

19 February 2010

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

Dear Sir/Madam,

HALF YEAR REPORT AND MEDIA RELEASE

Please find attached our half year report together with a media release and associated commentary.

Yours faithfully,



Paul Freedman
Company Secretary

Cedar Woods Properties
Limited
ASX Code: CWP

Delivers strong first half
result of \$9.9m

Confirms full year net profit
forecast of approximately
\$15m

Announces interim fully
franked dividend of 5 cents
per share

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Cedar Woods Properties Limited is pleased to provide its half year report, confirming a first half net profit of \$9.9m and reiterating guidance for the full year of a net profit of approximately \$15m.

The strong first half result reflects the improved conditions in the property market, with the company also achieving more settlements than anticipated in the month of December. The company is confident that \$50m in presales already in place for the second half will underpin second half earnings. A lower number of settlements are expected in the second half, hence the second half result will be lower than the first half.

Cedar Woods' Managing Director Paul Sadleir commented that the outlook remains positive for the company as the Melbourne residential market continues to perform strongly and the Perth market has seen an upturn, both of which have contributed to a stronger performance in the first half.

"We are optimistic that conditions will continue to improve and looking forward we have already locked away a significant number of presales for the 2011 financial year."

"It was pleasing to see our debt come down significantly in the first half. The company has a \$100m corporate facility in place until September 2011 which was drawn to only \$39m at the end of the first half, providing a low net debt to equity ratio of 38%."

In light of the strong first half, the Board has decided to pay a fully franked interim dividend of 5 cents per share. The Board will maintain the current policy of distributing approximately 50% of full year net profit, with the balance to be paid as a final dividend.

Cedar Woods half year report summary

- First half net profit of \$9.9m, forecasting a full year net profit of approximately \$15m
- Interim dividend of 5 cents (fully franked), full year payout ratio to remain at 50% of FY2010 net profit.
- \$50m in presales at projects completing in the second half
- Net debt to equity ratio of 38%, well below the company's upper limit of 75%
- \$100m bank facility in place until September 2011

SUMMARY

Cedar Woods Properties Limited reported a net profit of \$9.9m for the half year to 31 December 2009.

Sales have continued to improve at a number of the company's estates as the housing recovery gains momentum. A number of stages were completed, particularly at the Melbourne projects and the revenue and earnings from these were recorded in the first half.

For the second half, the company has approximately \$50m in presales in respect of stages expected to be delivered prior to 30 June. The company has achieved all of the presales it requires to meet its full year profit forecast and is now pre-selling product for the FY2011 financial year.

The 2010 full year profit forecast is dependent upon the completion of stages under construction and settlement of the bulk of the associated presales, of which the company is highly confident. The number of settlements forecast for the second half is lower than the number that was achieved in the first half due to the programmed timing of completion of stages under construction.

Given these factors, the company is forecasting a full year profit of approximately \$15m.

In light of the strong first half, the Board has decided to pay a fully franked interim dividend of 5 cents per share on 30 April 2010. The Board will maintain the current policy of distributing approximately 50% of full year net profit, with the balance to be paid as a final dividend. The dividend reinvestment plan will remain in place for the interim dividend.

OPERATING RESULTS

During the first half the Western Australian property market showed further signs of recovery, although activity differs markedly from sector to sector.

Demand has been strong at the company's Kestrels estate in the northern corridor with recent releases sold out and price growth achieved. Strong demand has also been experienced at the company's 'Cambridge Waters' estate in Canning Vale, however the recovery is less pronounced in Baldivis and Mandurah, both in Perth's south west corridor.

Sales at Cedar Woods' first land syndicate in Wellard, a new town only 30 minutes by train and car from the Perth CBD continue to improve. The first stage is now over 65% sold and settlements commenced at the end of the first half. The company derived its first income from management fees for this project, with these fees expected to continue over the life of the project, expected to be more than 5 years. Stage 2 of the project has recently been released with encouraging early sales.

The company recently launched a new apartment project on the foreshore at Palm Beach, just west of the Rockingham beachfront, to be known as 'The Jetty'. Comprising 15 luxury ocean view apartments and a ground floor retail tenancy, the project is over 50% sold and construction is under way, with completion due in the 2012 financial year.

