

Cedar  Woods

FINANCIAL REPORT

09

AWARD-WINNING PROPERTY DEVELOPER



ABN 47 009 259 081

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This report covers both Cedar Woods Properties Limited as an individual entity and the consolidated entity consisting of Cedar Woods Properties Limited and its controlled entities.

Cedar Woods Properties Limited is a company limited by shares, incorporated and domiciled in Australia.

A description of the consolidated entity's operations and its principal activities is included in the review of operations in the directors' report.

The financial report was authorised for issue by the directors on 21 August 2009. The directors have the power to amend and reissue the financial report.

A.B.N. 47 009 259 081



CORPORATE DIRECTORY

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

Level 4, 66 Kings Park Road WEST PERTH WA 6005
Postal address: P.O. Box 788 WEST PERTH WA 6872
Phone: (08) 9480 1500
Fax: (08) 9480 1599
Email: email@cedarwoods.com.au
Website: www.cedarwoods.com.au

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's 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

ANNUAL GENERAL MEETING

Venue: Kings Park Function Centre
Time: 10.00am
Date: 6 November 2009

DIRECTORS' REPORT



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 year ended 30 June 2009.

1. DIRECTORS

The following persons were directors of Cedar Woods Properties Limited during the whole of the financial year and up to the date of this report, except where stated:

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. PRINCIPAL ACTIVITIES

The principal continuing activities of the consolidated entity in the course of the year ended 30 June 2009 were that of property investor and developer and no significant change in the nature of those activities took place during the year.

3. DIVIDENDS – CEDAR WOODS PROPERTIES LIMITED

Dividends paid to members during the financial year were as follows:

	2009 \$'000	2008 \$'000
Final fully franked ordinary dividend for the year ended 30 June 2008 of 10.0 cents (2007 – 10.0 cents) per share paid on 31 October 2008 (2007 – 19 October 2007)	5,513	5,482
Interim fully franked ordinary dividend for the year ended 30 June 2008 of 8.0 cents per share paid on 18 April 2008	-	4,411
	<u>5,513</u>	<u>9,893</u>

Since the end of the financial year the directors have recommended the payment of a final fully franked ordinary dividend of \$4,071,424 (7 cents per share) to be paid on 30 October 2009.

4. CONSOLIDATED RESULT

The result of the consolidated entity for the year ended 30 June 2009 was as follows:

	2009 \$'000	2008 \$'000
Revenue	107,076	81,941
Profit before income tax expense	13,520	29,015
Income tax expense	4,257	8,458
Net profit attributable to members of Cedar Woods Properties Limited	<u>9,263</u>	<u>20,557</u>
	CENTS	CENTS
Basic and diluted earnings per share	<u>16.2</u>	<u>37.3</u>

5. REVIEW OF OPERATIONS

The company continued to develop and sell lots at its residential estates in Western Australia. In addition the company sold a number of townhouses and apartments.

Development commenced at the Emerald Park project at Wellard, WA which the company manages. This land is owned by the syndicate company, Cedar Woods Wellard Limited of which Cedar Woods Properties Limited owns 25%.

The company realised revenue from the first residential lots at its Williams Landing and Carlingford projects in Melbourne.

Plans and approvals were progressed for a number of developments anticipated to commence in future years.

6. BUSINESS STRATEGIES AND PROSPECTS FOR FUTURE FINANCIAL YEARS

The consolidated entity will continue property development operations in Western Australia and in Victoria. It is planned to make further additions to the property portfolio and also introduce additional property syndicates and other new business structures. The consolidated entity is well positioned to achieve growth in future years.

7. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the year.

8. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Advance to associated entity, Cedar Woods Wellard Limited (CWWL).

On 14 July 2009 the company provided a loan of \$2,253,100 to CWWL to assist with working capital. The loan is secured by way of second mortgage over land owned by CWWL and bears interest at a rate of BBSY plus 4.5%.

Other than the above, no matters or circumstances have arisen since 30 June 2009 that have significantly affected or may significantly affect:

- (a) the consolidated entity's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the consolidated entity's state of affairs in future financial years.

9. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

10. ENVIRONMENTAL REGULATION

To the best of the directors' knowledge the company complies with the requirements of environmental legislation in respect of its developments, and obtains the planning approvals required prior to clearing or development of land under the laws of the relevant states. There have been no instances of non-compliance during the year and up to the date of this report.

11. INFORMATION ON DIRECTORS

Mr William G Hames, B Arch (Hons) MCU (Harvard) LFRAIA, MPIA, FAPI (Econ)

- Chairman of the board of directors, non-executive director;
- Member of the Nominations Committee.

Mr Hames is a co-founder of Cedar Woods Properties Limited. He is an architect and town planner by profession, and received a Masters Degree in City Planning and Urban Design from the Harvard Graduate School of Design, at Harvard University in Boston. He worked in the US property development market before returning to Australia in 1975 and establishing Hames Sharley Australia, an architectural and town planning consulting company. Mr Hames brings substantial property experience to the board upon which he has served as a director for nineteen years.

Other current listed company directorships and former listed company directorships in the last three years:

None.

Mr Robert S Brown, MAICD, AIFS

- Deputy Chairman of the board of directors, non-executive director;
- Member of the Audit and Risk Management Committee;
- Member of the Human Resources and Remuneration Committee;
- Member of the Nominations Committee.

Mr Brown is Executive Chairman of Westland Group Holdings Pty Ltd, with responsibilities in mining, agribusiness, biotechnology and venture capital. He is a past president of the Federation of Building Societies of WA and has participated in and chaired various Western Australian government advisory committees related to the housing industry. Mr Brown brings to the board his diversified experience as a director of these companies and other listed entities and has served as a director of Cedar Woods Properties Limited for twenty-one years.

Other current listed company directorships and former listed company directorship in the last three years:

None.

Mr Ronald Packer BCom (UWA), AAPI, FAICD, Solicitor Supreme Court of England & Wales

- Non-executive director;
- Chairman of the Audit and Risk Management Committee;
- Chairman of the Human Resources and Remuneration Committee;
- Chairman of the Nominations Committee.

Mr Packer is an independent director who brings to the board a wide range of property experience in the public and private arena. He is the former Managing Director of PA Property Management Limited, the responsible entity for the PA Property Trust and is currently the Chairman of Terrace Properties and Investments Pty Ltd. Mr Packer has served as a director for three years and chairs all of the board's committees.

Other current listed company directorships and former listed company directorships in the last three years:

None.

Mr Paul S Sadleir, BE, MBA, AAPI, FAICD, FRICS

- Managing Director, executive director.

Mr Sadleir has extensive experience in the property sector and previously was manager of Bunnings Property Management Pty Ltd, the responsible entity for the Bunnings Warehouse Property Trust. Mr Sadleir holds a Masters of Business Administration and Bachelor of Engineering degree from the University of Western Australia. He is also a fellow of the Australian Institute of Company Directors, a fellow of the Royal Institute of Chartered Surveyors and an affiliate of the Australian Property Institute. Mr Sadleir is a committee member of the Property Education Foundation and a councillor of the Royal Australian Air Force Association (WA Division), a not for profit organisation providing retirement and aged care accommodation. Mr Sadleir brings to the company extensive skills in strategic planning, portfolio management, acquisition analysis, equity and finance raising and investor relations management. Mr Sadleir has served as a director for six years.

Other current listed company directorships and former listed company directorships in the last three years:

None.

Mr Timothy R Brown, BA, LLB, M. Fin, Post Graduate Diploma (Phil)

- Alternate director for Mr Robert S Brown.

Mr Brown worked as a director of Westland Group Holdings Pty Ltd, with responsibilities in mining, agribusiness, biotechnology and venture capital. His qualifications include a Bachelor of Laws from Notre Dame Australia and a Masters of Finance from Curtin University. Mr Brown was admitted to the Supreme Court of Western Australia as a barrister and solicitor in 2004.

Other current listed company directorships and former listed company directorships in the last three years:

None.

Company Secretary

The Company Secretary is Mr Paul S Freedman, BSc, CA, GAICD. Mr Freedman was appointed to the position in 1998. He is a member of the Institute of Chartered Accountants in Australia and is a graduate of the Australian Institute of Company Directors. He brings to the company a background of over fourteen years in financial management in the property industry, preceded by employment in senior roles with major accountancy firms.

12. SHARES ISSUED ON THE EXERCISE OF OPTIONS

No share options were in existence during the year and none have been issued up to the date of this report.

13. DIRECTORS' INTERESTS IN SHARES

Directors' relevant interests in shares of Cedar Woods Properties Limited at the date of this report, as defined by sections 608 and 609 of the *Corporations Act 2001*, are as follows:

DIRECTOR	INTEREST IN ORDINARY SHARES
William G Hames	8,053,849
Robert S Brown*	9,224,856
Ronald Packer	33,355
Paul S Sadleir	762,959
Timothy R Brown*	4,709,674

*R S Brown and T R Brown have a shared interest in 4,709,674 shares.

14. COMMITTEES OF THE BOARD

As at the date of this report Cedar Woods Properties Limited had the following committees of the board:

AUDIT AND RISK MANAGEMENT COMMITTEE	HUMAN RESOURCES AND REMUNERATION COMMITTEE	NOMINATIONS COMMITTEE
R Packer (Chairman)	R Packer (Chairman)	R Packer (Chairman)
R S Brown	R S Brown	W G Hames
-	-	R S Brown

15. MEETINGS OF DIRECTORS

The following table sets out the numbers of meetings of the company's directors (including meetings of committees of directors) held during the year ended 30 June 2009, and the numbers of meetings attended by each director:

	BOARD MEETINGS	MEETINGS OF COMMITTEES		
		Audit and Risk Management	Human Resources and Remuneration	Nominations
Number of meetings held:	10	4	4	2
Number of meetings attended by:				
W G Hames	8	*	*	2
R S Brown	9	4	4	2
R Packer	10	4	4	2
P S Sadleir	10	*	*	*
T R Brown	*	*	*	*

* Not a member of this committee.

16. REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Terms of employment of the Managing Director and other executives;
- Additional information.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

(a) Principles used to determine the nature and amount of remuneration

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The board of directors ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Acceptability to shareholders;
- Alignment of executive compensation to company performance;
- Transparency;
- Capital management.

In consultation with external remuneration consultants, the company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

The framework is aligned to shareholders' interests as follows:

- Has profitability and return on equity as core components of plan design;
- Focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price;
- Attracts and retains high calibre executives.

The framework is aligned to program participants' interests as follows:

- Rewards capability and experience;
- Reflects competitive reward for contribution to growth in shareholder wealth;
- Provides a clear structure for earning rewards;
- Provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives. Performance related components are available to certain executives based on the earnings performance of the company measured against the objectives set in the Corporate Plan and achievement of personal objectives established at the start of the year.

Performance related components are awarded each year following the audit of the annual results. These may be adjusted up or down in line with under or over achievement against the target performance levels, at the discretion of the Human Resources and Remuneration Committee.

Non-executive directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Non-executive directors' fees and payments are regularly reviewed by the Human Resources and Remuneration Committee. The Human Resources and Remuneration Committee periodically obtains the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive or participate in bonus or equity based schemes.

Directors' fees

Non-executive directors' base remuneration were last reviewed with effect from 1 July 2007. Directors' remuneration is inclusive of additional fees paid to directors who chair committees. Fees take into account the memberships of directors on subsidiary boards.

Remuneration of non-executive directors is determined by the board, after receiving recommendations from the Human Resources and Remuneration Committee, within the maximum amount approved by the shareholders from time to time.

Executive pay

The executive pay and reward framework has four components:

- Base pay and benefits;
- Short-term performance incentives;
- Long-term incentives through participation in the Employee Share Scheme;
- Other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure that base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market.

There are no guaranteed base pay increases included in any executives' contracts.

Benefits

Some executives receive benefits including parking and membership of certain professional organisations.

Short-term incentives (STI)

Each executive has a target STI opportunity depending on the accountabilities of the role and impact on organisational performance. The bonus opportunities for each executive are set annually by the Human Resources and Remuneration Committee generally consisting of company and individual performance elements.

The Human Resource and Remuneration Committee identified key objectives for the 2009 financial year and decided that offering bonuses related to individual performance, independent of company performance but reduced to reflect that performance, was appropriate given the importance of achieving these objectives in the face of extremely difficult market conditions.

Long-term incentives (LTI)

As part of performance related bonuses, certain executives are invited to participate in the Employee Share Scheme. Under the scheme, performance rights, expressed as a number of shares, are granted to these employees as a portion of their overall remuneration package. For details of the operation of the Scheme please refer to note 39 of the financial statements.

In 2009, performance rights to a total value of \$51,947 were granted, however, as the company did not meet the performance requirements, none of these performance rights will vest.

