\$'000</u>	<u>\$'000</u>
Revenue		108,415	107,076
Cost of sales		57,882	59,057
Gross margin		50,533	48,019
Other revenues from ordinary activities		219	804
Expenses:			
Project operating costs		13,293	15,474
Occupancy		505	408
Administration		7,502	6,595
Finance costs	3.1	2,036	3,441
Unrealised financial instrument losses (gains)		265	(251)
Depreciation and amortisation expense		243	229
Write down of assets	3.2	2,060	9,227
Share of net losses of associates accounted for using the equity method		113	180
Profit before income tax		24,735	13,520
Income tax expense	3.3	7,494	4,257
Profit for the year		17,241	9,263
Net profit attributable to members of Cedar Woods Properties Limited		17,241	9,263

Earnings per share

Basic and diluted earnings per share		29.0 cents	16.2 cents
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Notes to the income statement

Note 3.1

Finance costs is reconciled as follows:

	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest and finance charges	4,166	7,968
Calculated using effective interest method	990	237
Less: amount capitalised	(3,120)	(4,764)
Finance costs expensed	2,036	3,441

Note 3.2

Write down of assets is reconciled as follows:

	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Write down of options and related costs	107	6,730
Write down of inventory	900	2,494
Write down of investments	-	3
Write off of trade debtor	18	-
Provision on loan to associated entity	1,035	-
	2,060	9,227

Note 3.3

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

	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Profit before income tax expense	24,735	13,520
Prima facie income tax expense calculated at 30% (2009–30%)	7,420	4,056
Tax effect of amounts not deductible in calculating taxable income:		
- Share of net loss of associated entity	34	54
- Other items	57	149
	7,511	4,259
Adjustments for current tax of prior periods	(17)	(2)
Income tax expense	7,494	4,257

4. Balance sheet

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		<u>\$'000</u>	<u>\$'000</u>
CURRENT ASSETS			
Cash and cash equivalents		527	1,583
Trade and other receivables		751	2,319
Inventories	4.1	36,650	44,628
Deferred Development Costs		4,616	-
Total current assets		42,544	48,530
NON-CURRENT ASSETS			
Receivables		7,362	159
Inventories	4.1	148,124	103,421
Investments accounted for using the equity method		3,757	3,480
Available for sale financial assets		15	15
Derivative financial instruments		510	775
Property, plant and equipment		1,018	990
Investment properties		2,094	2,143
Other		233	3,207
Total non-current assets		163,113	114,190
TOTAL ASSETS		205,657	162,720
CURRENT LIABILITIES			
Trade and other payables	4.2	28,061	11,357
Other financial liabilities	4.3	19,475	535
Current tax liabilities		1,962	3,066
Provisions		5,526	4,666
Total current liabilities		55,024	19,624
NON-CURRENT LIABILITIES			
Borrowings	4.3	40,243	49,496
Deferred tax liabilities		1,543	112
Provisions		57	210
Total non-current liabilities		41,843	49,818
TOTAL LIABILITIES		96,867	69,442
NET ASSETS		108,790	93,278
EQUITY			
Contributed equity		40,447	34,849
Reserves		874	1,148
Retained profits	8.1	67,469	57,281
TOTAL EQUITY	8.2	108,790	93,278

Notes to the balance sheet

Note 4.1

	2010	2009
	\$'000	\$'000
Current assets - inventory		
Land held for resale		
-at cost	11,951	14,849
-at valuation 30 June 1992	88	58
-capitalised development costs	23,292	28,321
- at net realisable value	1,319	1,400
	36,650	44,628
Non-current assets - inventory		
Land held for resale		
-at cost	89,062	58,007
-at valuation 30 June 1992	1,490	1,564
-capitalised development costs	57,788	42,450
- at net realisable value	5,784	1,400
	148,124	103,421
Total inventory	184,774	148,049

Note 4.2

	2010	2009
	\$'000	\$'000
Current liabilities - trade and other payables		
Trade payables	3,723	2,618
Accruals	6,729	3,122
Other payables including GST	17,609	5,617
	28,061	11,357

Note 4.3

	2010	2009
	\$'000	\$'000
Current liabilities – other financial liabilities		
Vendor of land under purchase contract	19,475	535
	19,475	535
Non-current liabilities - borrowings		
Bank loans – secured	40,243	49,496
	40,243	49,496

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>2010</u>	<u>2009</u>
		<u>\$'000</u>	<u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
- Receipts from customers (including GST)		119,362	119,284
- Interest received		415	746
- Dividends received		-	1
Cash was disbursed to:			
- Payments to suppliers and employees (including GST)		(34,353)	(28,354)
- Payments for land and development		(56,338)	(45,312)
- Borrowing costs		(4,098)	(7,574)
- Income taxes paid		(7,167)	(5,696)
Net cash inflows from operating activities	5.1	17,821	33,095
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1	7
Proceeds from repayment of employee share loans		24	-
Payments for property, plant and equipment		(226)	(309)
Payments for investments		(390)	-
Loan to associated company		(7,302)	-
Net cash outflows from investing activities		(7,893)	(302)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		2,202	4,011
Proceeds from borrowings		-	40,134
Repayment of borrowings		(9,209)	(71,757)
Payment of share issue expenses		(75)	(73)
Dividends paid		(3,902)	(4,011)
Net cash (outflows) inflows from financing activities		(10,984)	(31,696)
Net (decrease) increase in cash held		(1,056)	1,097
Cash at the beginning of the financial year		1,583	486
Cash at the end of the financial year		527	1,583

