



CEC GROUP

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31 August 2010

The Manager
Company Announcements Office
Floor 10
20 Bond Street
SYDNEY NSW 2001

Dear Sir

CEC GROUP LIMITED
APPENDIX 4E – PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2010

1. Details of reporting period

Reporting period:	Year ended 30 June 2010.
Previous corresponding period:	Year ended 30 June 2009.

2. Results for announcement to the market

- | | | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| 2.1 | Revenues from ordinary activities | \$91,791,936 (down 41.28% from 2008-09 of \$156,321,414) |
| 2.2 | Profit from ordinary activities after tax | Loss of \$12,475,873 (down 46.01% from 2008-09 loss of \$23,109,525) |
| 2.3 | Net profit after tax attributable to members of the parent entity | Loss of \$12,475,873 (down 45.87% from 2008-09 loss of \$23,049,294) |
| 2.4 | Dividends | |
| | Owing to both the strategy of the CEC Group to further reduce debt and the prevailing property and economic circumstances and outlook, no dividend will be paid in respect of the 2009-2010 year. | |
| 2.5 | Not applicable | |

2.6 Additional information regarding items 2.1 to 2.4

Additional information necessary to enable the above figures to be understood is contained in the attached consolidated financial statements.

- ▲ The performance of the Group has been adversely affected by the downturn in the property market and through losses on asset sales which were required to significantly reduce debt levels.
- ▲ Additionally following a review of goodwill and property, plant and equipment, an impairment loss of \$2,063,581 was recorded.
- ▲ The Groups' interest rate swap and cap has a mark to market fair value of \$7,100,594 million as at 30 June 2010 representing a gain of \$1,488,956 million. Under accounting standards requirements for assessing "hedge effectiveness", this mark to market gain has been recorded in the statement of comprehensive income in the year ended 30 June 2010.

3. **Statement of financial positions**

Refer to the attachment to the preliminary final report and notes thereto.

4. **Statement of comprehensive income & changes in equity**

Refer to the attachment to the preliminary final report and notes thereto.

5. **Statement of cash flows**

Refer to the attachment to the preliminary final report and notes thereto.

Dividends	Amount	Date	Amount per Security	Franked amount per security at 30% tax rate.
<i>Final Dividends:</i>				
Prior Year	\$Nil	N/A	N/A	N/A
<i>Interim Dividends:</i>				
Current Year	\$Nil	N/A	N/A	N/A

7. **Dividend Reinvestment Plan**

The CEC Group Limited Dividend Reinvestment Plan is in operation but no dividend will be paid for 2009-2010.

8. Retained earnings (accumulated losses)

Refer to the attachment to the preliminary final report and notes thereto.

9. Net tangible assets per security

Reporting period: \$0.24

Previous corresponding period: \$0.39

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

Refer to the attachment to the preliminary final report and notes thereto.

11. Details of associates and joint ventures

Refer to the attachment to the preliminary final report and notes thereto.

12. Other significant information

No other significant information not already disclosed in the attached financial statements is needed by an investor to make an informed assessment of the consolidated entity's financial performance and financial position.

13. Foreign entities

Not applicable.

14. Commentary on results for the period

14.1 Earnings per security

The earning per security for the financial year ended 30 June 2010 is (15.66) cents. This is calculated by dividing the net loss attributable to members of the parent entity of \$12,475,874 by the weighted average number of issued shares during the year (79,662,662 issued shares).

14.2 Returns to shareholders

There were no returns to shareholders (including distributions and buy backs) during the period.

14. Commentary on results for the period (continued)

14.3 Significant features of operating performance

	2010 (\$'000)	2009 (\$,000)	% Change
Pre-tax profit/(loss)	(13,212)	(38,054)	(65.28%)
After-tax profit/(loss) for year ended 30 June	(12,476)	(23,110)	(46.02%)
Revenue	91,792	156,321	(41.28%)

14.4 Segment results

CEC Group ("the Group") operates a diverse and vertically integrated business in the growing North Queensland markets. The Group is engaged in property development, civil engineering and construction, supply of building and construction materials, maintenance services and residential and remote housing. The Group also has a group operations support function supporting the operational business units.

A brief analysis of the segments follows

Group operations segment

The group operations recorded external revenue of \$640,747 compared with that in 2009 of \$1,175,079.

Civil construction segment

The civil construction segment recorded external revenue of \$43,818,257 compared with that in 2009 of \$78,803,295.

Property development segment

The property development segment recorded external revenue of \$15,248,212 compared with that in 2009 of \$42,036,816.

Construction materials segment

The civil construction segment recorded external revenue of \$20,392,888 compared with that in 2009 of \$25,598,419.

Residential and remote segment

The residential and remote segment recorded external revenue of \$9,174,604 compared with that in 2009 of \$5,677,458.

Machinery maintenance segment

The machinery maintenance segment recorded external revenue of \$2,517,228 compared with that in 2009 of \$3,030,347.

14. Commentary on results for the period (continued)

14.5 Trends in performance / Future Results

Further asset sales are planned in the first half of 2010-11 in order to reduce debt to the final targeted level. The Group continues to refocus activities with a view to achieving the optimum results with Group resources. The Group objective is to focus activities with the ability to adapt to the continually changing economic environment.

Property development activities

During 2009-10 year the property segment has been significantly affected by the global economic downturn and it remains sluggish coming into the 2010-11 year. The property industry in Northern Queensland has been especially affected by the downturn and has seen the downfall of other major participants in the market during the past year. While Government stimulus measures have been put in place, such as the first home buyer's grants, an increased number of prospective sales cannot proceed due to an inability of buyers to obtain finance.

Additional asset sales

During 2007-08, 2008-09 and 2009-10 years the Group sold non core assets to reduce debt to targeted levels, including property assets that do not fit with the Group's development strategies over the coming years and the Groups' 50% interest in Pioneer North Queensland Pty Ltd (PNQ).

Under the Group's property development strategy, inventory levels of developed property are monitored to maintain optimum inventory levels. Englobo property owned by the Group identified for development is developed as minimum optimum inventory levels are achieved having regard for market trends and the timing of development.

