CEC GROUP
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31 August 2009

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 2009

1. Details of reporting period

Reporting period:	Year ended 30 June 2009.
Previous corresponding period:	Year ended 30 June 2008.

2. Results for announcement to the market

2.1	Revenues from ordinary activities	Down 25.55% to $156,321,414.
2.2	Loss from ordinary activities after tax	Down 1.06% to a loss of $23,109,525.
2.3	Net loss after tax attributable to members of the parent entity	Down 1.32% to a loss of $23,049,294.
2.4	Dividends Owing to 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 2008-09 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.

3. Income statements and recognised income and expense statements

Refer to the attached consolidated financial statements and notes thereto.

4. Balance sheets

Refer to the attached consolidated financial statements and notes thereto.

5. Cash flow statements

Refer to the attached consolidated financial statements and notes thereto.

6.

Dividends	Amount	Date	Amount per Security	Franked amount per security at 30% tax rate.
Final Dividends:				
Prior Year	$Nil	N/A	N/A	N/A
Interim Dividends:				
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 2008-09.

8. Retained earnings (accumulated losses)

Refer to the attached consolidated financial statements and notes thereto.

9. Net tangible assets per security

Reporting period:	$0.39
Previous corresponding period:	$0.64

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

Refer to the attached consolidated financial statements and notes thereto.

11. Details of associates and joint ventures

Refer to the attached consolidated financial statements and notes thereto.

12. Other significant information

No other significant information not already disclosed in the attached consolidated 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 2009 is (28.93) cents. This is calculated by dividing the net loss attributable to members of the parent entity of $23,049,294 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.

14.3 Significant features of operating performance

	2009 ($'000)	2008 ($'000)	% Change
Pre-tax profit/(loss)	(38,054)	(32,951)	15.49%
After-tax profit/(loss) for year ended 30 June	(23,110)	(23,357)	1.06%
Revenue	156,321	209,981	(25.55)%

14. Commentary on results for the period (continued)

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 follow:

Property segment

The property development segment recorded external revenue of $42,036,816 compared with that in 2008 of $110,856,107. The segment result (including share of profit or loss of associates and joint ventures accounted for using the equity method) was a loss of $20,809,410 compared with a loss in 2008 of $11,306,615.

Construction segment

The construction segment recorded external revenue of $113,109,519 compared with that in 2008 of $96,586,119. The segment result (including share of profit or loss of associates and joint ventures accounted for using the equity method) was a profit of $1,013,307 compared with a profit in 2008 of $2,770,010.

Group operations segment

The segment result prior to eliminations (including share of profit or loss of associates and joint ventures accounted for using the equity method) was a loss of $16,297,038 compared to a loss in 2008 of $26,353,699.

14.5 Trends in performance/future results

Additional asset sales (non-core or bring forward of particular land bank sales) are planned in the first half of 2009-10 in order to reduce debt to targeted levels. 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.

14. Commentary on results for the period (continued)

14.5 Trends in performance/future results (continued)

Property development activities

During 2008-09 year the property segment has been significantly affected by the global economic downturn and it remains sluggish coming into the 2009-10 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.

The Group may benefit from other stimulus measures, such as the Nation Building and Jobs Plan and the Public Housing Initiatives, however at this time there has been no work awarded to the Group.

Inventory has been reduced and this will continue until such time as identified optimum stock levels are reached and then maintained.

Additional asset sales

During 2007-08 and 2008-09 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.

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.

The Group currently has approved applications for 567 lots of land, additional applications under assessment for a further 894 lots of land and in excess of 5,500 additional lots of land in the land bank.

14. Commentary on results for the period (continued)

14.5 Trends in performance/future results (continued)

Construction activities

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. The segment performed well throughout the year however it is noted that the number of competitors is increasing, and therefore margins are reducing, as industry participants compete for fewer projects.

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 Rapidbuild house manufacturing and construction system has recommenced and during the year the first of the Remote Housing Projects was carried out at Kowanyama, where nine houses were constructed. It is expected that further Remote Housing Projects will be awarded during the year and the Group is currently undertaking construction of ten remote houses at Aurukun. There have been delays in the process of awarding some planned projects, however it is expected that the Group will be awarded further Remote Housing Projects in the 2009-10 year.

The Group has spent the last three 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 unchallenged.

14. Commentary on results for the period (continued)

14.5 Trends in performance/future results (continued)

Construction activities (continued)

Rapidbuild house manufacturing and construction system (continued)

As the Group refocuses on the expansion of remote area housing projects using the Rapidbuild concept it will be expected the division will 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 2008-09 year, other major 'one-off' costs have been incurred in group overhead throughout the year. 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.

14.6 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.