The company has a limited number of premium apartments and townhouses available for sale in Mandurah. This segment is recovering slowly and as conditions improve the company is well positioned with an excellent product range to boost both sales and earnings.



In Melbourne, strong sales activity has continued.

Releases at Williams Landing continue to be met with keen buyer demand with the project having already achieved its entire sales budget for FY2010 and a significant number of presales for FY2011. Two stages were completed in the first half with a further stage due for completion in the second half. Over 50 new homes are now under construction and the builders' display village is expected to open in March 2010, providing a further boost to the estate.

At 'Carlingford' at Lalor in the city's northern suburbs, the company has now sold all lots in the third and fourth stages and has met the level of presales budgeted for FY2010. Stage 3 was delivered in the first half and stage 4 is under way for completion in the second half.

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 six stages, comprising 20 detached and semi detached four bedroom homes and 45 townhouses, are now fully pre-sold. The first of these homes is expected to be delivered in early FY2011.

Recently 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 70 homes, commencing in FY2012. The company will settle on the land in early 2011.

RESULTS AND FINANCIAL POSITION

The operating results are summarised below:

CONSOLIDATED

	Six months ended 31 December 2009 \$'000	Six months ended 31 December 2008 \$'000
Revenue	59,433	13,332
Profit (loss) before income tax expense	14,233	(7,851)
Income tax revenue (expense)	(4,294)	2,282
Net profit (loss) after tax attributable to members of Cedar Woods Properties Limited	9,939	(5,569)

Revenue was up 346% as a result of the increase in settlement income, mainly in Melbourne. There was no income in Melbourne in the corresponding period of the previous year (pcp).

The first half result included \$0.1m for 'mark to market' gains on derivative financial instruments, a write down of \$0.9m in respect of one smaller property in the portfolio and provisions of \$0.5m for non-recovery of receivables.



The operating loss in the pcp included \$1.7m in write downs of property options and losses associated with 'mark to market' adjustments for derivative financial instruments.

Due to strong settlement income, the company's net debt reduced from \$48m at 30 June to \$39m at 31 December, providing a net bank debt / equity ratio of 38%, well within the company's target range of 20%-75%. Debt is expected to be at a similar level at 30 June 2010.

FINANCING

The company's \$100m corporate finance facility with Suncorp is available until 30 September 2011. As noted above, debt is drawn to less than half of the facility limit, providing ample capacity to fund operations and growth.

Suncorp has announced publicly that it is withdrawing from the property development finance market and will not be renewing facilities of this nature. The company has entered into discussions with several banks with respect to replacing the Suncorp facility well before its expiry. It is anticipated that new banking arrangements will be announced in the coming months as these negotiations are completed.

OUTLOOK

Economy

The domestic economy gained momentum during the second half of 2009 and the outlook for 2010 is positive.

The national residential property market is showing further signs of recovery, driven by the lack of housing stock and continued population growth in the capital cities which is expected to see healthy sales levels and price growth in the sector. The fall in unemployment and lift in business investment is driving up consumer confidence, although to an extent this has been offset by the impact of increases in interest rates over the last six months.

Company outlook

The company is well placed to take advantage of improved market conditions, with a good product range and sufficient stock levels and a large bank of presales in place, particularly at its Melbourne projects.

The company has ample funding in place to undertake all of its scheduled developments.

The company is anticipating a full year profit of approximately \$15m and will provide further guidance at the end of the third quarter.

In the medium term, the increased contribution from the Melbourne projects, new projects entering the development phase and syndicates will supplement earnings. The company has already put in place a significant number of presales for delivery in the 2011 financial year.

The diverse portfolio of projects, with approvals in place, positions the company to deliver earnings growth and value for shareholders in future years.

CEDAR WOODS PROPERTIES LIMITED
APPENDIX 4D
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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 2009.

Comparatives are for the half-year ended 31 December 2008.