The value of performance rights granted in the previous year together with the related number of shares that vest under those rights are as follows:

Name	VALUE OF PERFORMANCE RIGHTS IN RELATION TO FY2008 VESTING ON 1 JULY 2010	
	Value at grant \$	Number of shares vested
P S Sadleir	91,562	40,875
N Blackburne	13,734	6,131
P Freedman	13,734	6,131
K Haustead	13,734	6,131
P Archer	13,734	6,131

(b) Details of remuneration

Details of the remuneration of each director of Cedar Woods Properties Limited and each of the key management personnel of the consolidated entity, including their personally-related entities, are set out in the following tables. Cash bonuses are dependent upon the satisfaction of performance conditions as set out in the section *Short-term incentives* above. All other elements of remuneration in the tables are fixed.

The key management personnel of the company and the group are the directors, whose details appear on pages 4-5 above and the following executive officers, who include the five highest paid executives of the consolidated entity and the company:

Nathan Blackburne – Victorian State Manager

Patrick Archer – Development Manager

Paul Freedman – Chief Financial Officer

Ken Haustead – Development Manager

Bruce Buckley – WA General Manager

Directors of Cedar Woods Properties Limited

2009	SHORT-TERM BENEFITS			POST EMPLOYMENT	SHARE-BASED PAYMENTS		
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Value of performance rights \$		Total \$
W G Hames	82,569	-	-	7,431	-		90,000
R S Brown	64,220	-	-	5,780	-		70,000
R Packer	-	-	-	85,000	-		85,000
P S Sadleir	555,689	78,350	9,859	15,961	-		659,859
Total	702,478	78,350	9,859	114,172	-		904,859

2008	SHORT-TERM BENEFITS			POST EMPLOYMENT	SHARE-BASED PAYMENTS		
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Performance rights granted for FY2007* \$	Performance rights granted for FY2008 \$	Total \$
W G Hames	82,569	-	-	7,431	-	-	90,000
R S Brown	64,220	-	-	5,780	-	-	70,000
D P Buckland	16,820	-	-	1,514	-	-	18,334
R Packer	-	-	-	85,000	-	-	85,000
P S Sadleir	541,871	184,000	17,630	13,129	178,689*	91,562	1,026,881
Total	705,480	184,000	17,630	112,854	178,689	91,562	1,290,215

*The FY2007 performance rights were issued in October 2007 and are therefore included in the FY2008 tables.

The five highest paid other executives of the consolidated entity including the key management personnel

2009	SHORT-TERM BENEFITS			POST EMPLOYMENT	SHARE-BASED PAYMENTS		
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Value of performance rights \$		Total \$
N Blackburne	246,592	19,000	6,129	13,745	-		285,466
P Freedman	233,255	11,400	1,793	13,745	-		260,193
B Buckley	156,500	-	5,447	72,400	-		234,347
P Archer	211,824	14,250	8,186	13,745	-		248,005
K Haustead	207,795	7,800	-	13,745	-		229,340
Total	1,055,966	52,450	21,555	127,380	-		1,257,351

2008	SHORT-TERM BENEFITS			POST EMPLOYMENT	SHARE-BASED PAYMENTS		
Name	Cash salary and fees \$	Cash bonus \$	Non-monetary benefits \$	Superannuation \$	Performance rights granted for FY2007* \$	Performance rights granted for FY2008 \$	Total \$
N Blackburne	223,541	27,600	8,439	13,129	25,326	13,734	311,769
P Freedman	226,871	27,600	3,048	13,129	25,326	13,734	309,708
K Haustead	208,411	27,600	236	13,129	25,326	13,734	288,436
P Archer	191,934	22,000	9,255	13,129	18,760	13,734	268,812
B Buckley	128,900	27,600	3,841	100,000	-	-	260,341
Total	979,657	132,400	24,819	152,516	94,738	54,936	1,439,066

*The FY2007 performance rights were issued in October 2007 and are therefore included in the FY2008 tables.

The relative proportions of remuneration for the executives that are linked to performance and those that are fixed are as follows:

Name	2009		2008		
	Fixed Remuneration %	At risk – STI %	Fixed Remuneration %	At risk – STI %	At risk – LTI %
P Sadleir	88	12	56	18	26
N Blackburne	93	7	79	9	12
P Freedman	96	4	78	9	13
K Haustead	97	3	77	10	13
P Archer	94	6	80	8	12
B Buckley	100	-	89	11	-

(c) Terms of employment for the Managing Director and executives

The terms of employment for Paul Sadleir provide for an annual base salary inclusive of superannuation and the provision of an annual performance-related cash bonus. Benefits comprise payment of certain professional memberships, provision of car parking and participation, when eligible, in the Cedar Woods' Employee Share Scheme. In addition, Paul Sadleir is entitled to payment of a benefit on termination by the employer following significant restructure or takeover, equal to his total remuneration package for one year.

The terms of employment for the specified executives provide for an annual base salary inclusive of superannuation, the provision of an annual performance-related cash bonus, the payment of certain professional memberships and participation, when eligible, in the Cedar Woods' Employee Share Scheme. B Buckley, P Archer and N Blackburne were also provided car parking in addition to their annual base salary.

The remuneration for directors and specified executives is set for each financial year ending 30 June and is reviewed annually by the Human Resources and Remuneration Committee.

(d) Additional information

For each cash bonus included in the above tables, the percentage of the available bonus or grant available to the specified executives based on their individual performances and that of the company, that was vested in the financial year, and the percentage that was forfeited because the service and performance criteria were not met in full, is set out below. The bonuses will be paid in FY2010 and no part is payable in future years.

NAME	2009 CASH BONUS VESTED %	2009 CASH BONUS FORFEITED %	2008 CASH BONUS VESTED %	2008 CASH BONUS FORFEITED %
P Sadleir	85	15	80	20
N Blackburne	95	5	80	20
P Freedman	95	5	80	20
K Haustead	65	35	80	20
P Archer	95	5	80	20
B Buckley	-	-	80	20

The overall level of executive rewards takes into account the performance of the consolidated entity over a number of years, with greater emphasis given to performance in the current year. Over the past five years, shareholders have received an average total annual return of 1.0% based on a combination of dividends and increases in the company's share price. This return has been impacted by the reduction in share price over the last two years, during which time the listed property sector as a whole has experienced a significant reduction in share prices.

17. RETIREMENT, ELECTION AND CONTINUATION IN OFFICE OF DIRECTORS

Mr William Hames and Mr Ron Packer retire by rotation at the forthcoming Annual General Meeting and being eligible, will offer themselves for re-election.

18. INSURANCE OF OFFICERS

During the financial year, Cedar Woods Properties Limited paid a premium in respect of directors' and officers' liability that indemnifies certain officers of the company and its controlled entities. The officers of the company covered by the insurance policy include the directors, W G Hames, R S Brown, R Packer, P S Sadleir and the Company Secretary, P S Freedman. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company and its controlled entities. The directors have not included more specific details of the nature of the liabilities covered or the amount of the premium paid in respect of the policy, as such disclosure is prohibited under the terms of the contract.

19. NON-AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or group are important.

Please refer to note 38 of the financial report for details of the amounts paid or payable to the auditor for audit and non-audit services during the year.

The board of directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

20. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of this directors' report and is set out on page 12.

21. 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. Amounts in the directors' report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

22. AUDITOR

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



P S Sadleir
Managing Director

Perth, Western Australia
21 August 2009

AUDITOR'S INDEPENDENCE DECLARATION



PricewaterhouseCoopers
ABN 52 780 433 757

QV1
250 St Georges Terrace
PERTH WA 6000
GPO Box D198
PERTH WA 6840
DX 77 Perth
Australia
Telephone +61 8 9238 3000
Facsimile +61 8 9238 3999

Auditor's Independence Declaration

As lead auditor for the audit of Cedar Woods Properties Limited for the year ended 30 June 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cedar Woods Properties Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'P. Dreyer', written over a horizontal line.

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
21 August 2009

CORPORATE GOVERNANCE STATEMENT



CORPORATE GOVERNANCE STATEMENT

The board of Cedar Woods Properties Limited is committed to achieving and demonstrating the highest standards of corporate governance. The board continues to review the framework and practices to ensure they meet the interests of shareholders. A description of the company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

Listed entities are required to disclose the extent to which they have followed the Principles of Good Corporate Governance and Principles and Recommendations (Principles and Recommendations) set by the Australian Securities Exchange Corporate Governance Council during the reporting period. Where the company's procedures are not in compliance with the Principles and Recommendations for part or all of the year, this is referred to below. It is noted that the Principles and Recommendations are not compulsory for listed companies but that an explanation is required where compliance is not achieved.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The board of directors

The board is accountable to shareholders for the performance of the company. The board sets the company's strategic direction and delegates responsibility for the management of the company to the Managing Director. The company's strategic plan is prepared by management and is reviewed annually by the board at a special board meeting.

Board responsibilities

The responsibilities of the board include:

- setting the company's values and standards of conduct and ensuring these are adhered to in the interests of all stakeholders;
- approving policies, strategies, budgets, and plans;
- assessing performance against strategies to monitor both the suitability of those strategies and the performance of management and the board itself;
- reviewing operating information to understand the company's position, and approving financial and other reporting;
- identifying areas of significant business risk and ensuring systems and procedures are in place to manage those risks;
- considering management recommendations on key issues – including acquisitions, funding and significant capital expenditure;
- ensuring that the company acts legally and responsibly on all matters and that the highest ethical standards are maintained;
- appointing, terminating and reviewing the performance of the Managing Director;
- ratifying the appointment and, where appropriate, removal of the Chief Financial Officer and the Company Secretary; and
- reporting to shareholders.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Composition of the board

The board operates in accordance with the broad principles set out in its charter which is available on the company website. The charter details the board's composition and responsibilities.

The charter states:

- the board should comprise between 3 and 10 directors;
- the board should comprise directors with a broad range of skills and experience that are relevant to the property development industry so that it has a proper understanding of, and competence to deal with, the current and emerging issues of the business;
- a majority of the board should be non-executive; and
- the Chairman is elected by the full board.

At present, having regard to the size of the company and the present composition of the board, the board does not consider it necessary for a majority of the directors, including the Chairman, to be independent, as required by Principles and Recommendations 2.1 and 2.2. However, future appointments to the board and to the position of Chairman will be made having regard to these recommendations.

The company's constitution specifies that all directors (with the exception of the Managing Director) must retire from office no later than the third annual general meeting following their last election. Where eligible, a director may stand for re-election.

Directors' independence

The board has adopted the principles for assessing independence from the Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. These state that when determining independence, a director must be non-executive and the board should consider whether the director:

- is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company, where substantial shareholder is defined by section 9 of the Corporations Act;
- is or has been employed in an executive capacity by the company or group, within three years before commencing to serve on the board;
- within the last three years has been a principal of a material professional advisor or a material consultant to the company or group, or an employee associated with the service provided;
- is a material supplier or customer of the company or group, or an officer of or otherwise associated directly with a material supplier or customer;
- has a material contractual relationship with the company or another group member other than as a director of the company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's independent exercise of their judgement.

Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of \$100,000 in any one financial year is considered material for the purposes of contracts or commercial transactions listed above. Purchases of the company's products by directors under normal terms and conditions, and director's fees, shall ordinarily be ignored for the purpose of the materiality test.

Board members

Details of the members of the board, their experience, expertise, qualifications, term of office and independence status are set out in the directors' report starting on page 3 of the financial statements. There are three non-executive directors, one of whom is deemed independent under the principles set out below. There is one executive director who is the Managing Director. In addition there is one non-executive alternate director, although he has not acted during the year.

Chairman and Managing Director

The Chairman is responsible for leading the board, ensuring that board activities are organised and efficiently conducted and for ensuring directors are properly briefed for meetings. The Managing Director is responsible for implementing strategies and policies. The board charter specifies that the Chairman cannot be the Managing Director or a former Managing Director of the company.

The Chairman meets regularly with the Managing Director.

Commitment

The board held 10 board meetings during the year, including a special meeting to consider the Corporate Plan.

In addition, all of the non-executive directors are members of board committees and the number of board committee meetings attended is shown in the directors' report.

Prior to appointment, non-executive directors are required to acknowledge that they will have time available to properly discharge their responsibilities to the company. The annual performance assessment of board members also addresses this issue.

Conflict of interests

Should entities connected with the directors have business dealings with the consolidated entity during the year, the directors concerned declare their interests in those dealings and take no part in decisions relating to them. Such business dealings are disclosed in note 36 to the financial statements.

Independent professional advice

Directors have the right, in connection with their duties and responsibilities as directors, to seek independent professional advice at the company's expense. Prior written approval of the Chairman is required, which will not be unreasonably withheld.

Performance assessment

The board undertakes an annual self-assessment of its performance and that of its committees. The assessment includes a review of the board charter, board composition, committee structure and functions of the board. Each board committee also undertakes an annual self-assessment of its performance and achievement of committee objectives.

Part of the performance evaluation of the board is to review the independence of directors and ensure directors collectively have the appropriate mix of skills required to maximise their effectiveness and ensure the company is able to meet its goals and objectives. The board is satisfied that it is discharging its obligations and that the company is well positioned to continue to meet its goals and objectives.