The Group's "multi-option" bank debt facility (comprising overdraft, secured loan facilities and bank guarantees) has been secured for two years to 31 January 2011. The facility provided for stepped reduction of the total debt facility of $80 million by $15 million in the first year with any subsequent reduction in the second year to be negotiated prior to 31 January 2010. The reduction of debt with the principal financier is consistent with the Group's debt management strategy.

15. Status of audit

The consolidated financial statements are in the process of being audited.

16. Audit dispute or qualification

The consolidated financial statements are not currently subject to dispute or qualification.

Yours faithfully
CEC GROUP LIMITED

Kevin Lubbe
Company Secretary

Attach/

CEC Group Limited
and its controlled entities
ABN 84 010 025 831

Consolidated financial statements
30 June 2009

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

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CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

BALANCE SHEETS

As at 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Assets					
Cash and cash equivalents	17	2,351,903	3,538,579	61,145	2,904,081
Trade and other receivables including derivatives	18	17,490,342	29,257,088	4,633,306	14,530,738
Inventories	19	91,038,729	124,575,725	77,717,712	109,193,345
Biological assets	20	312,944	429,716	312,944	429,716
Current tax assets	21	-	1,385,068	-	2,322,635
Total current assets		111,193,918	159,186,176	82,725,107	129,380,515
Trade and other receivables including derivatives	18	1,004,954	349,270	3,934,882	-
Inventories	19	11,728,011	7,419,202	-	-
Other Investments	22	-	652	31,047,188	38,956,290
Investments in equity accounted investees	23	8,352,342	9,472,864	-	-
Investment properties	25	475,000	1,300,000	950,000	1,300,000
Deferred tax assets	26	21,562,187	6,197,898	16,855,925	6,715,156
Property, plant and equipment	27	42,195,697	45,889,386	4,042,276	4,409,805
Intangible assets	28	9,843,300	13,188,707	5,964	6,885
Total non-current assets		95,161,491	83,817,979	56,836,235	51,388,136
Total assets		206,355,409	243,004,155	139,561,342	180,768,652
Liabilities					
Bank overdrafts	17	12,750,704	10,692,522	12,750,704	9,432,472
Trade and other payables including derivatives	29	30,755,923	46,077,577	19,696,674	24,270,009
Loans and borrowings	30	49,701,311	99,857,811	33,906,301	79,117,278
Employee benefits	31	4,726,873	4,210,166	2,030,472	1,820,443
Current tax payable	21	147,998	-	-	-
Provisions	32	230,000	579,816	-	379,816
Total current liabilities		98,312,809	161,417,892	68,384,151	115,020,018
Trade and other payables including derivatives	29	12,386,998	528,827	12,339,709	15,578,937
Loans and borrowings	30	54,299,012	16,621,172	45,380,351	2,755,509
Employee benefits	31	384,793	295,019	63,096	71,641
Total non-current liabilities		67,070,803	17,445,018	57,783,156	18,406,087
Total liabilities		165,383,612	178,862,910	126,167,307	133,426,103
Net assets		40,971,797	64,141,245	13,394,035	47,342,549
Equity					
Share capital		64,899,768	64,899,647	64,899,647	64,899,647
Retained (loss) / earnings		(23,928,001)	(818,814)	(51,505,612)	(17,557,098)
Total equity attributable to equity holders of the parent		40,971,767	64,080,833	13,394,035	47,342,549
Minority interest		30	60,412	-	-
Total equity	33	40,971,797	64,141,245	13,394,035	47,342,549

The notes on pages 8 to 89 are an integral part of these consolidated financial statements.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

INCOME STATEMENTS

For the year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Revenue	7	156,321,414	209,980,737	40,744,546	106,915,324
Cost of sales		(155,757,155)	(204,807,474)	(46,268,888)	(107,596,006)
Gross profit		564,259	5,173,263	(5,524,342)	(680,682)
Other income	8	105,494	2,745,563	163,458	3,719,565
Other expenses	9	(439,332)	(3,530,216)	(350,000)	(4,144,009)
Administrative expenses	10 (a)	(27,028,477)	(32,524,676)	(29,176,410)	(34,437,625)
Results from operating activities		(26,798,056)	(28,136,066)	(34,887,294)	(35,542,751)
Financial income		433,291	329,614	2,422,784	3,191,766
Financial (expenses):					
- Movement in net mark-to-market value of derivatives		(6,919,680)	(1,975,768)	(6,919,680)	(1,975,768)
- Other finance expenses		(6,638,365)	(6,553,490)	(3,359,344)	(4,170,879)
		(13,558,045)	(8,529,258)	(10,279,024)	(6,146,647)
Net financing income/(costs)	11	(13,124,754)	(8,199,644)	(7,856,240)	(2,954,881)
Share of profit or loss of equity accounted investees, net of income tax	12	1,868,743	3,384,235	-	-
Profit / (loss) before income tax		(38,054,067)	(32,951,474)	(42,743,534)	(38,497,632)
Income tax (expense) / benefit	13	14,944,542	9,594,743	8,795,020	12,266,216
Profit / (loss) for the period		(23,109,525)	(23,356,730)	(33,948,514)	(26,231,416)
Attributable to:					
Equity holders of the Company		(23,049,294)	(23,356,730)	(33,948,514)	(26,231,416)
Minority interest		(60,231)	-	-	-
Profit / (loss) for the period		(23,109,525)	(23,356,730)	(33,948,514)	(26,231,416)
Earnings per share		Cents per share	Cents per share		
Basic earnings per share	14	(28.93)	(29.76)		
Diluted earnings per share	14	(28.93)	(29.76)		
Dividends per share		Cents per share	Cents per share		
Ordinary shares		-	6.00		
		$	$		
EBIT *(Earnings before interest and taxes)*	15	(24,152,230)	(23,665,771)		
EBITDA *(Earnings before interest, taxes, depreciation and amortisation)*	15	(18,254,926)	(17,423,400)		