Refocusing of the property business

The refocus of the property business, including shortening the property development to cash cycle concentrating on optimum stock levels, together with corporate cost reduction initiatives leaves the Group well placed to return to profitability and benefit from the longer term growth outlook for the North Queensland economy. Properties held are strategically positioned to ensure the continued supply of development opportunity for up to the next two decades.

Civil construction and infrastructure projects

The civil construction and infrastructure segment have been adversely affected by the global economic downturn during the year resulting in a restriction on working capital and a reduction in projects. It is noted that the number of competitors is increasing, and therefore margins are reducing, as industry participants compete for fewer projects.

14. Commentary on results for the period (continued)

14.5 Trends in performance / Future Results (continued)

Civil construction and infrastructure projects (continued)

The focus has been on creating a lean flexible structure able to meet the fluctuating demands in the industry. As competition in the industry does increase and margins tighten, the Group will adapt to the new environment and benefit from increased civil construction and infrastructure spending in the region.

Construction materials business

The construction materials businesses performed solidly throughout the year however the restrictions on working capital have hampered developmental plans thereby restricting growth in capacity.

Refinements to operating procedures as well as cost cutting measures implemented will see a strong performance in the business with continued development increasing capacity and providing growth. The Group's construction material businesses are strategically located and will also benefit from increasing civil construction and infrastructure spending in the region.

Rapidbuild house manufacturing and construction system

The Group has spent the last five years developing its unique Rapidbuild house manufacturing and construction system. As part of the corporate refocus the research and development of Rapidbuild for large scale mass production was put on hold early in 2008 however its value for remote housing remains strong.

Remote Housing Projects have been completed in Kowanyama (9 houses), Aurukun (10 houses) and continue in Mornington Island (14 houses). A great deal of interest in the Rapidbuild product for Remote Housing has been forthcoming from parties in Northern Western Australia, Torres Straight Islands and Papua New Guinea.

Remote area housing projects using the Rapidbuild concept are expected to play a major part in the recovery and growth of the Group.

Group operations activities

While significant cost reductions have been carried out during the 2008-10 years, other major 'one-off' costs have been incurred in group overhead throughout these years. The benefit of this expenditure has been established and as they are not recurrent, the costs will not be again incurred as the Group moves forward.

Financial and administrative activities continue to be refined with a focus on achieving further efficiencies with increased controls. Attention to the Group's systems is underway with a view to providing enhanced support to business units.

14. Commentary on results for the period (continued)

14.6 Other factors

Banking facilities

The Group, in common with many companies in Australia, is reliant on the ongoing debt facility provided by its principal financier to continue to operate in the current manner.

Since early 2008 the Group was required to reduce its debt with the principal financier from \$168 million to \$80 million by 31 October 2008. The Group achieved that objective and in March 2009 a "multi-option" bank debt facility (comprising overdraft, secured loan facilities and bank guarantees) was secured for two years to 31 January 2011. The facility provided for the stepped reduction of the total debt facility by \$16.5 million to \$63.5 million. The debt with the principal financier has been reduced to \$64 million and the Group's strategy is to reduce the debt further in the short term.

15. Status of accounts and audit

The financial statements are still subject to audit and it is possible that some adjustments may be required once the audit is complete and the directors formally adopt the financial statements.

Yours faithfully
CEC GROUP LIMITED



Allan Widdows
Company Secretary

Attach/

**CEC Group Limited
And Its Controlled Entities
ABN 84 010 025 831**

**Attachment to the Preliminary Final Report
For the Year Ended 30 June 2010**

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

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CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Consolidated	
	Note	2010 \$	2009 \$
Assets			
Cash and cash equivalents	14	932,378	2,351,903
Trade and other receivables including derivatives	15	26,781,854	17,490,342
Inventories	16	72,872,889	91,038,729
Biological assets	17	240,000	312,944
Total current assets		100,827,121	111,193,918
Trade and other receivables including derivatives	15	1,300,791	1,004,954
Inventories	16	-	11,728,011
Investments in equity accounted investees	18	12	8,352,342
Investment properties	20	-	475,000
Deferred tax assets		23,001,510	21,562,187
Property, plant and equipment	21	34,820,345	42,195,697
Intangible assets	22	7,738,751	9,843,300
Total non-current assets		66,861,409	95,161,491
Total assets		167,688,530	206,355,409
Liabilities			
Bank overdrafts	14	15,952,465	12,750,704
Trade and other payables including derivatives		40,696,155	30,755,923
Loans and borrowings	23	65,394,226	54,701,311
Employee benefits	24	5,463,470	4,726,873
Current tax payable		157,853	147,998
Provisions	25	50,000	230,000
Total current liabilities		127,714,169	103,312,809
Trade and other payables including derivatives		7,326,897	12,386,998
Loans and borrowings	23	5,449,183	49,299,012
Employee benefits	24	354,364	384,793
Total non-current liabilities		13,130,444	62,070,803
Total liabilities		140,844,613	165,383,612
Net assets		26,843,917	40,971,797
Equity			
Share capital		64,899,768	64,899,768
Retained (loss) / earnings		(38,055,881)	(23,928,001)
Total equity attributable to equity holders of the parent		26,843,887	40,971,767
Non-controlling interest		30	30
Total equity		26,843,917	40,971,797

The notes on pages 7 to 31 are an integral part of these consolidated financial statements.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Consolidated	
	Note	2010 \$	2009 \$
Revenue	7	91,791,936	156,321,414
Cost of sales		(84,369,222)	(155,757,155)
Gross profit		7,422,714	564,259
Other income	8	10,052,143	105,494
Other expenses	9	-	(439,332)
Administrative expenses		(25,512,000)	(27,028,477)
Results from operating activities		(8,037,143)	(26,798,056)
Financial income	10	1,622,217	433,291
Financial (expenses):			
Movement in net mark-to-market value of derivatives		-	(6,919,680)
Other finance expenses		(7,565,139)	(6,638,365)
		(7,565,139)	(13,558,045)
Net financing income/(costs)	10	(5,942,922)	(13,124,754)
Share of profit or loss of equity accounted investees, net of income tax	11	768,110	1,868,743
Profit / (loss) before income tax		(13,211,955)	(38,054,067)
Income tax (expense) / benefit		736,081	14,944,542
Profit / (loss) for the period		(12,475,874)	(23,109,525)
Other comprehensive income / (loss)		-	-
Total comprehensive income / (loss) for the period		(12,475,874)	(23,109,525)
Comprehensive income / (loss) attributable to:			
Owners of the Company		(12,475,874)	(23,049,294)
Non-controlling interest		-	(60,231)
Total comprehensive income / (loss) for the period		(12,475,874)	(23,109,525)
Earnings per share		Cents per share	Cents per share
Basic earnings per share	12	(15.66)	(28.93)
Diluted earnings per share	12	(15.66)	(28.93)
Dividends per share		Cents per share	Cents per share
Ordinary shares		-	-
EBIT (Earnings before interest and taxes)	13	\$ (7,081,457)	\$ (24,152,230)
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	13	(1,223,499)	(18,254,926)