Details of policies in relation to the board and senior executive performance assessment are available on the company website www.cedarwoods.com.au

Board committees

The board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. During the year the following committees were in operation:

- Nominations Committee;
- Human Resources and Remuneration Committee; and
- Audit and Risk Management Committee.

Each committee has its own charter setting out its role and responsibilities, composition, structure and membership requirements. All of the charters are reviewed annually and are available on the company website. All matters determined by committees are submitted to the full board as recommendations for board decisions.

Minutes of committee meetings are distributed to all directors.

Nominations Committee

The Nominations Committee consists of the following non-executive directors:

R Packer (Chairman)

R S Brown

W G Hames

The Chairman of this committee is independent. However, having regard to the size of the company and the present composition of the board, the board does not consider it necessary for this committee to be comprised of a majority of independent directors, as required by Best Practice Recommendation 2.4.

Details of these directors' qualifications, experience and attendance at committee meetings are set out in the directors' report.

The main responsibilities of the committee are:

- assessing the skills required on the board;
- from time to time assessing the extent to which the required skills are represented on the board;
- establishing processes for the identification of candidates for appointment to the board;
- establishing eligibility requirements for candidates for appointment to the board including a policy with respect to other commitments;
- proposing candidates for board vacancies;
- review of board succession plans; and
- implementing processes for the induction of new non-executive directors to the company and processes for continuing education of directors.

When the need for a new director is identified or an existing director is required to stand for re-election, the Nominations Committee reviews the range of skills, experience and expertise on the board, identifies its needs and if required prepares a short list of candidates with appropriate skills and experience. Where necessary, independent search consultants may be engaged.

The full board will make appointments to the board, and these candidates must stand for re-election at the next annual general meeting. Notices of meetings for the election of directors comply with the ASX Corporate Governance Council's Principles and Recommendations.

New directors are provided with a letter of appointment setting out the responsibilities, rights and the terms and conditions of their employment. They are also provided with a copy of the corporate governance framework including the Code of Conduct. A formal induction is held for new non-executive directors which covers financial, operational and risk management issues.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Code of Conduct

The company has developed a statement of values and a Code of Conduct (the Code). The Code is regularly updated to ensure it reflects the high standards of behaviour and professionalism and the practices necessary to maintain the company's integrity.

A summary of the main provisions of the Code is available on the company website.

The Code contains details of the company's policy with respect to trading of the company's securities by directors or employees.

A summary of the trading policy as it applies to directors is also contained in the board charter which is also available on the company website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Audit and Risk Management Committee

The Audit and Risk Management Committee consists of the following non-executive directors:

R Packer (Chairman)

R S Brown

Under Australian Stock Exchange listing rule 12.7 the company is not required to comply with the structure requirements of Audit Committees as it is not included in the S&P ASX 300. Nevertheless, the company has assessed its procedures against the requirements set out in the Principles and Recommendations as they relate to Audit Committees.

The Chairman of this committee is independent. However, having regard to the size of the company and the present composition of the board, the board does not consider it necessary for there to always be at least 3 members of this committee, with a majority of the directors independent, as required by Best Practice Recommendation 4.2.

Details of these directors' qualifications, experience and attendance at committee meetings are set out in the directors' report.

The Audit and Risk Management Committee collectively has appropriate financial expertise and a working knowledge of the property industry.

The committee operates in accordance with its charter which is available on the company website.

The main responsibilities of the committee are to:

- review and report to the board on the annual and half-year report and financial statements and supporting management commentary;
- review the accounting policies of the consolidated entity;
- review the effectiveness of the control environment including risk management, safe practices policies, environmental policies and policies in respect to the disbursement of funds;
- review the adequacy of information provided by management to the board of directors;
- review the compliance with statutory and regulatory requirements;
- review risk management information prepared by management and the annual and half yearly risk management reports;
- administer the appointment and terms of engagement of the external auditor and review the scope and quality of the audit, and the independence and competence of the auditor; and
- report to the board on matters relevant to the committee's roles and responsibilities.

In fulfilling its responsibilities the committee meets with the external auditors at least twice a year, more frequently if necessary. During these meetings the auditors also meet with the committee without the presence of senior management.

The company's auditors have a clear line of direct communication at any time to either the Chairman of the Audit and Risk Management Committee or the Chairman of the board.

The committee has authority, within the scope of its responsibilities, to:

- seek any information it requires from any employee or external party; and
- obtain external legal or other independent professional advice.

The committee reports to the full board and relevant papers and minutes are provided to all directors.

External auditors

The company and Audit and Risk Management Committee policy is to appoint external auditors who demonstrate competence and independence. The performance of the external auditor is reviewed annually. PricewaterhouseCoopers were appointed as the external auditors in 1991. It is PricewaterhouseCoopers policy to rotate audit engagement partners on listed companies at least every five years. A new engagement partner was introduced for the year ended 30 June 2008.

An analysis of fees paid to the external auditors, including a break down of fees for non-audit services, is provided in note 38 in the financial statements. It is a legal requirement that the external auditors provide an annual declaration of their independence to the board.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

PRINCIPLES 5 AND 6: MAKE TIMELY AND BALANCED DISCLOSURES AND RESPECT THE RIGHTS OF SHAREHOLDERS

Continuous disclosure and shareholder communication

The company is committed to complying with its continuous disclosure obligations and seeks to provide relevant and timely information to shareholders and investors through ASX releases, written reports and the company's website.

The Company Secretary has been appointed as the person responsible for communications with the Australian Stock Exchange (ASX). This person is also responsible for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and coordinating information disclosure to the ASX, brokers, shareholders, media and the public.

The company has policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the company and its controlled entities that a reasonable person would expect to have a material effect on the price of the company's securities. Such policies and procedures include mechanisms for ensuring relevant matters are communicated and that the information is released in a timely and balanced manner.

All information disclosed to the ASX is posted on the company's website as soon as possible. When analysts are briefed on aspects of the company's operations the material used in the presentations is first released to the ASX.

The company's continuous disclosure policy is available on the company website.

All shareholders are entitled to receive a copy of the company's annual report and half-year newsletter. In addition the company seeks to provide opportunities for shareholders to participate through electronic means. To facilitate this, all ASX announcements for the preceding 12 months and annual reports for the last three years are available on the company website. Investors may also register their email address with the company so that they receive email updates on company matters and ASX announcements. Shareholders are encouraged to attend and participate in the annual general meetings of the company.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The board ultimately has responsibility for internal compliance and control. The board has established the Audit and Risk Management Committee as responsible for overseeing and ensuring that internal control systems are in place to monitor and manage risk.

Each half-year, management is required to prepare a report of the current and future risks facing the consolidated entity, and the strategies or controls in place to mitigate those risks. A review is made of the performance of those controls over the half-year, and an assessment made of their effectiveness. Where required, improvements in controls are recommended. This report is reviewed by the Audit and Risk Management Committee and then presented to the full board. Recommendations are implemented upon approval.

In addition the board requires that each major proposal submitted to the board for a decision is accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies.

Each year the Managing Director and the Chief Financial Officer provide a written statement to the board, in accordance with section 295A of the Corporations Act, that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operating results are in accordance with relevant accounting standards. They also confirm that the statement is founded on a sound system of risk management and internal control and the system is operating effectively in all material respects in relation to financial reporting risks.

The company's policies on risk management are available on the company website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee consists of the following non-executive directors:

R Packer (Chairman)

R S Brown

The Chairman of this committee is independent. However, having regard to the size of the company and the present composition of the board, the board does not consider it necessary for there to always be at least 3 members of this committee, with a majority of the directors independent, as required by Best Practice Recommendation 8.1.

Details of these directors' qualifications, experience and attendance at committee meetings are set out in the directors' report.

The committee operates in accordance with its charter which is available on the company website.

The Human Resources and Remuneration Committee makes recommendations to the full board on remuneration packages and other terms of employment for directors and senior executives.

Executive remuneration and other terms of employment are reviewed annually by the committee having regard to personal and corporate performance, relevant comparative information and independent expert advice. Remuneration packages which include base salary, superannuation and fringe benefits are set at levels that are intended to attract and retain executives

capable of managing the consolidated entity's specialised operations. Performance related bonuses are available to executives based on the performance of the company and achievement of personal objectives established at the start of the financial year. Certain employees are eligible to participate in the Employee Share Scheme as part of the performance related bonus.

Remuneration of non-executive directors is determined by the board within the maximum amount approved by the shareholders from time to time.

The committee is also charged with the responsibility of setting the recruitment and termination policies and practices of the company and making contributions in regard to executive succession, planning and promotions.

Further information on directors' and executives' remuneration is set out in section 16 of the directors' report.

INDEPENDANT AUDITOR'S REPORT TO THE MEMBERS





PricewaterhouseCoopers
ABN 52 780 433 757

QV1
 250 St Georges Terrace
 PERTH WA 6000
 GPO Box D198
 PERTH WA 6840
 DX 77 Perth
 Australia
 Telephone +61 8 9238 3000
 Facsimile +61 8 9238 3999

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 2009, and the income statement, 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 both Cedar Woods Properties Limited and 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 compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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.

Liability limited by a scheme approved under Professional Standards Legislation



**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 Company's and consolidated entity's financial position as at 30 June 2009 and of their 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 6 to 10 of the directors' report for the year ended 30 June 2009. 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 2009, 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 2009 included on the Company'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 these statements 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
21 August 2009

DIRECTORS' DECLARATION



DIRECTORS' DECLARATION

30 June 2009

In the directors' opinion:

- A. The financial statements and notes set out on pages 25 to 64 are in accordance with the *Corporations Act 2001*, including;
- i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. Giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and
- B. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



P S Sadleir
Managing Director

Perth, Western Australia
21 August 2009

INCOME STATEMENTS



INCOME STATEMENTS

For the year ended 30 June 2009

	NOTE	CONSOLIDATED		PARENT COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue	3	107,076	81,941	16,052	35,394
Cost of sales		59,057	33,027	-	-
Gross margin		48,019	48,914	16,052	35,394
Other income	3	1,055	404	621	333
Other expenses:					
Project operating costs		15,474	9,944	-	-
Occupancy		408	216	408	216
Administration		7,218	7,346	7,109	7,266
Write down of assets	4	9,227	500	6,255	500
Finance costs	4	3,047	2,230	2,836	2,230
Share of net losses of associate accounted for using the equity method		180	67	-	-
Profit before income tax		13,520	29,015	65	25,515
Income tax expense (revenue)	5	4,257	8,458	(2,757)	(2,953)
Profit for the year		9,263	20,557	2,822	28,468
Profit attributable to members of Cedar Woods Properties Limited	29, 34	9,263	20,557	2,822	28,468
Earnings per share for profit attributable to the ordinary equity holders of the company:					
Basic and diluted earnings per share	34	16.2 cents	37.3 cents		

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

BALANCE SHEETS



BALANCE SHEETS

As at 30 June 2009

	NOTE	CONSOLIDATED		PARENT COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	1,583	486	628	477
Trade and other receivables	8	2,319	4,983	16,142	35,392
Inventories	9	44,628	40,930	-	-
Total current assets		48,530	46,399	16,770	35,869
Non-current assets					
Receivables	10	159	259	158	258
Inventories	11	103,421	121,936	-	-
Investments accounted for using the equity method	12	3,480	3,660	-	-
Available-for-sale financial assets	13	15	21	10	18
Derivative financial instruments	14	775	524	775	524
Other financial assets	15	-	-	120,631	125,962
Property, plant and equipment	16	990	869	760	655
Investment properties	17	2,143	2,192	-	-
Deferred tax assets	18	-	-	97	432
Other	19	3,207	9,159	162	126
Total non-current assets		114,190	138,620	122,593	127,975
Total assets		162,720	185,019	139,363	163,844
LIABILITIES					
Current liabilities					
Trade and other payables	20	11,357	11,672	12,007	14,434
Borrowings	21	535	8,196	-	-
Current tax liabilities	22	3,066	3,879	3,066	3,879
Provisions	23	4,666	2,109	234	223
Total current liabilities		19,624	25,856	15,307	18,536
Non-current liabilities					
Borrowings	24	49,496	74,221	49,512	73,686
Deferred tax liabilities	25	112	738	-	-
Provisions	26	210	258	173	142
Total non-current liabilities		49,818	75,217	49,685	73,828
Total liabilities		69,442	101,073	64,992	92,364
Net assets		93,278	83,946	74,371	71,480
EQUITY					
Contributed equity	27	34,849	29,507	34,849	29,507
Reserves	28	1,148	990	437	196
Retained profits	29	57,281	53,449	39,085	41,777
Total equity		93,278	83,946	74,371	71,480