2. Results for announcement to the market

		Dec 2009 Half \$'000	Dec 2008 Half \$'000	Change %
2.1	Revenue from ordinary activities	59,433	13,332	Up 346%
2.2	Profit (loss) from ordinary activities after tax attributable to members	9,939	(5,569)	N/A
2.3	Net profit (loss) for the period attributable to members	9,939	(5,569)	N/A
2.4	Interim dividend per share, fully franked	5 cents	NIL	Up 100%
	Profit (Loss) earnings per share	16.9 cents	(9.9) cents	N/A

Record date for dividend

16 April 2010

Explanation

Refer to Company Announcement.

3. Net tangible assets per share

	Dec 2009	Dec 2008
Net tangible assets per share	\$1.72	\$1.35

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

Nil.

5. Details of dividends

The Board has declared an interim dividend of 5 cents per share payable on 30 April 2010.

6. Dividend reinvestment plan

The dividend reinvestment plan is available for the forthcoming dividend.

7. Details of associates or joint ventures

Cedar Woods Wellard Limited is an associated entity. The company holds a 25% interest.

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

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C O N T R O L L E D E N T I T I E S

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2009 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 & CONTROLLED ENTITIES

A.B.N. 47 009 259 081

Directors

William George Hames, BArch (Hons) MCU (Harvard) LFRAIA, MPIA, FAPI (Econ) – Chairman
Robert Stanley Brown, MAICD, AIFS – Deputy Chairman
Ronald Packer, BCom (UWA), AAPI, FAICD, Solicitor Supreme Court of England & Wales
Paul Stephen Sadleir, BE, MBA, AAPI, FAICD, FRICS – Managing Director
Timothy Robert Brown, BA, LLB, M.Fin Post Grad Dip (Phil) (Alternate for R S Brown)

Company Secretary

Paul Samuel Freedman BSc, CA, GAICD

Registered office and principal place of business

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WEST PERTH WA 6005
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Website: www.cedarwoods.com.au

Share registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Auditor

PricewaterhouseCoopers
QV1
250 St George's Terrace
PERTH WA 6000

Securities exchange listing

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

ASX Code

CWP

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

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 2009.

1. Directors

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

William George Hames (Chairman)
 Robert Stanley Brown (Deputy Chairman)
 Ronald Packer
 Paul Stephen Sadleir (Managing Director)
 Timothy Robert Brown (Alternate for R S Brown)

2. Review of operations

The principal activities of the consolidated entity in the course of the half-year ended 31 December 2009 were that of property investor and developer and no significant change in the nature of those activities has taken place during that period.

A summary of consolidated revenues and results for the half-year ended 31 December 2009 is set out below:

	2009	2008
	\$'000	\$'000
Revenue	59,433	13,332
Profit (loss) before income tax	14,233	(7,851)
Income tax (expense) benefit	(4,294)	2,282
Net profit (loss) attributable to members of Cedar Woods Properties Limited	9,939	(5,569)

During the half-year the consolidated entity continued the sale of lots and units at its residential projects in Western Australia and Victoria.

The company's earnings from period to period are dependent upon the timing of the settlements in each development. Management's focus is primarily on the achievement of full year results and the distribution of profits between half-years may from time to time be uneven due to the timing of settlements of significant projects.

3. Auditor's independence declaration

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

4. 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 directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

A handwritten signature in black ink that reads "William G Hames." The signature is written in a cursive style with a period at the end.

W G Hames
Chairman

Perth, Western Australia
19 February 2010

Auditor's Independence Declaration

As lead auditor for the review of Cedar Woods Properties Limited for the half year ended 31 December 2009, 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.



Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
19 February 2010

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that Cedar Woods Properties Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



W G Hames
Chairman

Perth, Western Australia
19 February 2010

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of Cedar Woods Properties Limited, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Cedar Woods Properties Limited Group (the consolidated entity). The consolidated entity comprises both Cedar Woods Properties Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 control relevant to the preparation and fair presentation of the half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cedar Woods Properties Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.