Notes to cash flow statement

Note 5.1

	<u>2010</u> <u>\$'000</u>	<u>2009</u> <u>\$'000</u>
Reconciliation of profit after income tax to net cash inflows from operating activities		
Profit after income tax	17,241	9,263
Depreciation	243	229
Loss (profit) on sale of non-current assets	3	(2)
Non cash employee benefits expense – share plan	77	247
Write down of assets	1,025	9,227
Fair value gain on derivative financial instrument	265	(251)
Share of loss in equity accounted investment	113	180
<i>Changes in operating assets and liabilities:</i>		
Increase in provisions for employee benefits	68	42
Increase in provisions	639	2,467
Increase in deferred developments costs	(4,616)	-
(Increase) decrease in inventories	(37,749)	11,597
Decrease (increase) in options over land	2,973	(51)
Increase in deferred tax assets	(649)	(1,213)
Decrease in current income tax payable	(1,104)	(813)
Increase in deferred income tax liability	2,080	587
Decrease in debtors	1,568	2,664
Increase (decrease) in creditors	35,644	(1,078)
Net cash inflows from operating activities	17,821	33,095

6. Details of dividends

	<u>2010</u>	<u>2009</u>
Final dividend per share, fully franked	8 cents	7 cents
Interim dividend per share, fully franked (paid on 30 April)	5 cents	-
Total dividends per share, fully franked	13 cents	7 cents

The record date for the 2010 final dividend is 15 October 2010. The dividend payment date is 29 October 2010.

7. Dividend Reinvestment Plan

The Dividend Reinvestment Plan is available for the final dividend. Election forms must be received by 15 October 2010.

8.1 Statement of retained profits

	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Retained profits at the beginning of the financial year	57,281	53,449
Net profit attributable to members of Cedar Woods Properties Limited	17,241	9,263
Transfers from reserves	26	83
Dividends provided for or paid	(7,079)	(5,514)
Retained profits at the end of the financial year	67,469	57,281

8.2 Statement of changes in equity

	<u>2010</u>	<u>2009</u>
	<u>\$'000</u>	<u>\$'000</u>
Total equity at the beginning of the financial year	93,278	83,946
Changes in the fair value of available-for-sale financial assets, net of tax	-	(6)
Net income recognised directly in equity	-	(6)
Profit for the year	17,241	9,263
Total recognised income and expense for the year	17,241	9,257
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity net of transaction costs	5,598	5,342
Dividends provided for or paid	(7,079)	(5,514)
Change in employee share plan reserve	(248)	247
Total equity at the end of the financial year	108,790	93,278

9. Net tangible assets per share

	<u>2010</u>	<u>2009</u>
Net tangible assets per share	\$1.80	\$1.60

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 32.5% (2009: 25%) shareholding at 30 June 2010. The reporting entity increased its interest from 25% to 32.5% in March 2010. The share of the net loss from the associated entity for the year ended 30 June 2010 amounted to \$113,415 (2009 - \$180,153).

12. Other significant information

None.

13. Foreign entities

- Not applicable.

14. Commentary on the results

14.1 Earnings per share

	2010	2009
Basic and diluted earnings per share	29.0 cents	16.2 cents
Weighted average number of ordinary shares used as the denominator in the calculation of earnings per share	59,524,272	57,152,089
Weighted average number of ordinary shares used as the denominator in the calculation of diluted earnings per share	59,609,305	57,311,959

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

Management has determined the operating segment based on the reports reviewed by the Managing Director that are used to make strategic decisions.

The company operates a single business in a single geographic area and hence has one reportable segment. The company engages in property investment and development which takes place in Australia. The company has no separate business units or divisions.

The internal reporting provided to the Managing Director includes key performance information at a whole of company level. The Managing Director uses the internal information to make strategic decisions, based primarily upon the expected future outcome of those decisions on the company as a whole. Material decisions to allocate resources are generally made at a whole of company level by the Board of Directors.

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. A copy of the auditor's report on the full financial statements is attached for information. The full financial statements will be issued in September 2010.

16. Disputes with auditors or qualifications

- None.

Independent auditor's report to the members of Cedar Woods Properties Limited

Report on the financial report

We have audited the accompanying financial report of Cedar Woods Properties Limited (the company), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Cedar Woods Properties Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Cedar Woods Properties Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 7 to 11 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Cedar Woods Properties Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of the company for the year ended 30 June 2010 included on Cedar Woods Properties Limited's web site. The company's directors are responsible for the integrity of the Cedar Woods Properties Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above.

It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.



PricewaterhouseCoopers



Pierre Dreyer
Partner

Perth
23 August 2010