The notes on pages 8 to 89 are an integral part of these consolidated financial statements.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

RECOGNISED INCOME AND EXPENSE STATEMENTS

For the year ended 30 June 2009

	Note	Consolidated		The Company	
		2009	2008	2009	2008
		$	$	$	$
Profit / (loss) for the period		(23,109,525)	(23,356,730)	(33,948,514)	(26,231,416)
Net income recognised directly in equity		-	-	-	-
Total recognised income and expense for the period	*33*	(23,109,525)	(23,356,730)	(33,948,514)	(26,231,416)
Attributable to:					
Equity holders of the Company		(23,049,294)	(23,356,730)	(33,948,514)	(26,231,416)
Minority interest		(60,231)	-	-	-
Total recognised income and expense for the period	*33*	(23,109,525)	(23,356,730)	(33,948,514)	(26,231,416)

The notes on pages 8 to 89 are an integral part of these consolidated financial statements.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES

CASH FLOW STATEMENTS

For the year ended 30 June 2009

	Note	Consolidated 2009	Consolidated 2008	The Company 2009	The Company 2008
		$	$	$	$
Cash flows from operating activities					
Cash receipts from customers		176,007,173	229,399,002	43,918,973	118,388,302
Cash paid to suppliers and employees		(143,439,487)	(222,641,609)	(29,184,070)	(124,236,792)
Cash generated from operations		32,567,686	6,757,393	14,734,903	(5,848,490)
Dividends received		259,451	1,256,873	259,451	1,256,873
Interest received		173,840	76,941	163,000	69,246
Income taxes paid		(975,000)	(3,680,266)	-	(3,680,266)
Net cash from operating activities	*39*	32,025,977	4,410,941	15,157,354	(8,202,637)
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		250,684	12,815,556	175,555	11,623,484
Acquisition of subsidiary's remaining shares		-	(2,384,413)	-	(2,384,413)
Proceeds from sale of investments		-	25,862,869	-	25,862,869
Acquisition of business		-	(3,100,438)	-	-
Acquisition of subsidiary, net of cash acquired		(4,525)	(465,494)	(500)	(465,494)
Acquisition of property, plant and equipment		(1,391,455)	(14,022,202)	(106,513)	(5,731,536)
Net cash from investing activities		(1,145,296)	18,705,878	68,542	28,904,910
Cash flows from financing activities					
Proceeds from the issue of share capital		-	3,904,367	-	3,904,367
Proceeds of borrowings		16,916,754	90,750,964	14,916,754	83,284,547
Repayment of borrowings – principal		(30,811,794)	(98,613,050)	(26,849,894)	(97,581,983)
Repayment of borrowings – borrowing costs		(9,727,489)	(9,781,520)	(8,470,676)	(8,770,834)
Payment of finance lease and hire purchase liabilities		(10,503,010)	(8,391,824)	(983,248)	(1,121,433)
Payment of transaction costs		-	(91,895)	-	(91,895)
Dividends paid		-	(1,630,089)	-	(1,630,089)
Net cash from financing activities		(34,125,539)	(23,853,047)	(21,387,064)	(22,007,320)
Net increase/(decrease) in cash and cash equivalents		(3,244,858)	(736,228)	(6,161,168)	(1,305,047)
Cash and cash equivalents at 1 July		(7,153,943)	(6,417,715)	(6,528,391)	(5,223,344)
Cash and cash equivalents at 30 June	*17*	(10,398,801)	(7,153,943)	(12,689,559)	(6,528,391)

The notes on pages 8 to 89 are an integral part of these consolidated financial statements.