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

STATEMENTS OF CHANGES IN EQUITY



STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2009

	NOTE	CONSOLIDATED		PARENT COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total equity at the beginning of the financial year		83,946	71,643	71,480	51,266
Changes in the fair value of available-for-sale financial assets, net of tax	28	(6)	(23)	(6)	(23)
Net income recognised directly in equity		(6)	(23)	(6)	(23)
Profit for the year		9,263	20,557	2,822	28,468
Total recognised income and expense for the year		9,257	20,534	2,816	28,445
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity net of transaction costs	27	5,342	1,472	5,342	1,472
Dividends provided for or paid	6	(5,514)	(9,893)	(5,514)	(9,893)
Change in employee share plan reserve	28	247	190	247	190
Total equity at the end of the financial year		93,278	83,946	74,371	71,480

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

CASH FLOW STATEMENTS



CASH FLOW STATEMENTS

For the year ended 30 June 2009

	NOTE	CONSOLIDATED		PARENT COMPANY	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash flows from operating activities					
Receipts from customers (incl. GST)		119,284	78,275	332	-
Payments to suppliers and employees (incl. GST)		(28,354)	(25,105)	(7,299)	(7,072)
Payments for land and development		(45,312)	(46,002)	(36)	(126)
Interest received		746	88	51	43
Dividends received		1	1	1	1
Borrowing costs paid		(7,574)	(7,667)	(3,230)	(2,597)
Income taxes paid		(5,696)	(7,164)	(5,696)	(7,164)
Reimbursements received from tax consolidated entities		-	-	5,696	7,164
Net cash inflows (outflows) from operating activities	30	33,095	(7,574)	(10,181)	(9,751)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		7	2	7	1
Proceeds from repayment of employee share loans		-	104	-	104
Payments for investments		-	(8)	-	(5)
Payments for property, plant and equipment		(309)	(644)	(223)	(437)
Payments for investment property		-	(391)	-	-
Net cash outflows from investing activities		(302)	(937)	(216)	(337)
Cash flows from financing activities					
Proceeds from borrowings		40,134	31,856	20,664	17,075
Loans from related companies		-	-	34,795	1,316
Repayment of borrowings		(71,757)	(15,634)	(44,838)	-
Payment for derivative financial instrument		-	(120)	-	(120)
Payment of share issue expenses		(73)	-	(73)	-
Dividends paid	6	-	(8,217)	-	(8,217)
Net cash (outflows) inflows from financing activities		(31,696)	7,885	10,548	10,054
Net increase (decrease) in cash and cash equivalents		1,097	(626)	151	(34)
Cash and cash equivalents at the beginning of the financial year		486	1,112	477	511
Cash and cash equivalents at the end of the financial year	7	1,583	486	628	477
Financing arrangements	21				

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

NOTES TO THE FINANCIAL STATEMENTS



NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report includes separate financial statements for Cedar Woods Properties Limited as an individual entity and the consolidated entity consisting of Cedar Woods Properties Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with International Financial Reporting Standards (IFRS).

The financial report of Cedar Woods Properties Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and derivative financial instruments.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of Cedar Woods Properties Limited.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Cedar Woods Properties Limited (parent) as at 30 June 2009 and the results of all subsidiaries for the year then ended. Cedar Woods Properties Limited and its subsidiaries together are referred to in this financial report as the consolidated entity.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the parent. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the parent.

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity. Such investments include both investments in shares issued by the subsidiary and other parent entity interests that in substance form part of the parent entity's investment in the subsidiary. These include investments in the form of interest free loans which have no fixed repayment terms and which have been provided to subsidiaries as an additional source of long term capital.

Trade amounts receivable from subsidiaries in the normal course of business are included in receivables.

All inter-company balances and transactions between companies within the consolidated entity are eliminated upon consolidation.

Associates

Associates are all entities over which the consolidated entity has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The consolidated entity's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Accounting policies of associates are consistent with accounting policies of the consolidated entity.

(c) Recognition of revenue

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

Sale of land

Revenue arising from the sale of land held for resale is recognised at settlement.

Interest

Interest income is recognised on a time proportion basis using the effective interest method.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

Lease income

Income from operating leases is recognised on a straight line basis over the period of each lease.

Commissions and fees

Commission and fee income is recognised when the right to receive the income has been earned in accordance with contractual arrangements.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate in Australia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted.

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

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

Tax consolidation legislation

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

Cedar Woods Properties Limited and the controlled entities in the tax-consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax-consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Cedar Woods Properties Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax-consolidated group.

Amounts receivable or payable under tax funding agreements with the tax-consolidated entities are recognised as amounts receivable from or payable to other entities in the consolidated entity. Expenses and revenues arising under the tax sharing agreement are recognised as a component of income tax expense (revenue).

(e) Earnings per share

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 any effect on borrowing costs associated with 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.

(f) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, and deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(g) Inventories and options over land*Property held for development and resale*

With effect from 1 July 1992, property purchased for development and sale is valued at the lower of cost and net realisable value. Cost includes acquisition and subsequent development costs, and applicable borrowing costs incurred during development. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. All property held for development and sale is regarded as inventory and is classified as such in the balance sheet. Property is classified as current inventory only when sales are expected to result in realisation of cash within the next twelve months, based on management's sales forecasts.

Borrowing costs incurred prior to active development and after development is completed, are expensed as incurred.

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

When property is sold, the cost of the land and attributable development costs, including borrowing costs, is expensed through cost of sales.

Options

When the consolidated entity enters into an option to acquire land, the option fee is capitalised in other assets (refer to note 19). When the entity exercises the option, the option fee is included as part of inventory. Should the option not be exercised, the option fee is expensed.

(h) Acquisition of assets

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values at the date of acquisition. The discount rate used is the incremental borrowing rate applied by the consolidated entity's financiers for a similar borrowing under comparable terms and conditions.

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

(i) Impairment of assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and value arising from its continued use and subsequent disposal. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash generating units, which is generally the project level. An appropriate market discount rate is applied when assessing the value arising from continued use.

(j) Property, plant and equipment

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

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

- Buildings – 17 years (straight line method);
- Plant and equipment – 3 to 15 years (straight line and diminishing value methods).

The assets' residual values and useful lives are reviewed for impairment and adjusted if appropriate, at each reporting date.

(k) Investments

Available-for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets as management does not intend to sell them within 12 months. Available-for-sale financial assets are measured at market value with revaluation increments or decrements taken to an equity reserve.

(l) Investment property

Investment property, principally comprising retail units, is held for long term rental yields and is not occupied by the consolidated entity. Investment property is stated at historical cost less depreciation.

Depreciation is calculated on a straight line basis to write off the net cost of each investment over its expected useful life to the consolidated entity. The expected useful life of investment property is 40 years.

(m) Employee benefits*Wages and salaries, bonuses and annual leave*

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

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

Share based payments

Share based payments are provided to employees via the Cedar Woods Properties Limited Employee Share Scheme. Information relating to this scheme is set out in note 39. The fair value of performance rights is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the rights. The fair value of the performance rights is equal to the share price at date of grant. At each reporting date the company revises its estimate of the number of performance rights that are expected to vest. The employee benefit expense each period takes into account the most recent estimate. The impact of revision to estimates is recognised in the income statement with a corresponding adjustment to equity.

Bonus plans

The group recognises a liability and expense for bonuses earned during the financial year.

Superannuation

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

(n) Trade and other payables

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

(o) Leased non-current assets

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the consolidated entity as lessee are classified as operating leases (note 31). Operating lease payments are charged to the income statement in the periods in which they are incurred as this represents the pattern of benefit derived from the leased assets.

Lease income from operating leases where the group is a lessor is recognised in income on a straight line basis over the lease term.

(p) Borrowings and borrowing costs

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

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

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets during the period when the asset is being prepared for its intended use or sale.

(q) Provisions

Provision for monitoring and surveys

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

Provision for customer rebates

Provision is made for the estimated liability arising from obligations in existence at balance date to customers for the provision of landscaping and fencing rebates and other incentives, to which customers are generally entitled within 12 months of balance date.

(r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(s) Maintenance

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

(t) Contributed equity

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

(u) Segment reporting

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

(v) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within one year.

Collectability of trade receivables is reviewed regularly. Trade receivables are secured by registered mortgage over land. Receivables that are uncollectable are written off by reducing the carrying amount directly.

Receivables include prepayments and loans made under the employee share scheme.

(w) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes to fair value are taken to the income statement and are included in other income or expenses.

(x) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, taxation authorities, are presented as operating cash flows.

(y) New accounting standards and interpretations

Certain new accounting standards and interpretations have been issued that are not mandatory for 30 June 2009 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a "management approach" to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The group will adopt AASB 8 from 1 July 2009. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, it will not affect any of the amounts recognised in the financial statements.

Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123

The revised AASB 123 has removed the option to expense all borrowing costs and when adopted will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the entity, as the entity already capitalises borrowing costs relating to qualifying assets.

Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of these amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The group will apply the revised standard from 1 July 2009.

AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 *First time adoption of International Financial Reporting Standards* and AASB 127 *Consolidated and Separate Financial Statements*. The group will apply the new rules prospectively from 1 July 2009. After that date all dividends received from subsidiaries, jointly controlled entities or associates will be recognised as revenue even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. This is in accordance with the consolidated entity's current policy.

(z) Rounding of amounts

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity. The judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical judgements in applying the entity's accounting policies*(i) Inventory – classification*

Judgement is exercised with respect to estimating the classification of inventory between current and non-current assets. Land is classified as current inventory only when sales are expected to result in realisation of cash within the next twelve months, based on management's sales forecasts.

(ii) Inventory – valuation

The recoverable amount of inventory is estimated based on an assessment of net realisable value. This requires judgement as to the future cash flows likely to be generated from the properties included in inventory. Refer also to note 1 (g).

(iii) Estimation of Impairment of Property Options

The recoverable amount of options is assessed based on the higher of fair value less costs to sell and value in use. This requires judgement as to the future cash flows likely to be generated from the properties under option and the appropriate discount rate to be applied. Refer to note 4 for details.

(iv) Customer rebates

The consolidated entity makes provisions for customer rebates as described in accounting policy 1(q). Judgement is required as to the amounts that will ultimately be paid based on the eligibility of customers to entitlements at the reporting date and the current cost of providing the rebates.

There were no critical judgements other than those involving estimates referred to above, that management made in applying the company's accounting policies.

3. REVENUE AND OTHER INCOME

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue from operations				
Sale of land and buildings	105,780	80,837	-	-
Management fees and commissions	138	681	-	-
Dividends:				
- Controlled entities	-	-	16,000	35,350
- Other	1	1	1	1
Interest	746	88	51	43
Lease income	411	334	-	-
Total revenue	107,076	81,941	16,052	35,394
Other income				
Net gain on sale of plant and equipment	2	-	2	-
Fair value gains on derivative financial instruments	251	316	251	316
Sundry income	802	88	368	17
	1,055	404	621	333

4. EXPENSES

Profit before income tax expense includes the following specific expenses:

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Finance costs				
Interest and finance charges	7574	7,393	2,836	2,230
Calculated using effective interest method	237	180	-	-
Less: amount capitalised	(4,764)	(5,343)	-	-
Finance costs expensed	3,047	2,230	2,836	2,230
Net (profit) loss on sale of property, plant and equipment	(2)	12	(2)	-
Rental expense relating to operating leases				
Minimum lease payments	932	243	458	216
Other provisions				
Employee benefits	43	193	43	193
Customer rebates	3,859	176	-	-
Superannuation funds – defined contribution	639	489	633	485
Depreciation of property, plant and equipment	180	143	115	109
Depreciation of investment property	49	45	-	-
Employee benefits expense	4,873	4,756	4,814	4,703
Write down of non-current assets				
Option fees and related costs	6,730	500	-	500
Inventory	2,494	-	-	-
Investments	3	-	3	-
Investments in controlled entities	-	-	6,252	-

Where qualifying assets have been financed by the entity's corporate facility, the capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's corporate facility during the year, in this case 7.19% (2008 – 8.8%) per annum. Where qualifying assets are financed by specific facilities, the applicable borrowing costs of those facilities are capitalised.

Included in the write down of option fees and related costs are impairment losses of \$1,472,000. These are included in the income statement under the line 'Write down of assets'. The impairment losses result from the company's assessment of the carrying value of a property option in the light of the development potential for the underlying property, in accordance with note 2 (ii). The recoverable amount of the asset has been based on the value in use, utilising a discount rate of 20%. A discount rate of around 9% would be required to equate the recoverable amount to its original carrying amount.

Write down of investments in controlled entities of \$6,252,000 arose as a result of the write down of inventory and option fees in the relevant subsidiaries to their recoverable amounts.