The notes on pages 7 to 31 are an integral part of these consolidated financial statements.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Details	Consolidated				
	Share capital	Retained earnings	Total	Non-controlling interest	Total equity
	\$	\$	\$	\$	\$
2010					
Balance at 1 July	64,899,768	(23,928,001)	40,971,767	30	40,971,797
Prior year adjustment *	-	(1,652,010)	(1,652,010)	-	(1,652,010)
Comprehensive income for the period	-	(12,475,872)	(12,475,872)	-	(12,475,872)
Acquisition of additional interests in controlled entities	-	-	-	-	-
Disposal of interests in controlled entities	-	-	-	-	-
Dividends to Non-controlling interests	-	-	-	-	-
Net movement	-	(14,127,882)	(14,127,882)	-	(14,127,882)
Balance at 30 June	64,899,768	(38,055,883)	26,843,885	30	26,843,915
2009					
Balance at 1 July	64,899,647	(818,814)	64,080,833	60,412	64,141,245
Comprehensive income for the period	-	(23,049,294)	(23,049,294)	(60,231)	(23,109,525)
Acquisition of additional interests in controlled entities	121	-	121	(121)	-
Disposal of interests in controlled entities	-	-	-	(30)	(30)
Dividends to Non-controlling interests	-	(59,893)	(59,893)	-	(59,893)
Net movement	121	(23,109,187)	(23,109,066)	(60,382)	(23,169,448)
Balance at 30 June	64,899,768	(23,928,001)	40,971,767	30	40,971,797

* Edmonton Projects prior year error adjustment

The notes on pages 7 to 31 are an integral part of these consolidated financial statements.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

STATEMENT OF CASH FLOWS

		Consolidated	
Note		2010 \$	2009 \$
	Cash flows from operating activities		
	Cash receipts from customers	104,287,395	-
	Cash paid to suppliers and employees	(93,344,903)	(143,439,487)
	Cash generated from operations	10,942,492	32,567,686
	Dividends received	13,630	259,451
	Interest received	119,631	173,840
	Income taxes paid	-	(975,000)
27	Net cash from operating activities	11,075,753	32,025,977
	Cash flows from investing activities		
	Proceeds from sale of property, plant and equipment	5,090,620	250,684
	Acquisition of subsidiary's remaining shares	-	-
	Proceeds from sale of investments	16,545,455	-
	Acquisition of business	-	-
	Acquisition of subsidiary, net of cash acquired	-	(4,525)
	Acquisition of property, plant and equipment	(133,348)	(1,391,455)
	Net cash from investing activities	21,502,727	(1,145,296)
	Cash flows from financing activities		
	Proceeds from the issue of share capital	-	-
	Proceeds of borrowings	11,450,726	16,916,754
	Repayment of borrowings – principal	(30,213,529)	(30,811,794)
	Repayment of borrowings – borrowing costs	(10,520,171)	(9,727,489)
	Payment of finance lease and hire purchase liabilities	(7,916,791)	(10,503,010)
	Payment of transaction costs	-	-
	Dividends paid	-	-
	Net cash from financing activities	(37,199,765)	(34,125,539)
	Net increase/(decrease) in cash and cash equivalents	(4,621,285)	(3,244,858)
	Cash and cash equivalents at 1 July	(10,398,801)	(7,153,943)
14	Cash and cash equivalents at 30 June	(15,020,086)	(10,398,801)

The notes on pages 7 to 31 are an integral part of these consolidated financial statements.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT

1. REPORTING ENTITY

CEC Group Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is 401 Spence Street Cairns QLD 4870. The consolidated financial statements of the Company as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and jointly controlled entities.

The Group primarily is involved in six main businesses being group operations, civil construction, property development, construction materials, residential and remote housing, and machinery maintenance (see Note 6).

2. BASIS OF PREPERATION: STATEMENT OF COMPLIANCE

The preliminary final report has been prepared in accordance with ASX listing rule 4.3A and has been derived from the unaudited financial report for the year ended 30 June 2010 and does not include all the notes and disclosures included in the annual financial report. The financial report has been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board and the Corporations Act.

The preliminary final report is presented in Australian dollars and has been prepared on the basis of historical cost, except in accordance with relevant accounting policies where assets and liabilities are stated at their values in accordance with relevant accounting policies.

This preliminary final report is based on the financial report for the year ended 30 June 2010, which is in the process of being audited.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this preliminary final report have been consistently applied by each entity in the consolidated group and are the same as those applied by the Group in its financial report as at and for the year ended 30 June 2009.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the same methods as at and for the year ended 30 June 2009.

5. FINANCIAL RISK MANAGEMENT

Risk management policies are established to identify and analyse the risks faced by the Company and Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's and Group's activities.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

6. SEGMENT REPORTING

(a) Business segments

The Group comprises the following main business segments:

The Group has six reportable segments, as described below, which are the Group's strategic business segments. The following summary describes the operations in each of the Group's reportable segments:

▲ **Group operations**

The group operations segment comprises the business unit support function including finance, human resources, HSEQ and IT. It also encompasses corporate functions such as advertising, business development and investment.

▲ **Civil construction**

Civil constructions comprises a wide range of construction related activities predominantly involving the construction of complete land developments, provision and upgrade of town services and roads as well as the hiring of plant and equipment to external customers.