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

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2009 included on Cedar Woods Properties Limited's web site. The company's directors are responsible for the integrity of the Cedar Wood Properties Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Pierre Dreyer
Partner

Perth
19 February 2010

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

	Half-year	
	2009	2008
	\$'000	\$'000
Revenue from continuing operations	59,433	13,332
Cost of sales	(35,547)	(10,278)
	<u>23,886</u>	<u>3,054</u>
Other income	1,515	1,318
<i>Other expenses:</i>		
Project operating costs	(4,518)	(5,119)
Occupancy	(258)	(171)
Administration	(3,472)	(3,262)
Finance costs	(1,366)	(1,789)
Depreciation and amortisation expense	(116)	(109)
Unrealised financial instrument gains/(losses)	87	(469)
Share of net profits (losses) of associate accounted for using the equity method	8	(81)
Write down of non-current assets	(1,533)	(1,223)
	<u>14,233</u>	<u>(7,851)</u>
Profit (loss) before income tax		
Income tax (expense) benefit	(4,294)	2,282
	<u>9,939</u>	<u>(5,569)</u>
Profit (loss) for the half-year		
Other comprehensive income		
Changes in the fair value of available-for- sale financial assets, net of tax	-	(6)
	<u>9,939</u>	<u>(5,575)</u>
Total comprehensive income (loss) for the half-year		
Profit (loss) attributable to members of Cedar Woods Properties Limited	<u>9,939</u>	<u>(5,569)</u>
Total comprehensive income (loss) for the half- year attributable to members of Cedar Woods Properties Limited	<u>9,939</u>	<u>(5,575)</u>
	Half-year	
	2009	2008
Earnings (loss) per share for profit (loss) attributable to the ordinary equity holders of the company	cents	cents
Basic and diluted earnings (loss) per share	<u>16.9</u>	<u>(9.9)</u>

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

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

	NOTE	31 December 2009 \$'000	30 June 2009 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		523	1,583
Trade and other receivables		1,348	2,319
Inventories		47,576	44,628
Total current assets		49,447	48,530
Non-current assets			
Receivables		7,350	159
Inventories		117,753	103,421
Investment accounted for using the equity method		3,488	3,480
Available-for-sale financial assets		16	15
Derivative financial instruments		862	775
Property, plant and equipment		962	990
Investment properties		2,118	2,143
Other		203	3,207
Total non-current assets		132,752	114,190
Total assets		182,199	162,720
LIABILITIES			
Current liabilities			
Trade and other payables		10,589	11,357
Borrowings		-	535
Current tax liabilities		3,598	3,066
Provisions		6,152	4,666
Total current liabilities		20,339	19,624
Non-current liabilities			
Borrowings		39,849	49,496
Trade and other payables	4	18,700	-
Deferred tax liabilities		108	112
Provisions		64	210
Total non-current liabilities		58,721	49,818
Total liabilities		79,060	69,442
Net assets		103,139	93,278
EQUITY			
Contributed equity	5	39,128	34,849
Reserves		855	1,148
Retained profits		63,156	57,281
Total equity		103,139	93,278

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009**

Consolidated	NOTE	Contributed equity	Reserves	Retained earnings	Total
		\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2008		29,507	990	53,449	83,946
Total comprehensive loss for the half-year		-	(6)	(5,569)	(5,575)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		5,342	-	-	5,342
Transfers from reserves to retained profits		-	(21)	21	-
Dividends provided for or paid	3	-	-	(5,514)	(5,514)
Employee share plan reserve		-	120	-	120
		5,342	99	(5,493)	(52)
Balance at 31 December 2008		34,849	1,083	42,387	78,319
Balance at 1 July 2009		34,849	1,148	57,281	93,278
Total comprehensive income for the half-year		-	-	9,939	9,939
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs		4,279	-	-	4,279
Transfers from reserves to retained profits		-	(13)	13	-
Dividends provided for or paid	3	-	-	(4,077)	(4,077)
Employee share plan reserve		-	(280)	-	(280)
		4,279	(293)	(4,064)	(78)
Balance at 31 December 2009		39,128	855	63,156	103,139

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 2009**

	Half-year	
	2009	2008
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	67,162	15,750
Payments to suppliers and employees (inclusive of goods and services tax)	(45,458)	(31,883)
Interest received	270	277
Borrowing costs	(2,247)	(4,274)
Income taxes paid	(3,743)	(4,894)
Net cash inflow (outflow) from operating activities	15,984	(25,024)
Cash flows from investing activities		
Proceeds from repayment of employee share loan	18	-
Payments for investments	-	(3)
Payments for property, plant and equipment and investment property	(63)	(99)
Net cash outflow from investing activities	(45)	(102)
Cash flows from financing activities		
Proceeds from borrowings	-	30,875
Repayment of borrowings	(9,646)	(6,357)
Loan to associated entity	(7,278)	-
Share issue transaction costs	(75)	(73)
Net cash inflow from financing activities	(16,999)	24,445
Net decrease in cash and cash equivalents	(1,060)	(681)
Cash and cash equivalents at the beginning of the half-year	1,583	486
Cash and cash equivalents at the end of the half-year	523	(195)