5. INCOME TAX

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Income tax expense				
Current tax	4,885	7,474	(3,091)	(2,755)
Deferred tax	(626)	1,260	335	(186)
Adjustments for current tax of prior periods	(2)	(276)	(1)	(12)
Income tax expense (revenue) attributable to profit	4,257	8,458	(2,757)	(2,953)

Deferred income tax expense (revenue) included in income tax expense (revenue) comprises:

(Increase) decrease in deferred tax assets (note 18)	(1,213)	123	260	(283)
Increase (decrease) in deferred tax liabilities (note 25)	587	1,137	75	97
	(626)	1,260	335	(186)

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(b) Numerical reconciliation of income tax expense to prima facie tax payable				
Profit before income tax	13,520	29,015	65	25,515
Tax at the Australian tax rate of 30% (2008 – 30%)	4,056	8,705	20	7,655
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
- Rebateable dividends	-	-	(4,800)	(10,605)
- Write down of investments in controlled entities	-	-	1,876	-
- Share of net loss of associated entity	54	20	-	-
- Sundry items	149	9	149	9
	4,259	8,734	(2,755)	(2,941)
Adjustments for current tax of prior periods	(2)	(276)	(2)	(12)
Income tax expense (revenue)	4,257	8,458	(2,757)	(2,953)

(c) Tax losses

At 30 June 2009 the consolidated entity had carried forward capital tax losses of \$252,000 (2008 - \$252,000).

(d) Tax consolidation legislation

Cedar Woods Properties Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 1(d).

On adoption of the tax consolidation legislation, the entities in the tax-consolidated group entered into a tax sharing agreement, which, in the opinion of the directors, limits the joint and several liability of the wholly-owned entities in the case of default by the head entity.

The entities have also entered into a tax funding agreement, under which the wholly-owned entities fully compensate Cedar Woods Properties Limited for any current income tax payable assumed and are compensated by Cedar Woods Properties Limited for any current tax receivable that is transferred to Cedar Woods Properties Limited under the tax consolidation legislation.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The funding amounts are recognised as intercompany receivables or payables. Where receivable by the parent, the amounts are included in investments in subsidiaries under note 15.

6. DIVIDENDS – ORDINARY SHARES

	PARENT COMPANY	
	2009 \$'000	2008 \$'000
Fully franked based on tax paid @ 30%		
Final dividend for the year ended 30 June 2008 of 10 cents (2007 – 10 cents) per fully paid share, paid on 31 October 2008 (2007 – 19 October 2007)		
- Paid in cash	-	3,895
- Satisfied by shares under the dividend reinvestment plan	5,415	1,472
- Applied to the employee share loans	99	114
Interim dividend for the year ended 30 June 2009 nil cents (2008 – 8 cents) per fully paid share		
- Paid in cash on 18 April 2008	-	4,322
- Applied to the employee share loans	-	90
Total	5,514	9,893
Dividends not recognised at year end	4,071	5,514

In addition to the dividends paid during the year, since year end the directors have recommended the payment of a final dividend of 7 cents per ordinary share (2008 - 10 cents), fully franked based on tax paid at 30%. The above is the aggregate amount of the proposed dividend expected to be paid on 30 October 2009 out of retained profits at 30 June 2009, but not recognised as a liability at year end.

The franked portions of dividends proposed at 30 June 2009 will be franked from existing franking credits or from franking credits arising from the payment of income tax in the next financial year.

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Franking credits available for the subsequent financial year on a tax-paid basis of 30% (2008 – 30%)	26,762	24,241	26,762	24,241

The above amounts represent the franking accounts at the end of the financial year, adjusted for:

- (a) Franking credits that will arise from the payment of the current tax liability;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date (\$nil);
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date (\$nil).

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$1,744,900 (2008 – \$2,363,000).

7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and in hand	812	485	628	477
Deposits at call	771	1	-	-
	1,583	486	628	477

Cash at bank includes cash held in day to day bank transaction accounts earning interest from 0 – 2.7% (2008: 0 – 7.1%) depending on the balances.

The Group's and the parent entity's exposure to interest rate risk is discussed in note 40. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

8. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade receivables	2,027	4,898	77	-
Other receivables	3	2	26	2
Dividends receivable	-	-	16,000	35,350
Prepayments	289	83	39	40
	<u>2,319</u>	<u>4,983</u>	<u>16,142</u>	<u>35,392</u>

Trade and other receivables include interest and non-interest bearing receivables (see note 40). Trade receivables are initially recorded at fair value and subsequently carried at amortised cost. There are no past due or impaired trade receivables at 30 June 2009 (2008 – \$nil).

9. CURRENT ASSETS – INVENTORIES

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Property held for resale				
- Land 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	-	-	-
	<u>44,628</u>	<u>40,930</u>	<u>-</u>	<u>-</u>

Inventory values are determined in accordance with note 1(g).

Current assets pledged as security

Refer to note 21 for information on current assets pledged as security by the parent entity or its controlled entities.

10. NON-CURRENT ASSETS – RECEIVABLES

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Other receivables	1	1	-	-
Loans – employee share scheme (note 39)	158	258	158	258
	<u>159</u>	<u>259</u>	<u>158</u>	<u>258</u>

The fair values of non-current receivables of the group approximate the carrying values. Non-current receivables are all non-interest bearing. None of the non-current receivables are impaired or past due but not impaired.

Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the parent entity or its controlled entities.

11. NON-CURRENT ASSETS – INVENTORIES

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Property held for resale				
- Land 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	-	-	-
	<u>103,421</u>	<u>121,936</u>	-	-
Current inventory (note 9)	44,628	40,930	-	-
Non-current inventory – as above	103,421	121,936	-	-
Aggregate carrying amount	<u>148,049</u>	<u>162,866</u>	-	-

The carrying values are determined in accordance with note 1(g). The 1992 valuations were independent valuations which were based on current market values at that time.

The directors are confident that at balance date the current values of property holdings, for each project and in aggregate, are equal to or greater than their carrying amounts.

Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the parent entity or its controlled entities.

12. NON-CURRENT ASSETS – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Unlisted securities				
Shares in associate	<u>3,480</u>	<u>3,660</u>	-	-
Movements in carrying amounts				
At start of the year	3,660	3,727	-	-
Share of losses after income tax	(180)	(67)	-	-
At end of the year	<u>3,480</u>	<u>3,660</u>	-	-
Share of associate's loss				
Loss before income tax	257	96	-	-
Income tax revenue	(77)	(29)	-	-
Loss after income tax	<u>180</u>	<u>67</u>	-	-
Share of associate's assets and liabilities				
Assets	10,512	9,313	-	-
Liabilities	<u>(7,032)</u>	<u>(5,653)</u>	-	-

The consolidated entity owns a 25% (2008 – 25%) interest in Cedar Woods Wellard Limited (CWWL), a property development company incorporated in Australia. For further details refer to note 41.

13. NON-CURRENT ASSETS – AVAILABLE-FOR-SALE FINANCIAL ASSETS

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Listed securities				
Equity securities – at fair market value	15	21	10	18
	15	21	10	18

Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the parent entity or its controlled entities.

14. NON-CURRENT ASSETS – DERIVATIVE FINANCIAL INSTRUMENTS

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Interest rate cap contracts	179	524	179	524
Interest rate swap contracts	596	-	596	-
	775	524	775	524

(a) Instruments used by the group

The group is party to derivative financial instruments in the normal course of business in order to manage exposure to fluctuations in interest rates in accordance with the group's financial risk management policies.

Interest rate cap and swap contracts – Held for trading

Bank loans of the group currently bear an average variable interest rate of 5.96% (2008 – 9.20%). It is the group's policy to protect part of the loans from exposure to fluctuations in interest rates. Accordingly the consolidated entity has entered into interest rate cap and swap contracts under which a significant part of the consolidated entity's projected borrowings are protected for the period from 1 July 2009 to 28 February 2014.

The caps will be effective should the interest rate applicable to bank bills issued with a duration of 1 month (BBSY Bid) rise above certain levels, set at 8.0% – 8.5%. Caps currently in place cover approximately 81% (2008 – 49%) of the variable loans outstanding at balance date, with terms expiring in 2012 and 2013.

The swaps effectively fix interest rates applicable to bank bills issued with a duration of 1 month (BBSY Bid) at certain levels between 4.02% – 4.49%. Swaps currently in place cover approximately 61% (2008 – Nil) of the variable loans outstanding at balance date, with terms expiring in 2011 and 2014.

The company is not applying hedge accounting to these derivatives. The gain or loss from re-measuring the derivative financial instruments at fair value is recognised in the income statement.

15. NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Investments in controlled entities (note 33)				
Shares in subsidiaries	-	-	6,002	6,002
Other investments in subsidiaries	-	-	120,882	119,960
Provision against investments in subsidiaries	-	-	(6,253)	-
	-	-	120,631	125,962

These financial assets are carried at cost less any provision for non-recovery (refer to note 4). Other investments in subsidiaries include parent entity interests in subsidiaries as described in note 1(b).

Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the parent entity or its controlled entities.

16. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Buildings				
- Cost	19	19	-	-
- Less accumulated depreciation	4	3	-	-
	15	16	-	-
Plant and equipment				
- Cost	1,799	1,518	1,431	1,228
- Less accumulated depreciation	824	665	671	573
	975	853	760	655
Total property, plant and equipment	990	869	760	655

Non-current assets pledged as security

Refer to note 21 for information on non-current assets pledged as security by the parent entity or its controlled entities.

17. NON-CURRENT ASSETS – INVESTMENT PROPERTIES

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cost				
At start of the year	2,257	1,866	-	-
Transfer from inventories	-	391	-	-
At end of the year	2,257	2,257	-	-
Depreciation				
At start of the year	65	20	-	-
Charge for year	49	45	-	-
At end of the year	114	65	-	-
Net book value	2,143	2,192	-	-

The fair value of investment properties at 30 June 2009 was estimated by management to be \$3,321,450 (2008 – \$3,690,500). Valuations were based on market evidence of properties in the same or similar location and condition and subject to similar leases.

Leasing arrangements

Some of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly.

Minimum lease payments under these non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within one year	308	287	-	-
Later than one year but not later than 5 years	1,326	1,108	-	-
Later than 5 years	349	338	-	-
	<u>1,983</u>	<u>1,733</u>	<u>-</u>	<u>-</u>

Amounts recognised in profit and loss for investment properties

Rental income	309	183	-	-
Direct operating expenses from property that generated investment income	126	105	-	-
Direct operating expenses from property that did not generate investment income	7	17	-	-

Amounts recognised in profit and loss for investment properties. Non-current assets pledged as security.

Refer to note 21 for information on non-current assets pledged as security by the parent entity or its controlled entities.

18. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
The balance comprises temporary differences attributable to:				
<i>Amounts recognised in profit or loss</i>				
Employee benefits	194	301	194	301
Provision for customer rebates	1,306	538	-	-
Borrowing costs	171	544	56	64
Provision for monitoring and surveys	35	63	-	-
Write downs of assets	1,191	150	1	150
Other	21	109	20	16
Total deferred tax assets	<u>2,918</u>	<u>1,705</u>	<u>271</u>	<u>531</u>
Set-off of deferred tax assets pursuant to set-off provisions	(2,918)	(1,705)	-	-
Set off of deferred tax liabilities pursuant to set-off provisions	-	-	(174)	(99)
Net deferred tax assets	<u>-</u>	<u>-</u>	<u>97</u>	<u>432</u>
<i>Movements</i>				
Deferred tax assets at 1 July	1,705	1,828	531	248
Increase (decrease) in deferred tax assets credited to income tax expense (note 5)	1,213	(123)	(260)	283
Deferred tax assets at 30 June	<u>2,918</u>	<u>1,705</u>	<u>271</u>	<u>531</u>
Deferred tax assets to be recovered within 12 months	592	-	142	-
Deferred tax assets to be recovered after more than 12 months	2,326	1,705	129	531
	<u>2,918</u>	<u>1,705</u>	<u>271</u>	<u>531</u>

19. NON-CURRENT ASSETS – OTHER

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Options over land at cost	4,517	9,033	-	-
Provision for impairment of option	(1,472)	-	-	-
Other capitalised costs	162	126	162	126
	<u>3,207</u>	<u>9,159</u>	<u>162</u>	<u>126</u>

Options exist over a number of land holdings, with different expiry dates. Certain options expire during the next financial year, or in some cases may be extended for a further 12 months upon payment of further option fees. A portion of the options are refundable should the company not proceed further.

Refer to note 4 for details of impairment of option.

20. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade payables	2,618	5,135	171	451
Accruals	3,122	2,586	320	505
Other payables	4,870	3,142	2	52
Deferred revenue	747	809	-	-
Payables to controlled entities	-	-	11,514	13,426
	<u>11,357</u>	<u>11,672</u>	<u>12,007</u>	<u>14,434</u>

21. CURRENT LIABILITIES – BORROWINGS

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Bank loans – secured	-	7,433	-	-
Other loans – vendors of land	535	763	-	-
	<u>535</u>	<u>8,196</u>	<u>-</u>	<u>-</u>
Secured liabilities				
Current bank loans	-	7,433	-	-
Non-current bank loans (note 24)	49,496	73,686	49,512	73,686
Total secured liabilities (note 40(e))	<u>49,496</u>	<u>81,119</u>	<u>49,512</u>	<u>73,686</u>

Security for borrowings

All of the consolidated entity's assets are pledged as security under fixed and floating charges.