▲ **Property development**

Property development comprises the acquisition, development, sales and marketing of residential, commercial and industrial land and englobo development parcels, along with the sale of a range of house and land packages, industrial and commercial buildings.

▲ **Construction materials**

The construction materials segment comprises the supply and delivery of raw materials to the civil construction industry as well as the provision and upgrade of roads in remote areas.

▲ **Residential and remote housing**

Residential and remote housing comprises the construction of houses in both residential environments and remote locations.

▲ **Machinery maintenance**

Machinery maintenance comprises the maintenance of all internal plant and equipment as well as the maintenance of plant and equipment to external customers.

The Group changed the classification of its segments during the year which resulted in the above mentioned business segments. This change was made to improve the financial information reported in line with information reported to management. Comparative information has been restated to reflect this change which resulted in the reclassification of some segments revenue, results, assets and liabilities.

(b) Geographical segments

The Group's business segments are located in one geographical location, that being Queensland Australia.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

6. SEGMENT REPORTING

BUSINESS SEGMENTS	Year ended 30 June 2010						
	Group operations	Civil construction	Property development	Construction materials	Residential and remote housing	Machinery maintenance	Eliminations
	\$	\$	\$	\$	\$	\$	\$
Revenue							
External sales	640,747	43,818,257	15,248,212	20,392,888	9,174,604	2,517,228	91,791,936
Intersegment revenue	3,498,324	2,753,531	(13,050)	2,602,798	1,216,269	3,607,841	(13,665,713)
Total segment revenue	4,139,071	46,571,788	15,235,162	22,995,686	10,390,873	6,125,069	91,791,936
Other unallocated revenue							
Total revenue from ordinary activities							91,791,936
Result							
Segment result	14,030,124	614,040	(6,496,582)	(1,141,552)	(1,090,532)	117,268	(8,037,141)
Unallocated expenses net of unallocated revenue							-
Results from operating activities							(8,037,141)
Net financing costs							(5,942,922)
Share of net profits of equity accounted associates and joint venture entities	-	-	-	768,110	-	-	768,110
Profit / (loss) before tax							(13,211,953)
Income tax (expense) / benefit							736,081
Profit / (loss) for the period							(12,475,872)

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

6. SEGMENT REPORTING (continued)

BUSINESS SEGMENTS	Year ended 30 June 2009						
	Group operations	Civil construction	Property development	Construction materials	Residential and remote housing	Machinery maintenance	Eliminations
	\$	\$	\$	\$	\$	\$	\$
Revenue							
External sales	1,175,079	78,803,295	42,036,816	25,598,419	5,677,458	3,030,347	-
Intersegment revenue	8,308,667	6,614,997	(1,174,116)	2,997,758	2,272,042	6,244,572	(25,263,921)
Total segment revenue	9,483,746	85,418,293	40,862,700	28,596,177	7,949,499	9,274,919	(25,263,921)
Other unallocated revenue							-
Total revenue from ordinary activities							156,321,414
Result							
Segment result	(16,297,038)	(694,319)	(20,865,121)	(468,270)	353,796	9,070	11,163,826
Unallocated expenses net of unallocated revenue							-
Results from operating activities							(26,798,056)
Net financing costs							(13,124,754)
Share of net profits of equity accounted associates and joint venture entities	-	-	55,711	1,813,032	-	-	-
Profit / (loss) before tax							(38,054,067)
Income tax (expense) / benefit							14,944,542
Profit / (loss) for the period							(23,109,525)

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

6. SEGMENT REPORTING (continued)

BUSINESS SEGMENTS	Year ended 30 June 2010							
	Group operations	Civil construction	Property development	Construction materials	Residential and remote housing	Machinery maintenance	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
Other information								
Segment assets	103,128,317	27,115,586	5,897,793	23,457,072	4,319,746	5,078,893	(1,308,887)	167,688,520
Investments in equity accounted associates and joint venture entities	34,233,314	-	127,592	58,630	-	-	(34,419,524)	12
Consolidated total assets	137,361,631	27,115,586	6,025,385	23,515,702	4,319,746	5,078,893	(35,728,411)	167,688,532
Segment liabilities	(93,120,513)	(12,966,788)	(26,209,012)	(13,760,241)	(3,506,880)	(2,098,875)	10,817,693	(140,844,616)
Unallocated corporate liabilities								
Consolidated total liabilities	(93,120,513)	(12,966,788)	(26,209,012)	(13,760,241)	(3,506,880)	(2,098,875)	10,817,693	(140,844,616)
Capital expenditure	390	613,781	-	2,067,743	6,415	-	(1,498,249)	1,190,080
Depreciation and amortisation	316,498	2,269,915	19,401	2,554,368	474,947	222,829	334,493	6,192,451
Impairment losses & Inventory write downs	900	76,442	4,751,046	1,843	61,161	1,399	2,629,198	7,521,989

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

6. SEGMENT REPORTING (continued)

BUSINESS SEGMENTS	Year ended 30 June 2009							
	Group operations	Civil construction	Property development	Construction materials	Residential and remote housing	Machinery maintenance	Eliminations	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
Other information								
Segment assets	102,632,632	32,010,142	27,728,427	30,132,006	4,329,058	4,587,341	(3,416,537)	198,003,069
Investments in equity accounted associates and joint venture entities	30,979,948	-	297,715	58,630	-	-	(22,983,951)	8,352,342
Consolidated total assets	133,612,580	32,010,142	28,026,142	30,190,636	4,329,058	4,587,341	(26,400,488)	206,355,411
Segment liabilities	(99,958,290)	(18,423,265)	(39,938,787)	(18,027,108)	(3,240,486)	(1,668,367)	15,872,689	165,383,612
Unallocated corporate liabilities							-	-
Consolidated total liabilities	(99,958,290)	(18,423,265)	(39,938,787)	(18,027,108)	(3,240,486)	(1,668,367)	15,872,689	165,383,612
Capital expenditure	106,513	465,898	-	3,700,802	80,121	5,535	(1,409,099)	2,949,771
Depreciation and amortisation	462,685	2,113,268	177	2,686,831	413,100	228,979	(7,736)	5,897,305
Impairment losses & Inventory write downs	10,796,309	1,178,471	14,971,903	77,347	107,264	7,200	(7,610,619)	19,527,874