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

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009****1. BASIS OF PREPARATION OF HALF-YEAR STATEMENT**

This general purpose financial report for the interim half-year reporting period ended 31 December 2009 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 2009 and any public announcements made by Cedar Woods Properties Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

Changes in accounting policy

Cedar Woods Properties Limited had to change some of its accounting policies as the result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 July 2009.

The effected policies and standards are:

- Business combinations – revised AASB 3 *Business Combinations*
- Segments – new AASB 8 *Operating Segments*

Business combinations

AASB 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes.

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the income statement. Under the company's previous policy contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets.

If the company recognises acquired deferred tax assets after the initial acquisition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the company's net profit after tax.

CEDAR WOODS PROPERTIES LIMITED & CONTROLLED ENTITIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009 (CONTINUED)**

Segment reporting

The company has applied AASB 8 *Operating Segments* from 1 July 2009. AASB 8 requires the disclosure of information to enable users of the financial statements to evaluate the nature and financial effects of the business activities in which the company engages and the economic environments in which it operates. The company currently has one business segment, property development, and one geographical segment, Australia.

2. SEGMENT INFORMATION**(a) Description of segment**

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.

(b) Other segment information**Adjusted EBIT**

The board of directors assesses the performance of the operating segment based on a measure of adjusted EBIT. This measurement basis excludes the effects of non-recurring expenditure from the operating segment. Furthermore, the measure excludes the effects of equity settled share-based payments and unrealised gains/losses on financial instruments.

A reconciliation of adjusted EBIT to operating profit (loss) before income tax is provided as follows:

	Half-year	
	2009	2008
	\$'000	\$'000
Adjusted EBIT	16,566	(4,337)
Interest revenue	632	277
Finance costs	(1,366)	(1,789)
Depreciation and amortisation expense	(116)	(109)
Unrealised financial instrument gains/(losses)	87	(469)
Share of profit (loss) from associates	8	(81)
Write-down of non-current assets	(1,533)	(1,223)
Employee shares granted to employees	(45)	(120)
Profit (loss) before income tax from continuing operations	14,233	(7,851)

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3. DIVIDENDS

	Half-year	
	2009	2008
	\$'000	\$'000
Ordinary shares		
Dividends provided for or paid during the half-year:		
Satisfied by shares under the dividend reinvestment plan	4,007	5,415
Applied to employee share plan loans	70	99
	4,077	5,514

Dividends not recognised at the end of the half-year

In addition to the above dividends, since the end of the half year the directors have recommended the payment of an interim dividend. A final dividend is also expected to be paid following the completion of the financial year.

4. TRADE AND OTHER PAYABLES – NON-CURRENT

	Half-year	
	2009	2008
	\$'000	\$'000
Due to vendor of Camberwell property under contract of sale	18,700	-

5. CONTRIBUTED EQUITY

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

	Half-year	
	2009	2008
	\$'000	\$'000
Share capital at the beginning of the reporting period – 58,163,204 (2008 – 55,138,148) ordinary shares	34,849	29,507
Shares issued pursuant to dividend reinvestment plan – 1,829,552 (2008 – 3,025,056) ordinary shares issued at \$2.19 (2008 - \$1.79) each	4,007	5,415
Cost of issuing equity	(53)	(73)
Vesting of shares issued under the 2007 Employee Share Plan	325	-
Share capital at the end of the reporting period – 60,062,009 (2008 – 58,163,204) ordinary shares	39,128	34,849

6. CONTINGENT LIABILITIES

At 31 December 2009 bank guarantees totalling \$10,409,427 (30 June 2009 - \$8,343,589) had been provided to:

- various state and local authorities supporting development and maintenance commitments and;
- vendors securing future payments for land acquisitions included in liabilities.