Bank loans of \$49,495,782 (2008 – \$81,118,661) provided by Suncorp Metway are secured by first registered mortgages over some of the consolidated entity's land holdings, and first registered fixed and floating charges and guarantees and indemnities provided by Cedar Woods Properties Limited and applicable subsidiary entities. Cedar Woods Properties Limited has provided first registered fixed and floating charges over its assets and undertakings in relation to the corporate loan facility (see below).

Financing arrangements

Unrestricted access was available to the following lines of credit at balance date:

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Bank facilities				
Total facilities (loans and guarantees)	143,520	111,207	107,000	98,000
Used at balance date	57,838	86,542	51,187	79,109
Unused at balance date	85,682	24,665	55,813	18,891

At 30 June 2009 the parent and consolidated entity had a \$105,000,000 (2008 – \$98,000,000) revolving corporate loan facility which expires on 30 September 2011. A minimum notice period of 2 years is required should the bank seek repayment of the loan in circumstances where the company is not in default. The facility conditions impose certain covenants as to the consolidated entity's shareholders equity, interest cover, revenue and valuation of property. The corporate facility provides funding for the parent and consolidated entity's activities including acquisition and development. In addition the parent and consolidated entity has a \$2,000,000 (2008 – \$7,000,000) bank guarantee facility subject to similar terms and conditions, which is drawn to an amount of \$1,674,913 (2008 – \$5,422,939).

At 30 June 2009 the consolidated entity also had in place limited recourse facilities totalling \$36,520,000 (2008 – \$13,206,674) for certain land development projects, comprising principal facilities totalling \$28,500,000 (2008 – \$13,206,674) and bank guarantee facilities totalling \$8,020,000 (2008 – \$nil). The principal facilities have been repaid during the 2009 financial year. Some of these facilities remain in place for the development of future stages of various projects. The bank guarantee facilities are drawn to an amount of \$6,668,677 (2008 – \$nil).

The interest on the bank loans is variable and at 30 June 2009 was 5.96% per annum (2008 – 9.20%).

Details of the group's exposure to risk arising from current and non-current borrowings are set out in note 40.

22. CURRENT LIABILITIES – CURRENT TAX LIABILITIES

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Income tax	3,066	3,879	3,066	3,879

23. CURRENT LIABILITIES – PROVISIONS

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Employee benefits	234	223	234	223
Monitoring and surveys	79	94	-	-
Customer rebates	4,353	1,792	-	-
	4,666	2,109	234	223
Number of full and part time employees at 30 June	30	33	30	33

Movements in provisions are shown at note 26.

24. NON-CURRENT LIABILITIES – BORROWINGS

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Bank loans – secured	49,496	73,686	49,512	73,686
Other loans – vendors of land	-	535	-	-
	<u>49,496</u>	<u>74,221</u>	<u>49,512</u>	<u>73,686</u>

The fair value of non-current borrowings equals their carrying amount, as the impact of discounting is not significant. Further information relating to bank loans is set out in note 21.

25. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
The balance comprises temporary differences attributable to:				
<i>Amounts recognised in profit or loss</i>				
Borrowing costs	2,446	1,959	-	-
Change in value of derivative financial instrument	170	95	170	95
Other	109	49	4	4
	<u>2,725</u>	<u>2,103</u>	<u>174</u>	<u>99</u>
<i>Amounts recognised directly in equity</i>				
Revaluation reserve	305	340	-	-
Total deferred tax liabilities	<u>3,030</u>	<u>2,443</u>	<u>174</u>	<u>99</u>
Set-off of deferred tax liabilities pursuant to set-off provisions	-	-	(174)	(99)
Set off of deferred tax assets pursuant to set-off provisions	(2,918)	(1,705)	-	-
Net deferred tax liabilities	<u>112</u>	<u>738</u>	<u>-</u>	<u>-</u>
<i>Movements</i>				
Deferred tax liabilities at 1 July	2,443	1,306	99	2
Increase in deferred tax liabilities charged to income tax expense (note 5)	587	1,137	75	97
Deferred tax liabilities at 30 June	<u>3,030</u>	<u>2,443</u>	<u>174</u>	<u>99</u>
Deferred tax liabilities to be recovered within 12 months	567	-	-	-
Deferred tax liabilities to be recovered after more than 12 months	2,463	2,443	174	99
	<u>3,030</u>	<u>2,443</u>	<u>174</u>	<u>99</u>

26. NON-CURRENT LIABILITIES – PROVISIONS

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Employee benefits	173	142	173	142
Monitoring and surveys	37	116	-	-
	<u>210</u>	<u>258</u>	<u>173</u>	<u>142</u>

Movements in current and non-current provisions Consolidated – 2009

	CUSTOMER REBATES \$'000	MONITORING AND SURVEYS \$'000	TOTAL \$'000
Carrying amount at start of year	1,792	210	2,002
Additional provisions required	4,113	-	4,113
Unused amounts reversed	(254)	(94)	(348)
Payments	(1,298)	-	(1,298)
Carrying amount at end of year	4,353	116	4,469
The provisions have been classified as:			
Current provisions	4,353	79	4,432
Non-current provisions	-	37	37
	4,353	116	4,469

27. CONTRIBUTED EQUITY

	2009 ORD. SHARES	2008 ORD. SHARES	2009 \$'000	2008 \$'000
Start of the financial year	55,138,148	54,824,132	29,507	28,035
Shares issued under the dividend reinvestment plan:				
Ordinary shares issued on 31 October 2008 at \$1.79	3,025,056	-	5,415	-
Less: Transaction costs arising on share issue			(73)	-
Ordinary shares issued on 19 October 2007 at \$4.69	-	314,016	-	1,472
	3,025,056	314,016	5,342	1,472
End of the financial year	58,163,204	55,138,148	34,849	29,507

Holders of ordinary shares are entitled to participate in dividends and the proceeds on any winding up of the company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend satisfied by the issue of new ordinary shares rather than cash. Shares are issued under the plan at a 2.5% discount to the market price.

28. RESERVES

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
<i>Composition</i>				
a) Asset revaluation reserve (pre 1992)	711	794	-	-
b) Available-for-sale investments revaluation reserve	-	6	-	6
c) Employee share plan reserve	437	190	437	190
	<u>1,148</u>	<u>990</u>	<u>437</u>	<u>196</u>
<i>Movements</i>				
a) Asset revaluation reserve				
Balance at the beginning of the financial year	794	973	-	-
Transfer to retained profits (note 29)	(83)	(179)	-	-
Balance at the end of the financial year	<u>711</u>	<u>794</u>	<u>-</u>	<u>-</u>
b) Available-for-sale investments revaluation reserve				
Balance at the beginning of the financial year	6	29	6	29
Revaluation – gross	(6)	(23)	(6)	(23)
Balance at the end of the financial year	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>
c) Employee share plan reserve				
Balance at the beginning of the financial year	190	-	190	-
Employee share plan expense	247	190	247	190

The asset revaluation reserve was used until 1992 to record increments and decrements on the revaluation of non-current assets. Refer to note 1(g).

Changes in the value of available-for-sale investments are taken to the available-for-sale investments revaluation reserve. Refer to note 1(k). No tax arises on the revaluation due to the existence of available capital losses.

The employee share plan reserve is used to recognise the grant date fair value of the rights issued to employees adjusted for those rights not expected to vest.

29. RETAINED PROFITS

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Retained profits at the start of the financial year	53,449	42,606	41,777	23,202
Net profit attributable to members of Cedar Woods Properties Limited	9,263	20,557	2,822	28,468
Transfers from reserves (note 28)	83	179	-	-
Dividends provided for or paid (note 6)	(5,514)	(9,893)	(5,514)	(9,893)
Retained profits at the end of the financial year	<u>57,281</u>	<u>53,449</u>	<u>39,085</u>	<u>41,777</u>

30. RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX TO NET CASH OUTFLOWS FROM OPERATING ACTIVITIES

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Profit after income tax	9,263	20,557	2,822	28,468
Dividends receivable				
- Controlled entities	-	-	(16,000)	(35,350)
Depreciation	229	188	115	109
(Profit) loss on sale of non-current assets	(2)	12	(2)	-
Non cash employee benefits expense – share plan	247	190	247	190
Write down of assets	9,227	-	6,255	-
Fair value gain on derivative financial instrument	(251)	(316)	(251)	(316)
Share of loss in equity accounted investment	180	67	-	-
<i>Changes in operating assets and liabilities</i>				
Increase in provisions for employee benefits	42	194	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)	(36)	(126)
(Increase) decrease in deferred tax assets	(1,213)	123	260	(283)
(Decrease) increase in current income tax payable	(813)	34	(3,093)	(2,768)
Increase in deferred tax liability	587	1,137	75	97
Decrease (increase) in debtors	2,664	(4,327)	(100)	(2)
(Decrease) increase in creditors	(1,078)	1,443	(515)	36
Net cash inflows (outflows) from operating activities	33,095	(7,574)	(10,181)	(9,751)

31. COMMITMENTS FOR EXPENDITURE

Commitments for minimum lease payments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are payable as follows:

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within 1 year	1,080	860	529	473
Later than 1 year but not later than 5 years	1,191	2,020	852	1,413
	2,271	2,880	1,381	1,886

The group leases various offices under non-cancellable operating leases expiring within 5 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

At 30 June 2009 the consolidated entity had commitments under civil works contracts for development of its residential land and apartment projects. The total amount contracted for work yet to be completed was \$8,700,000 (2008 – \$6,700,000). This work will be substantially completed in the next 12 months.

32. SEGMENT INFORMATION

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).

The disclosure of segment information as required by AASB 114 Segment Reporting has been made elsewhere in this financial report. Non-cash costs consist of depreciation and employee share scheme expense, details of which are disclosed in notes 4 and 39 respectively.

33. INVESTMENT IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b). The subsidiaries are incorporated in Western Australia.

COMPANY	CLASS OF SHARES	EQUITY HOLDING	
		2009	2008
Cranford Pty Ltd	Ordinary	100%	100%
Daleford Property Pty Ltd	Ordinary	100%	100%
Dunland Property Pty Ltd	Ordinary	100%	100%
Esplanade (Mandurah) Pty Ltd	Ordinary	100%	100%
Eucalypt Property Pty Ltd	Ordinary	100%	100%
Flametree Property Pty Ltd	Ordinary	100%	100%
Gaythorne Pty Ltd	Ordinary	100%	100%
Galaway Holdings Pty Ltd	Ordinary	100%	100%
Geographe Property Pty Ltd	Ordinary	100%	100%
Jarraah Property Pty Ltd	Ordinary	100%	100%
Kayea Property Pty Ltd	Ordinary	100%	100%
Lonnegal Property Pty Ltd	Ordinary	100%	100%
Osprey Property Pty Ltd	Ordinary	100%	100%
Silhouette Property Pty Ltd	Ordinary	100%	100%
Terra Property Pty Ltd	Ordinary	100%	100%
Upside Property Pty Ltd	Ordinary	100%	100%
Vintage Property Pty Ltd	Ordinary	100%	100%
Woodbrooke Property Pty Ltd	Ordinary	100%	100%
Yonder Property Pty Ltd	Ordinary	100%	100%
Zamia Property Pty Ltd	Ordinary	100%	100%
Cedar Woods Properties Investments Pty Ltd	Ordinary	100%	100%
Cedar Woods Properties Management Pty Ltd	Ordinary	100%	100%
Cedar Woods Property Sales Pty Ltd	Ordinary	100%	100%
CWP Rural Grove Pty Ltd	Ordinary	100%	-
CWP Central Pty Ltd	Ordinary	100%	-
CWP Lakeview Pty Ltd	Ordinary	100%	-
CWP Parkland Pty Ltd	Ordinary	100%	-
CWP Pineview Pty Ltd	Ordinary	100%	-
CWP Forest Pty Ltd	Ordinary	100%	-
CWP Market Place Pty Ltd	Ordinary	100%	-
CWP Northern Holdings Pty Ltd	Ordinary	100%	-
Williams Landing Town Centre Pty Ltd	Ordinary	100%	-

34. EARNINGS PER SHARE

	CONSOLIDATED	
	2009	2008
Basic earnings per share (cents)	16.2	37.3
Diluted earnings per share (cents)	16.2	37.3
Net profit attributable to the ordinary equity holders of the company (\$'000)	9,263	20,557
<i>Weighted average number of ordinary shares used as the denominator in the calculation of earnings per share</i>	57,152,089	55,043,772
Adjustment for calculation of diluted earnings per share:		
Potential shares under employee share plan	159,870	75,000
<i>Weighted average number of ordinary shares used as the denominator in the calculation of diluted earnings per share</i>	57,311,959	55,118,772

35. CONTINGENT LIABILITIES

At 30 June 2009 bank guarantees totalling \$8,343,589 (2008 – \$3,692,939) had been provided to various state and local authorities supporting development and maintenance commitments. Bank guarantees of \$ nil (2008 – \$ nil) had been provided pursuant to the leases of business premises.

36. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors and other key management personnel

Details about each director and other key management personnel are included in the remuneration report in the directors' report.