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

7. REVENUE

		Consolidated	
		2010	2009
		\$	\$
Group operations segment			
<i>Other revenue:</i>			
▲	grants	27,273	51,769
▲	rental revenue	73,333	80,000
▲	royalties	365,470	424,744
▲	services revenue	-	-
▲	sugar cane sales	-	380,152
▲	sundry revenue	66,645	70,835
▲	transport sales	-	4,667
▲	turf sales	-	7,220
▲	waste management activities	108,026	155,692
		640,747	1,175,079
Civil construction segment			
Construction services		42,810,894	77,550,581
<i>Other revenue:</i>			
▲	rebates	91,078	622,871
▲	grants	3,000	-
▲	services revenue	738,390	521,193
▲	sundry revenue	174,895	108,651
		43,818,257	78,803,295
Property development segment			
Land sales		14,792,351	41,101,766
<i>Other revenue:</i>			
▲	rental revenue	383,674	794,786
▲	services revenue	-	1,197
▲	sundry revenue	72,187	139,067
		15,248,212	42,036,816
Construction materials segment			
Construction services		19,664,110	24,924,241
<i>Other revenue:</i>			
▲	rebates	(19,865)	165,624
▲	grants	-	-
▲	services revenue	224,449	46,213
▲	sundry revenue	524,194	462,342
		20,392,888	25,598,419

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

7. REVENUE (continued)

		Consolidated	
		2010	2009
		\$	\$
Residential and remote housing segment			
Construction services		9,125,962	5,609,002
Other revenue:			
▲ rebates		-	-
▲ grants		-	-
▲ services revenue		-	629
▲ sundry revenue		48,642	67,826
		9,174,604	5,677,458
Machinery maintenance segment			
Construction services		2,510,577	3,011,626
Other revenue:			
▲ rebates		-	-
▲ grants		-	2,500
▲ services revenue		-	-
▲ sundry revenue		6,651	16,221
		2,517,228	3,030,347
		91,791,936	156,321,414
8. OTHER INCOME			
Net gains:			
▲ disposal of property, plant and equipment		2,856,607	105,494
▲ sale of investment in joint venture entity		7,195,536	-
		10,052,143	105,494
9. OTHER EXPENSES			
Fair value decreases:			
▲ investment properties		-	439,332
Net loss:			
▲ disposal of property, plant and equipment		-	-
		-	439,332

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

10. FINANCIAL INCOME AND EXPENSE

		Consolidated	
		2010	2009
		\$	\$
Financial income			
Gain on hedging instruments		1,488,956	-
Interest received		119,631	173,840
Dividend income:			
Other parties		13,630	259,451
Subsidiaries		-	-
Financial income included within the statement of comprehensive income		1,622,217	433,291
Financial expenses			
Interest expense:			
Total interest expense		(16,773,133)	(14,512,183)
Less: Capitalised interest		9,207,994	7,873,818
		(7,565,139)	(6,638,365)
Loss on hedging instruments		-	(6,919,680)
Financial expense included within the statement of comprehensive income		(7,565,139)	(13,558,045)
Net financing income/(costs)		(5,942,922)	(13,124,754)

11. SHARE OF PROFIT OR LOSS OF EQUITY ACCOUNTED INVESTEEES, NET OF INCOME TAX

Joint venture	Principal activities	Equity accounted net profit after tax	
		2010	2009
		\$	\$
CEC Commercial Pty Ltd	Commercial property investment	-	67,499
CEC/Flying Fish Point Developments Pty Ltd	Property development	-	(674)
Cleveland Bay Views Pty Ltd	Property development	-	-
Freshwater Future Pty Ltd	Property development	-	-
Kubirri Holdings Pty Ltd	Property development	-	-
Montserrat Holdings Pty Ltd	Property development	-	(11,114)
Pioneer North Queensland Pty Ltd	Supply of construction materials	768,110	1,813,032
		768,110	1,868,743

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

12. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2010 was based on the loss attributable to ordinary shareholders of \$12,475,874 (2009 loss: \$23,049,294) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2010 of 79,662,662 (2009: 79,662,662), calculated as follows:

(i) Basic earnings per share

From continuing operations

There have not been any discontinued operations during the year ended 30 June 2010. Therefore earnings per share for discontinued operations has not been calculated or disclosed.

(ii) Profit / (loss) attributable to ordinary shareholders

From continuing operations

(iii) Weighted average number of ordinary shares

Issued ordinary shares at 1 July

Weighted average number of ordinary shares at 30 June

Consolidated	
2010	2009
Cents per share	Cents per share
(15.66)	(28.93)
<hr/>	
\$	\$
(12,475,874)	(23,049,294)
<hr/>	
#	#
79,662,662	79,662,662
<hr/>	
79,662,662	79,662,662
<hr/>	

(b) Diluted earnings per share

There are no dilutive potential ordinary shares. Therefore diluted earnings per share are the same as basic earnings per share.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

13. EBIT AND EBITDA

The calculation of earnings before interest and income taxes (EBIT) and earnings before interest, income taxes, depreciation and amortisation (EBITDA) are as follows:

EBIT calculation

Profit / (loss) before income tax

Net interest costs

Included in:

- ▲ Net financing income/(costs)
- ▲ Cost of sales

EBITDA calculation

EBIT

Depreciation and amortisation

Included in:

- ▲ Administration expenses
- ▲ Cost of sales

Consolidated	
2010	2009
\$	\$
(13,211,953)	(38,054,067)
5,956,552	13,384,205
173,944	517,632
(7,081,457)	(24,152,230)
(7,081,458)	(24,152,230)
394,576	462,685
5,463,383	5,434,619
(1,223,499)	(18,254,926)

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

14. CASH AND CASH EQUIVALENTS

	Consolidated	
	2010	2009
Current		
Cash on hand and at bank	932,378	2,351,903
Cash and cash equivalents in the statement of cash flows		
Cash on hand and at bank	932,378	2,351,903
Bank overdrafts repayable on demand	(15,952,465)	(12,750,704)
	(15,020,087)	(10,398,801)

15. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2010	2009
Current		
Trade receivables	12,157,557	15,195,420
Less: impairment losses	(278,401)	(4,094,551)
	11,879,156	11,100,869
Construction work in progress	996,811	421,072
Derivatives	1,068	39,823
Other receivables and prepayments	12,539,203	4,560,947
<i>Amounts receivable from:</i>		
Joint ventures and associates	1,727,011	1,728,126
Other related parties	61,896	61,896
	15,325,989	6,811,864
Less: impairment losses	(423,291)	(422,391)
	14,902,698	6,389,473
	26,781,854	17,490,342
Non-current		
Other receivables and prepayments	1,300,791	871,096
<i>Amounts receivable from:</i>		
Joint ventures and associates	-	133,858
	1,300,791	1,004,954

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

16. INVENTORIES

		Consolidated	
		2010	2009
		\$	\$
Current			
Land held for resale		92,897,415	97,613,207
Less: Provision for inventory write downs		(23,608,490)	(15,895,237)
		69,288,925	81,717,970
Building held for sale		1,686,934	8,085,144
Less: Provision for inventory write downs		(109,554)	(1,055,481)
		1,577,380	7,029,663
Raw materials and consumables		1,852,758	2,287,668
Work in progress		153,826	3,428
		72,872,889	91,038,729
Non-current			
Land held for resale		-	13,560,495
Less: Provision for inventory write downs		-	(1,832,484)
		-	11,728,011

17. BIOLOGICAL ASSET

		Consolidated	
		2010	2009
		\$	\$
Current			
Balance as at 1 July		312,944	429,716
Net movement		(72,944)	(116,772)
Balance as at 30 June		240,000	312,944

Sugar cane crops are planted and subsequently harvested on land purchased by the Group until such time as this land is required for future development.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

18. INVESTMENTS IN EQUITY ACCOUNTED

(a) Investments in incorporated joint ventures

The Group has the following investments in incorporated joint ventures at 30 June 2010:

(i) Incorporated joint ventures non-financial particulars

Joint venture	Principal activities	Country	Reporting date	Ownership 2010 %	Ownership 2009 %
CEC Commercial Pty Ltd *	Commercial property investment	Australia	30 June	60	60
CEC/Flying Fish Point Developments Pty Ltd	Property development	Australia	30 June	50	50
Cleveland Bay Views Pty Ltd	Property development	Australia	30 June	50	50
Freshwater Future Pty Ltd	Property development	Australia	30 June	25	25
Kubirri Holdings Pty Ltd	Property development	Australia	30 June	50	50
Montserrat Holdings Pty Ltd ◇	Property development	Australia	30 June	-	50
Pioneer North Queensland Pty Ltd ☼	Supply of construction materials	Australia	30 June	-	50

* The Group holds an equal voting interest with the other joint venture partner and does not control the entity.

◇ The Group sold its 50% interest in Montserrat Holdings Pty Ltd on 25 Feb 2010.

☼ The Group sold its 50% interest in Pioneer North Queensland Pty Ltd on 13 May 2010.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

18. INVESTMENTS IN EQUITY ACCOUNTED INVESTEEES (continued)

(a) Investments in incorporated joint ventures (continued)

(ii) Incorporated joint ventures financial particulars

Joint venture	Year	Revenues (100%)	Profit/(loss) after tax (100%)	Share of joint venture net profit/(loss) recognised	Total current assets (100%)	Total non-current assets (100%)	Total current liabilities (100%)	Total non-current liabilities (100%)	Net assets as reported by joint venture (100%)	Share of joint venture net assets equity accounted
CEC Commercial Pty Ltd	2010	-	-	-	-	-	-	-	-	-
	2009	-	112,600	67,499	-	-	-	-	-	-
CEC/Flying Fish Point Developments Pty Ltd	2010	-	(2,727)	-	109,634	-	235,860	-	(126,226)	-
	2009	(119,354)	(123,699)	(674)	109,966	-	233,465	-	(123,499)	-
Kubirri Holdings Pty Ltd	2010	11	(606)	-	25,047	1,927	253,717	-	(226,743)	12
	2009	-	(4,762)	-	25,605	1,927	253,670	-	(226,138)	12
Montserrat Holdings Pty Ltd	2010	-	-	-	-	-	-	-	-	-
	2009	-	(22,300)	(11,114)	138,193	1,511,543	19,096	628,542	1,002,098	263,486
Pioneer North Queensland Pty Ltd	2010	44,107,000	1,541,000	768,110	-	-	-	-	-	-
	2009	51,304,247	3,705,987	1,813,032	14,882,758	20,866,793	10,514,585	9,061,959	16,173,007	8,088,844
Totals	2010	44,107,011	1,537,668	768,110	134,681	1,927	489,577	-	(352,969)	12
	2009	51,184,893	3,667,826	1,868,743	15,156,522	22,380,263	11,020,816	9,690,501	16,825,468	8,352,342

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT
For the year ended 30 June 2010

19. INTERESTS IN JOINT VENTURE OPERATIONS

The Company has a 50% (2009: 50%) interest in one (2009: one) unincorporated property development joint venture named Parkridge Estates Joint Venture.

For the year ended 30 June 2010, the contribution of the joint venture to operating profit of the Company and Group was \$1,222 (2009: \$275,612).

Included in the assets and liabilities of the Company and the Group are the following items which represent the Company's and the Group's interests in the assets and liabilities employed in the joint venture.