(b) Key management personnel compensation

	CONSOLIDATED AND PARENT COMPANY	
	2009	2008
	\$	\$
Short-term employee benefits	1,920,658	2,043,986
Post employment benefits	241,552	265,370
Share-based payments	-	419,925
	2,162,210	2,729,281

Detailed remuneration disclosures are provided in sections A to C of the remuneration report.

(c) Equity instrument disclosures relating to key management personnel

The numbers of ordinary shares in the company held during the financial year by each director of Cedar Woods Properties Limited and each of the key management personnel, including their personally-related parties, are set out below. There were no shares granted during the period as compensation.

2009			
NAME	NUMBER OF SHARES AT THE START OF THE YEAR	OTHER CHANGES DURING THE YEAR	NUMBER OF SHARES AT THE END OF THE YEAR
Directors of Cedar Woods Properties Limited			
William G Hames [†]	7,844,813	288,310	8,133,123
Robert S Brown*	10,240,744	(1,012,888)	9,227,856
Ronald Packer	21,135	12,220	33,355
Paul S Sadleir	830,459	7,500	837,959
Timothy S Brown (alternate for R S Brown from 2 July 2007)*	4,755,776	(46,102)	4,709,674
Other key management personnel of the consolidated entity			
Paul S Freedman	120,436	31	120,467
Kenneth N Haustead	103,433	-	103,433
Nathan J Blackburne	94,955	-	94,955
Patrick J Archer	19,511	-	19,511
Bruce A Buckley	3,107	175	3,282
2008			
Directors of Cedar Woods Properties Limited			
William G Hames [†]	7,726,076	118,737	7,844,813
Robert S Brown*	10,185,209	55,535	10,240,744
Dwane P Buckland (resigned 26 October 2007)	39,713	(39,713)	-
Ronald Packer	20,694	441	21,135
Paul S Sadleir	830,459	-	830,459
Timothy S Brown (alternate for R S Brown from 2 July 2007)*	-	4,755,776	4,755,776
Other key management personnel of the consolidated entity			
Paul S Freedman	120,424	12	120,436
Kenneth H Haustead	103,433	-	103,433
Nathan J Blackburne	93,871	1,084	94,955
Patrick J Archer	19,511	-	19,511
Bruce A Buckley	3,042	65	3,107

[†]Includes 2,414,439 (2008 - 2,414,439) shares over which W G Hames has voting rights and a first right of refusal to purchase.

*Interest of T R Brown relates to shares also shown under R S Brown.

The interests shown above comply with AASB124 Related Party Disclosures and differ to those shown at item 13 of the directors' report which comply with the requirements of sections 608 and 609 of the Corporations Act 2001.

(d) Loans to key management personnel

Details of loans made to directors of Cedar Woods Properties Limited and other key management personnel, including their personally-related entities, are set out below. All loans were made under the employee share scheme.

Aggregates for key management personnel

GROUP	BALANCE AT THE START OF THE YEAR \$	INTEREST PAID AND PAYABLE FOR THE YEAR \$	INTEREST NOT CHARGED* \$	BALANCE AT THE END OF THE YEAR \$	NUMBER IN GROUP AT THE END OF THE YEAR
2009	229,950	-	8,189	131,232	4
2008	419,024	-	19,594	229,950	4

Individuals with loans above \$100,000 during the financial year

P S SADLEIR	BALANCE AT THE START OF THE YEAR \$	INTEREST PAID AND PAYABLE FOR THE YEAR \$	INTEREST NOT CHARGED* \$	BALANCE AT THE END OF THE YEAR \$	HIGHEST DEBT DURING THE YEAR \$
2009	132,268	-	4,093	56,876	132,268
2008	267,975	-	12,183	132,268	267,975

*Equates to the value of benefit not charged under interest free loan, and is included in non-monetary benefits under details of remuneration in the directors' report. The amounts shown for interest not charged represents the amount that would have been charged on an arm's-length basis.

No write downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

(e) Other transactions with key management personnel

During the year planning, architectural and consulting services were provided by Hames Sharley Architects of which Mr W G Hames is a principal. The transactions were performed on normal commercial terms and conditions.

During the year creative design services were provided by Axiom Design, an entity associated with the family of Mr W G Hames. The services were performed on normal commercial terms and conditions.

Property settlement charges were paid to Westland Settlement Services Pty Ltd, a company associated with the family of Robert Brown. The charges were based on normal commercial terms and conditions.

The company sold a sales office car park lot to Mr Patrick Archer during the year and has leased the car park lot back on normal commercial terms and conditions.

The company leased a sales office car park lot from Mr Paul Freedman on normal commercial terms and conditions.

Fees were paid on normal commercial terms and conditions to a family relation of Mr Ken Haustead who manned the company sales offices on a relief basis during the year.

Aggregate amounts of each of the above types of other transactions with key management personnel of Cedar Woods Properties Limited or their related entities:

	2009 \$	2008 \$
Amounts recognised as sales revenue		
Lot sales	223,250	-
Amounts recognised as expense		
Creative design services	7,121	9,032
Settlement fees	70,463	46,578
Lease expense	9,093	9,048
Sales office attendance fee	1,500	-
	<u>88,177</u>	<u>64,658</u>
Amounts recognised as inventory		
Architectural fees	65,875	151,400
Interior design and transportation	-	9,032
	<u>65,875</u>	<u>160,432</u>
Amounts recognised as property, plant and equipment		
Architectural fees – office fit out	-	12,000
Aggregate amounts of assets at balance date relating to the above types of other transactions with directors of Cedar Woods Properties Limited or their related entities:		
Inventory	65,875	160,432
Property, plant and equipment	-	12,000
	<u>65,875</u>	<u>172,432</u>
Aggregate amounts payable to directors of Cedar Woods Properties Limited, or their related entities, at balance date relating to the above types of other transactions:		
Current liabilities	35,572	53,559

37. RELATED PARTIES

(a) Key management personnel

Disclosures relating to key management personnel are set out in note 36.

(b) Group

The group consists of Cedar Woods Properties Limited and its controlled entities. A list of these entities and the ownership interests held by the parent entity are set out in note 33.

Transactions between Cedar Woods Properties Limited and its subsidiaries during the years ended 30 June 2009 and 2008 consisted of:

- Loans advanced by and to Cedar Woods Properties Limited;
- Loans repaid to and by Cedar Woods Properties Limited;
- The payment of dividends to Cedar Woods Properties Limited;
- Contributions arising under the tax funding agreement.

Loans between group entities are non-interest bearing and have no fixed date of repayment.

Aggregate amounts included in the determination of profit before income tax that resulted from transactions with wholly owned controlled entities were as follows:

	PARENT COMPANY	
	2009	2008
	\$	\$
Dividends revenue	16,000,000	35,350,000

Aggregate amounts receivable from and payable to wholly owned controlled entities at balance date were as follows:

Current receivables (note 8)	16,000,000	35,350,000
Other financial assets (note 15)	120,882,000	119,960,000
Current liabilities – trade and other payables (note 20)	11,514,000	13,426,000

The above balances include the following receivables (payables) under the tax funding agreement:

Receivables	8,854,000	9,376,000
Payables	(2,662,000)	(2,492,000)

(c) Parent entity

The parent entity within the group is Cedar Woods Properties Limited.

(d) Associated entity

Cedar Woods Properties Management Pty Ltd derived management fees totalling \$nil (2008 – \$363,000) from an associated entity, Cedar Woods Wellard Limited.

(e) Guarantees

The parent entity has provided guarantees totalling \$nil (2008 – \$2,892,605) in respect of bank loans made to subsidiaries.

Cedar Woods Properties Limited provided guarantees in respect of the bank facility provided to Cedar Woods Wellard Limited (CWWL). The guarantees have been given in relation to performance undertakings given by CWWL. No amounts were paid under these undertakings during the year ended 30 June 2009, however subsequent to the end of the financial year, \$2,253,100 has been advanced by way of an interest bearing loan to CWWL in relation to these guarantees. Interest is payable at BBSY plus 4.5%.

38. REMUNERATION OF AUDITORS

The consolidated entity may decide to engage the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the consolidated entity is important.

During the year the following fees were paid or payable to the auditor of the parent entity:

	CONSOLIDATED	
	2009 \$	2008 \$
PricewaterhouseCoopers – Australian firm		
<i>Assurance services</i>		
- Audit and review of the financial reports of the parent entity and controlled entities	118,750	132,200
<i>Non-audit services</i>		
- Accounting advisory services	4,400	13,500
- Taxation advice	96,255	60,588
- Taxation reviews	101,488	36,000
- Legal services	-	4,500
Total remuneration for other services	202,143	114,588
	320,893	246,788

39. EMPLOYEE SHARE SCHEME

Cedar Woods Properties Limited operates an Employee Share Scheme. The scheme is designed to provide long-term incentives for eligible staff, including the managing director, to deliver long-term shareholder returns. Employees may elect not to participate in the scheme.

The Human Resources and Remuneration Committee determines the employees eligible to participate in the scheme. During the year, 13 eligible employees participated. Non-executive directors cannot participate. Participating employees who are appointed to the position of director may remain in the scheme in respect of the performance rights already issued under the scheme prior to their appointment as director and any new performance rights issued will be subject to shareholder approval.

Under the scheme, performance rights are granted to employees as a portion of their overall remuneration package. The performance rights are expressed as a dollar amount. The performance rights will vest only after certain conditions have been met:

- The company must achieve return on equity greater than or equal to 12% and earnings per share growth greater than or equal to 10%. Both company objectives must be met prior to the issue of any entitlements;
- The amount of the performance rights awarded to employees will be also determined by reference to a performance assessment at the end of the financial year against preset objectives. Once the performance rights are confirmed, they only vest when the employee has completed a further two years of employment with the company.

When the rights vest, the employee may exercise the right to be issued ordinary shares in the company based on the market price of the shares at the date of grant. The shares are issued for no consideration. The market price is determined by the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the 10 trading days subsequent to the announcement of the company's annual results. The shares carry full dividend and voting rights. The number of shares issued to each participant in the scheme is their performance rights amount divided by the market price.

The cost of the scheme is recognised as part of employee benefit costs and expensed in the income statement.

In 2009, performance rights to a total value of \$51,947 were available for grant, however, as the company did not meet the performance requirements, none of these performance rights were granted.

The following performance rights were granted in the previous year:

FINANCIAL YEAR	GRANT DATE	PERFORMANCE RIGHTS	NUMBER OF SHARES	VESTING DATE
2008	1 November 2007	\$202,897	90,570	1 July 2010

No ordinary shares were issued during the 2009 financial year under the scheme. The expense arising from the scheme as part of employee benefit expense was \$247,662 (2008 – \$189,907).

The scheme replaced the previous employee share plan. Under that plan, certain employees were granted shares funded by interest free loans from the company. At 30 June 2009, \$158,390 (2008 – \$257,755) remained outstanding from employees in relation to loans granted prior to the 2007 financial year. No amounts were due from former employees.

At balance date there were 993,643 (2008 – 993,643) ordinary shares on issue under the terms of the previous employee share plan.

40. FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The group's risk management program addresses the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as interest rate caps and interest rate swaps to limit its exposure to financial interest rate risk. The group uses different methods to measure different types of risk to which it is exposed, including sensitivity analysis for interest rate risk.

Financial risk management is considered part of the overall risk management program overseen by the audit and risk management committee. Further detail on the types of risks to which the group is exposed and the way the group manages these risks is set out below.

The group and parent company hold the following financial instruments.

	CONSOLIDATED		PARENT COMPANY	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial assets				
Cash and cash equivalents	1,583	486	628	477
Trade and other receivables	2,478	5,242	16,300	35,650
Investments accounted for using the equity method	3,480	3,660	-	-
Available-for-sale financial assets	15	21	10	18
Derivative financial instruments	775	524	775	524
Other financial assets	-	-	120,631	125,962
	<u>8,331</u>	<u>9,933</u>	<u>138,344</u>	<u>162,631</u>
Financial liabilities				
Trade and other payables	11,357	11,672	12,007	14,434
Borrowings	50,031	82,417	49,512	73,686
	<u>61,388</u>	<u>94,089</u>	<u>61,519</u>	<u>88,120</u>

(a) Market risk

(i) Price risk

The consolidated entity has no foreign exchange exposure and minimal exposure to price risk on equity securities;

(ii) Cash flow and fair value interest rate risk

As the consolidated entity has no significant interest-bearing assets, the income and operating cash inflows are not directly exposed to changes in market interest rates. There is an indirect exposure to interest rate changes caused by the impact of these changes upon the property market. The group addresses this risk by virtue of managing its pricing, product offer and planned development programs.

Interest rate risk arises from exposures to long term borrowings, where those borrowings are issued at variable interest rates. The consolidated entity reviews the potential impact of variable interest rate changes and considers various interest rate management products in the context of prevailing monetary policy of the Reserve Bank and economic conditions. Accordingly the consolidated entity has entered into interest rate cap and swap contracts under which a significant part of the consolidated entity's projected borrowings are protected for the period from 1 July 2009 to 28 February 2014.