	Consolidated	
	2010	2009
	\$	\$
Assets		
Cash and cash equivalents	69,893	1,610
Trade and other receivables	1,052	103,382
Inventories	523,007	548,497
Total current assets	593,952	653,489
Property, plant and equipment		-
Total assets	593,952	653,489
Liabilities		
Trade and other payables	680,740	686,950
Loans and borrowings	1,000,000	1,050,000
Total current liabilities	1,680,740	1,736,950
Total liabilities	1,680,740	1,736,950

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

20. INVESTMENT PROPERTY

		Consolidated	
		2010	2009
		\$	\$
(a) Non-current assets			
Balance as at 1 July		475,000	1,300,000
Disposals		(385,668)	-
Transfers to other asset classes		-	(385,668)
Fair value adjustments		(89,332)	(439,332)
Balance as at 30 June		-	475,000
(b) Investment property information			
(i) Investment properties			
"Jackson Drive"		-	475,000
(ii) Net income from investments			
Total revenue		62,333	68,000
Total expenses		(51,373)	(56,176)
Net income from investments		10,961	11,824
"Jackson Drive" investment property			
Revenue		62,333	68,000
Commercial bill interest		(44,759)	(49,832)
Rates and taxes		(6,614)	(4,844)
Valuation fee		-	(1,500)
Net income from "Jackson Drive"		10,961	11,824

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE ATTACHMENT TO THE PRELIMINARY FINAL REPORT

For the year ended 30 June 2010

21. PROPERTY, PLANT AND EQUIPMENT

(a) Movement during the year

(i) Consolidated

	2010				2009			
	Land and buildings	Plant and equipment	Leased plant and equipment	Total	Land and buildings	Plant and equipment	Leased plant and equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost *								
Balance at 1 July	3,968,352	60,715,931	3,140,057	67,824,340	3,899,542	59,773,850	3,060,202	66,733,594
Other acquisitions	127,039	677,370	-	804,409	68,784	2,891,956	-	2,960,740
Reclassification between asset classes	(26)	51,609	-	51,583	26	(119,881)	119,855	-
Disposals	(1,046,147)	(717,996)	(135,500)	(1,899,643)	-	(1,829,994)	(40,000)	(1,869,994)
Balance at 30 June	3,049,218	60,726,914	3,004,557	66,780,689	3,968,352	60,715,931	3,140,057	67,824,340
Depreciation and impairment losses								
Balance at 1 July	756,227	22,543,479	2,328,937	25,628,643	468,587	18,254,201	2,121,420	20,844,208
Depreciation charge for the year	164,830	5,845,945	140,759	6,151,534	287,640	5,412,602	175,633	5,875,875
Reclassification between asset classes	-	21,655	-	21,655	-	(64,305)	64,305	-
Disposals	-	-	(101,134)	(101,134)	-	(1,491,165)	(32,421)	(1,523,586)
Impairment	-	259,646	-	259,646	-	432,146	-	432,146
Balance at 30 June	921,057	28,670,725	2,368,562	31,960,344	756,227	22,543,479	2,328,937	25,628,643
Carrying amount at 1 July	3,212,125	38,172,452	811,120	42,195,697	3,430,955	41,519,649	938,782	45,889,386
Carrying amount at 30 June	2,128,161	32,056,189	635,995	34,820,345	3,212,125	38,172,452	811,120	42,195,697

* During the year the Group acquired property plant and equipment with an aggregate value of \$1,056,731 (2009: \$898,987) by means of hire purchase and finance lease agreements.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
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For the year ended 30 June 2010

22. INTANGIBLE ASSETS

(a) Movement during the year

(i) Consolidated

		Year ended 30 June 2010					Year ended 30 June 2009				
	Note	Goodwill	Patents and trademarks	Development costs	Other intangibles	Total	Goodwill	Patents and trademarks	Development costs	Other intangibles	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost											
Balance at 1 July		13,436,129	39,303	354,465	2,326,056	16,155,953	13,433,927	39,303	354,465	2,325,653	16,153,348
Other acquisitions		-	-	-	-	-	2,202	-	-	403	2,605
Balance at 30 June		13,436,129	39,303	354,465	2,326,056	16,155,953	13,436,129	39,303	354,465	2,326,056	16,155,953
Amortisation and impairment losses											
Balance at 1 July		4,359,043	33,339	354,465	1,565,806	6,312,653	1,677,939	32,418	354,465	899,819	2,964,641
Amortisation for the year	#	-	918	-	40,050	40,968	-	921	-	20,508	21,429
Impairment losses	*	2,063,581	-	-	-	2,063,581	2,681,104	-	-	645,479	3,326,583
Balance at 30 June		6,422,624	34,257	354,465	1,605,856	8,417,202	4,359,043	33,339	354,465	1,565,806	6,312,653
Carrying amount at 1 July		9,077,086	5,964	-	760,250	9,843,300	11,755,988	6,885	-	1,425,834	13,188,707
Carrying amount at 30 June		7,013,505	5,046	-	720,200	7,738,751	9,077,086	5,964	-	760,250	9,843,300

Note: Recognition in the statement of comprehensive income

in cost of sales and administration expenses

* in administration expenses

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

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For the year ended 30 June 2010

23. LOANS AND BORROWINGS

(a) Balances at year end

This note provides information about the contractual terms of the Company's and Group's interest-bearing loans and borrowings.

	Consolidated	
	2010	2009
	\$	\$
Current liabilities		
Commercial bills	1,955,000	1,955,000
Finance lease liabilities	588,810	504,750
Hire purchase liabilities	5,737,400	7,432,761
Secured bank loans	55,963,016	26,051,763
Secured non-bank loans	-	5,013,100
Vendor finance	1,150,000	13,743,937
	65,394,226	54,701,311
Non-current liabilities		
Finance lease liabilities	843,016	578,918
Hire purchase liabilities	4,453,918	8,509,137
Secured bank loans	-	40,000,000
Vendor finance	152,249	210,957
	5,449,183	49,299,012

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
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24. EMPLOYEE BENEFITS

Current

Accruals for:

- ▲ Salaries and wages
- ▲ Superannuation

Liability for:

- ▲ Annual leave
- ▲ Long service leave
- ▲ Rostered days off

Non-current

Liability for:

- ▲ Long service leave

Consolidated	
2010	2009
\$	\$
2,405,473	1,122,966
81,575	261,984
2,227,378	2,480,868
702,797	812,976
46,247	48,079
5,463,470	4,726,873
354,364	384,793
354,364	384,793

25. PROVISIONS

Current

- Provision for rehabilitation
- Provision for warranty

Consolidated	
2010	2009
\$	\$
50,000	30,000
-	200,000
50,000	230,000

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
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26. GROUP ENTITIES