The caps will be effective should the interest rate applicable to bank bills issued with a duration of 1 month (BBSY Bid) rise above certain levels, set at 8.0% – 8.5%. Caps currently in place cover approximately 81% (2008 – 49%) of the variable loans outstanding at balance date, with terms expiring in 2012 and 2013.

The swaps effectively fix interest rates applicable to bank bills issued with a duration of 1 month (BBSY Bid) at certain levels between 4.02% – 4.49%. Swaps currently in place cover approximately 61% (2008 – Nil) of the variable loans outstanding at balance date, with terms expiring in 2011 and 2014.

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for receivables and borrowings is set out below.

	2009			2008		
	INTEREST BEARING - VARIABLE \$'000	NON INTEREST BEARING \$'000	TOTAL \$'000	INTEREST BEARING - VARIABLE \$'000	NON INTEREST BEARING \$'000	TOTAL \$'000
<i>Receivables</i>						
Other receivables	1,220	1,099	2,319	2,600	2,383	4,983
Employee share loans	-	159	159	-	259	259
	1,220	1,258	2,478	2,600	2,642	5,242
Weighted average interest rate	8.6%			9.5%		
<i>Borrowings</i>						
Bank loans	49,496	-	49,496	81,119	-	81,119
Vendors of land	535	-	535	1,298	-	1,298
	50,031	-	50,031	82,417	-	82,417
Weighted average interest rate	7.19%			8.98%		

An analysis by maturity is provided in (c) below.

Summarised interest rate sensitivity analysis

The table below illustrates the potential impact a change in bank interest rates of +/-1% would have had on the group's net profit and equity.

Consolidated

	CARRYING AMOUNT \$'000	-1% PROFIT \$'000	-1% EQUITY \$'000	+1% PROFIT \$'000	+1% EQUITY \$'000
30 June 2009					
Financial liabilities					
Interest bearing liabilities	49,496	297	-	(297)	-
Total increase (decrease)	49,496	297	-	(297)	-

Parent

	CARRYING AMOUNT \$'000	-1% PROFIT \$'000	-1% EQUITY \$'000	+1% PROFIT \$'000	+1% EQUITY \$'000
30 June 2009					
Financial liabilities					
Interest bearing liabilities	49,512	277	-	(277)	-
Total increase (decrease)	49,512	277	-	(277)	-

The potential impact on financial assets is immaterial.

Refer to comments above for further information on the impact of changes in interest rates upon the group.

(b) Credit risk

The consolidated entity has minimal exposure to credit risk as title to lots or units in the consolidated entity's developments does not generally pass to customers until funds are received. In limited circumstances title is allowed to pass on certain lot sales in return for a substantial deposit and security held by way of a registered mortgage on the title. In other circumstances, title is allowed to pass unsecured where a credit rating by management has taken place, and which has assessed the customer to be of high credit worthiness.

Policies and procedures are in place to manage credit risk including management of deposits and review of the financial capacity of customers. Ongoing checks are performed by management to ensure that settlement terms detailed in individual contracts are adhered to.

For land under option the consolidated entity secures its rights by way of encumbrances on the underlying land titles.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised above.

Derivative counter parties and cash deposits are placed with high credit quality financial institutions, such as major trading banks.

Credit risk further arises in relation to bank guarantees given to certain parties (see note 21 for details). These guarantees are supported by contractual arrangements that bind the counter party, providing security against inappropriate presentation of the bank guarantees.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and available credit facilities to manage the consolidated entity's financial commitments. The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the group aims at maintaining flexibility in funding by keeping committed credit lines available.

At 30 June 2009 the group had undrawn committed facilities of \$85.7 million (2008 – \$24.7 million) and cash of \$1.58 million (2008 – \$0.48 million) to cover short term funding requirements.

Maturities of financial liabilities

The tables below analyse the group's and the parent entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table for non-interest bearing liabilities are the contractual undiscounted cash flows. For variable interest rate liabilities the cash flows have been estimated using interest rates applicable at the reporting date.

GROUP – AT 30 JUNE 2009	LESS THAN 1 YEAR \$'000	BETWEEN 1 AND 2 YEARS \$'000	BETWEEN 2 AND 5 YEARS \$'000	TOTAL CONTRACTUAL CASH FLOWS \$'000	CARRYING AMOUNT \$'000
Non-derivatives					
Non-interest bearing	11,892	-	-	11,892	11,892
Variable rate	2,951	2,951	50,495	56,397	49,496
Total non-derivatives	14,843	2,951	50,495	68,289	61,388

GROUP – AT 30 JUNE 2008	LESS THAN 1 YEAR \$'000	BETWEEN 1 AND 2 YEARS \$'000	BETWEEN 2 AND 5 YEARS \$'000	TOTAL CONTRACTUAL CASH FLOWS \$'000	CARRYING AMOUNT \$'000
Non-derivatives					
Non-interest bearing	12,672	750	-	13,422	13,422
Variable rate	14,445	6,779	75,946	97,170	81,119
Total non-derivatives	27,117	7,529	75,946	110,592	94,541

PARENT – AT 30 JUNE 2009	LESS THAN 1 YEAR \$'000	BETWEEN 1 AND 2 YEARS \$'000	BETWEEN 2 AND 5 YEARS \$'000	TOTAL CONTRACTUAL CASH FLOWS \$'000	CARRYING AMOUNT \$'000
Non-derivatives					
Non-interest bearing	12,007	-	-	12,007	12,007
Variable rate	2,951	2,951	50,495	56,397	49,512
Total non-derivatives	14,958	2,951	50,495	68,404	61,519

PARENT – AT 30 JUNE 2008	LESS THAN 1 YEAR \$'000	BETWEEN 1 AND 2 YEARS \$'000	BETWEEN 2 AND 5 YEARS \$'000	TOTAL CONTRACTUAL CASH FLOWS \$'000	CARRYING AMOUNT \$'000
Non-derivatives					
Non-interest bearing	14,434	-	-	14,434	14,434
Variable rate	6,779	6,779	75,946	89,504	73,686
Total non-derivatives	21,213	6,779	75,946	103,938	88,120

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the current bid price.

The carrying value (less any impairment provision) of trade receivables (note 8) and payables (note 20) are assumed to approximate their fair values due to their short-term nature. The carrying value of non-current borrowings (note 24) is assumed to approximate their fair values, as the impact of discounting is not significant.

(e) Capital risk management

The consolidated entity's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group will consider a range of alternatives which may include:

- Raising or reducing borrowings;
- Adjusting the dividend policy;
- Issue of new securities;
- Return of capital to shareholders;
- Sale of assets.

Gearing is a measure used to monitor the levels of debt used in the business to fund operations. The gearing ratio is calculated as interest bearing debt net of cash and cash equivalents divided by shareholders' equity.

Gearing is managed by reference to a guideline which sets the desirable upper and lower limits for the gearing ratio. The company's gearing is then addressed by utilising capital management initiatives as discussed above.

The gearing ratios at 30 June 2009 and 30 June 2008 were as follows:

	NOTE	2009 \$'000	2008 \$'000
Total interest bearing debt	21, 24	49,496	81,119
Less: cash and cash equivalents	7	(1,583)	(486)
Net debt		<u>47,913</u>	<u>80,633</u>
Shareholders' equity – refer page 30		93,278	83,946
Gearing ratio		<u>51.4%</u>	<u>96.1%</u>

The company's guideline is to target gearing generally within the range of 20-75% although periods where the gearing is outside of this range are acceptable, depending upon the timetable for construction and settlement of developments.

41. EVENT OCCURRING AFTER THE REPORTING PERIOD

Advance to associated entity, Cedar Woods Wellard Limited (CWWL)

On 14 July 2009 the company provided a loan of \$2,253,100 to CWWL to assist with working capital. The loan is secured by way of second mortgage over land owned by CWWL and bears interest at a rate of BBSY plus 4.5%.

INVESTORS' SUMMARY

Dividend and dividend policy

The current dividend policy is to distribute approximately 50% of the sum of the full year net profit after tax plus realised reserves. The final dividend for the 2009 financial year is 7.0 cents per share, fully franked. The dividend will be paid on 30 October 2009.

Shareholder discount scheme

The company operates a shareholder discount scheme which entitles shareholders to a 5% discount off the listed purchase price of any residential lot at the company's developments. A summary of the main terms and conditions follows:

- Shareholders must hold a minimum number of 5,000 shares for at least 12 months before purchasing a lot to qualify for the discount;
- There is no limit to the number of lots which a shareholder may purchase under the scheme, subject to any statutory restrictions; and
- The shareholder discount scheme does not apply to combined house and land packages or apartments.

The above is a summary of the main conditions and shareholders should apply to the company or visit the website for the full terms and conditions.

Electronic payment of dividends

The company continues to offer the electronic payment of dividends, which is now in use by the majority of our shareholders. Shareholders may nominate a bank, building society or credit union account for the payment of dividends by direct credit. Payments are electronically credited on the dividend payment date and confirmed by mailed advice. Shareholders wishing to take advantage of this facility for the first time should complete and return the form included with this Annual Report.

Dividend re-investment plan

The dividend re-investment plan is operated as part of measures to manage the company's capital. Shareholders wishing to change their participation status must complete an election form in accordance with the plan rules.

Shareholders' timetable

Share register closes for dividend (Record date)*	16 October 2009
Dividend payment date	30 October 2009
First quarter update	October 2009
Annual General Meeting	6 November 2009 – 10.00 am
Location	Kings Park Function Centre
Half-year result announcement	February 2010
Third quarter update	May 2010
Full year result and dividend announcement	August 2010

Based on the register closing date it is anticipated that shares will trade ex-dividend on 9 October 2009. Shareholders should check with their broker prior to trading.

Shareholder information

The shareholder information set out below was applicable at 31 August 2009.

DISTRIBUTION OF ORDINARY SHARES

	NUMBER OF HOLDERS	NUMBER OF SHARES
1 - 1,000	187	101,104
1,001 - 5,000	536	1,598,584
5,001 - 10,000	270	2,131,983
10,001 - 100,000	299	7,927,175
100,001 and over	49	46,404,358
	1,341	58,163,204

There were 48 holders of less than a marketable parcel of ordinary shares.

TWENTY LARGEST SHAREHOLDERS OF ORDINARY SHARES

NAME	NUMBER OF SHARES	PERCENTAGE OF SHARES
National Nominees Limited	7,113,906	12.23
Australian Executor Trustees Limited	5,170,485	8.89
Hamsha Nominees Pty Ltd	4,850,406	8.34
Westland Group Holdings Pty Ltd	4,709,674	8.10
Beach Corporation Pty Ltd	4,100,000	7.05
Australian Foundation Investments Company Limited	3,517,776	6.05
Helen Kaye Poynton	2,077,095	3.57
JP Morgan Nominees Australia Limited	1,905,480	3.28
ANZ Nominees Australia Limited (Cash Income A/C)	1,319,986	2.27
Henley Park Estate Pty Ltd	987,878	1.70
Golden Years Holdings Pty Ltd (GE Lennon A/C)	788,915	1.36
Mirrabooka Investments Limited	771,374	1.33
Mr Paul Sadleir	753,926	1.30
JDV Limited (Ent Investment Fund A/C)	712,100	1.22
Citicorp Nominees Pty Ltd Cwlth Bank off Super A/C	639,603	1.10
Golden Years Holdings Pty Ltd (GE Lennon A/C)	536,477	0.92
Zero Nominees Pty Ltd	495,368	0.85
Dane Nigel Gorn + Maureen Theresa Gorn	407,739	0.70
Croftwell Pty Ltd	378,529	0.65
Ramneg Pty Ltd	350,777	0.60
	41,587,494	71.51

SUBSTANTIAL SHAREHOLDERS OF ORDINARY SHARES

	NUMBER OF SHARES	PERCENTAGE OF SHARES
Entities related to R S and T R Brown		
- Westland Group Holdings Pty Ltd	4,709,674	
- Beach Corporation Pty Ltd	4,100,000	
- R S & J P Brown Super Fund A/C	412,182	
- Robert Brown	3,000	
	9,224,856	15.86

	NUMBER OF SHARES	PERCENTAGE OF SHARES
Entities related to W G Hames		
- Hamsha Nominees Pty Ltd	4,850,406	
- Helen Kaye Poynton	2,072,095	
- Helen Kaye Poynton + David Paul Poynton (Station Road Super Fund A/C)	342,344	
- Joia Holdings Pty Ltd	425,664	
- Joia Holdings Pty Ltd (William Hames Super Fund)	123,936	
- William George Hames	239,404	
	<hr/> 8,053,849	<hr/> 13.85
National Nominees Limited	<hr/> 7,113,906	<hr/> 12.23
Australian Executor Trustees Limited	<hr/> 5,170,485	<hr/> 8.89

VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

CEDAR WOODS PROPERTIES LIMITED