	Country of incorporation	Ownership interest	
		2010 %	2009 %
Parent entity			
CEC Group Limited	Australia		
Subsidiaries			
Trading entities			
Bedminster Resources Pty Ltd	Australia	100	100
CEC Bitumen Services Pty Ltd	Australia	100	100
CEC Building Pty Ltd	Australia	100	100
CEC Concrete Pty Ltd	Australia	100	100
CEC Constructions Pty Ltd	Australia	100	100
CEC Mackay Pty Ltd	Australia	100	100
CEC Mt Isa Pty Ltd	Australia	100	100
Far North Trading Limited	Australia	100	100
Kuranda Springs Unit Trust	Australia	100	100
Mac Homes Pty Ltd	Australia	100	100
Machinery and Truck Maintenance Pty Ltd	Australia	100	100
Palmyra Unit Trust	Australia	70	70
Pinnacle Quarry Pty Ltd	Australia	100	100
Property North (Mackay) Pty Ltd	Australia	100	100
Rapid Build Pty Ltd	Australia	100	100
Vamgold Pty Ltd	Australia	100	100
Non-trading entities			
Betagamma 19 Pty Ltd**	Australia	-	-
Cairns Earthmoving Contractors Pty Ltd	Australia	100	100
Cairns Pipeline Contractors Pty Ltd**	Australia	-	-
Cape Construction Materials Pty Ltd*	Australia	100	100
CEC Design and Construct Pty Ltd*	Australia	100	100
CEC Developments Unit Trust**	Australia	-	-
CEC Draper Road Pty Ltd ***	Australia	-	100
CEC Library Site Unit Trust ***	Australia	-	100
CEC Mining Services Limited**	Australia	-	-
CEC Plant Hire Pty Ltd (formerly Keenfine Pty Ltd)	Australia	100	100
CEC Realty Pty Ltd	Australia	100	100
Djaragu Pty Ltd**	Australia	-	-
Edmonton Projects Pty Ltd	Australia	100	100
Far North Trust	Australia	100	100
Gordonvale Developments Pty Ltd (formerly Boulevard Property Management Pty Ltd) ***	Australia	-	100
Mac Homes (Townsville) Pty Ltd ***	Australia	-	100
Riverstone Developments Pty Ltd ***	Australia	-	100
Rockdandy Pty Ltd**	Australia	-	-
Trackgate Pty Ltd	Australia	100	100

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
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26. GROUP ENTITIES (Continued)

Trustee companies

CEC Developments Pty Ltd **

CEC Library Site Pty Ltd ***

Kuranda Springs Pty Ltd

Country of incorporation

Ownership interest

2010

2009

%

%

Australia

-

-

Australia

-

100

Australia

100

100

* *Newly incorporated during the year.*

** *Derecognised/wound up during the year ended 30 June 2009.*

*** *Derecognised/wound up during the year ended 30 June 2010.*

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
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27. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

		Consolidated	
		2010	2009
		\$	\$
Profit / (Loss) for the year		(12,475,872)	(23,109,525)
Adjustments for:			
<i>Items classified as investing/financing activities</i>			
Interest expensed	11	7,565,139	6,638,365
Gain on disposal of investments	8	(7,195,536)	-
Loss on disposal of investments	10	-	2,428,194
Gain on derivatives	11	(1,488,956)	-
Loss on derivatives	11	-	6,919,680
(Gain)/loss on sale of property, plant and equipment	8	(2,856,607)	(105,494)
Non-cash items:			
▲ Amortisation of intangibles	28	40,968	21,249
▲ Change in value of biological asset	20	(72,944)	(116,772)
▲ Movement in provisions		(180,000)	(349,816)
▲ Change in value of investment properties	9	-	439,332
▲ Depreciation of property, plant and equipment	27	6,151,534	5,875,875
▲ Dividends from subsidiaries and joint ventures	11	-	-
▲ Impairment losses		5,090,119	19,527,874
▲ Income tax expense	13	(736,081)	(14,503,118)
▲ Share of profit of joint ventures net of dividends received	12	(768,110)	(1,868,743)
Operating profit before changes in working capital and provisions		(6,926,346)	1,797,101
(Increase)/decrease in:			
▲ Inventories		29,893,850	29,228,187
▲ Trade and other receivables		(9,587,347)	11,111,062
(Decrease)/increase in:			
▲ Employee benefits		706,168	606,481
▲ Trade and other payables		(3,010,572)	(9,741,854)
		11,075,753	33,000,977
Income taxes paid			(975,000)
Net cash from operating activities		11,075,753	32,025,977

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28. GOING CONCERN

The consolidated interim financial report has been prepared on a going concern basis which contemplates continuity of normal business activities, profitable trading and the realisation of assets and settlement of liabilities in the ordinary course of business.

The directors have committed to a business restructure strategy that will see the divestment of specific assets including major properties which are held for resale and other investments, either into joint venture entities or through outright sale. It is expected that these transactions will provide the necessary funds to meet the financier's required debt reductions and improve working capital in the next three to six months. Progress towards divestment of these assets is at an advanced stage and both directors and management are committed to achieving the objectives of the business restructure strategy. The outcome of the Group's business restructure strategy is subject to the following:

- ▲ Further reduction of the principal financier's debt level under the current debt level of \$65 million;
- ▲ Completing other anticipated property transactions in the short term;
- ▲ Completion of contracts for the sale of specific assets and business units to third parties or potential joint venture partners;
- ▲ The Group's ability to comply with the terms and conditions of the Group's debt facility agreement as amended; and refinance remaining debt upon expiry of the current facility,
- ▲ The ongoing support of creditors during the pending completion of the proposed restructure; and
- ▲ The ability of the Group's remaining business units being able to trade profitably in the future.

Aside from property transactions, there are a number of possible courses of action which are currently being considered by the Group which will impact the future performance and support the going concern assumption of the Group, including:

- ▲ Refinancing or sale of plant and equipment and inventory;
- ▲ The intention to raise equity from willing investors; and
- ▲ Entering into significant contracts to complete remote area housing projects that have been tendered for by the Group.

While the statement of financial position at 30 June 2010 shows a deficiency of current assets to current liabilities, the expected transactions referred to above are expected to generate sufficient working capital in the short term to eliminate the deficiency.

29 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE YEAR END

On the 2 July 2010 the Group sold a major property at Gordonvale, south of Cairns, for \$5.9 million. The resultant funds were used to reduce the debt with the principal financier.