CEC GROUP LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- biological assets are measured at fair value less estimated point-of-sale costs
- derivatives are measured at fair value
- investment properties are measured at fair value
- inventories are measured at the lower of cost and net realisable value

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the Group.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

Judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are as follows:

- Note 18 – Construction work in progress – Assessment of projects on a percentage of completion basis, in particular with regard to accounting for variations, the timing of profit recognition and the amount of profit recognised;
- Note 19 – Inventories – assessment of the net realisable value of property development projects;
- Note 26 – Deferred tax assets and liabilities – utilisation of tax losses; and
- Note 28 – Intangible assets – measurement of the recoverable amounts of cash-generating units.

2. BASIS OF PREPARATION (continued)

(e) Going concern

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

In respect of the year ended 30 June 2009, the Group reported a net loss of $23,109,525 (2008: $23,356,730). At 30 June 2009, current assets amounted to $111,193,918 (2008: $159,186,176) and current liabilities amounted to $98,312,809 (2008: $161,417,892) leaving a surplus of $12,881,109 (June 2008 deficit: $2,231,716). Current assets include inventories of $91,038,729 which the Group expects to realise to meet current liabilities as they fall due. Current liabilities include the bank overdraft facility of $12,750,704 that is subject to the two year bank facility and would not in the normal course be repayable within the next twelve months.

In addition, there have been a number of developments and ongoing negotiations which if successful will impact the future performance and support the going concern assumption of the Group. These developments include:

- The continued implementation and enforcement of cost cutting initiatives and focusing resources on business segments and projects which are likely to generate the optimum level of return for the Group that will improve the profitability of the Group's normal business operations;
- Debt reduction strategies as agreed with the Group's principal financier and discussed in note 30, including amendments refining certain terms and conditions of the facility agreement;
- Sale of specific assets; and
- Refinancing of assets including plant and equipment, and inventory.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

In the Company's financial statements, investments in subsidiaries are carried at cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

In the Company's financial statements, investments in associates and jointly controlled entities are carried at cost.

(iii) Jointly controlled operations and assets

The interests of the Group in unincorporated joint ventures and jointly controlled assets are brought to account by recognising in its financial statements the assets it controls, the liabilities that it incurs, the expenses it incurs and its share of income that it earns from the sale of goods or services by the joint venture.

(iv) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

(b) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3(n).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Financial instruments (continued)

(i) Non-derivative financial instruments (continued)

Non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are recognised initially at fair value, with attributable transaction costs recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, with changes therein recognised in profit or loss.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period they are declared.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment at 1 July 2004, the Group's date of transition to AASBs, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition, construction or production of qualifying assets are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the part will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain at inception that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings 5 to 40 years
- Plant and equipment 2 to 20 years
- Leased plant and equipment 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Intangible assets

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and jointly controlled entities.

Acquisitions prior to 1 January 2003

As part of its transition to AASBs, the Group elected to restate only those business combinations that occurred on or after 1 January 2003. In respect of acquisitions prior to 1 January 2003, goodwill represents the amount recognised under the Group's previous accounting framework, Australian GAAP.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Intangible assets (continued)

(i) Goodwill (continued)

Acquisitions on or after 1 January 2003

For acquisitions on or after 1 January 2003, Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Acquisitions of minority interests

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Borrowing costs related to the development of qualifying assets are recognised in profit or loss as incurred. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Patents and trademarks 10 years
- Capitalised development costs 5 years

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Biological assets

Biological assets are measured at fair value less estimated point-of-sale costs, with any change therein recognised in profit or loss. Point-of-sale costs include all costs that would be necessary to sell the assets.

(f) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment properties, the leased assets are not recognised on the Group's balance sheet. Investment properties held under operating leases are recognised on the Group's balance sheet at fair value.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Land held for resale

Cost includes the costs of acquisition, development and holding costs such as borrowing costs. Borrowing costs and other holding costs incurred after completion are recognised in profit or loss. Land held for resale is classified as a current asset when it is expected to be realised in the next twelve months.

(ii) Other inventories

The cost of other inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(i) Construction work in progress

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred revenue in the balance sheet.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment properties and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(l) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as a personnel expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the expected future increases in wages and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to AA credit-rated or government bonds at the balance sheet date which have maturity dates approximating the terms of the Group's obligations.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Short-term benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Provisions (continued)

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(iii) Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(iv) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(n) Revenue and expenses

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Services

Revenue from services rendered is recognised in profit or loss when the service has been provided to the customer.

(iii) Land sales

Revenue from the sale of land held for development and resale is recognised when the significant risks and rewards of ownership have been transferred to the buyer and when there is no continuing managerial involvement, which normally coincides with settlement of the contract of sale.

(iv) Construction services

Residential housing construction contracts

As soon as the outcome of a residential housing construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is measured by reference to an assessment of total labour hours and other costs incurred to date as a percentage of estimated total costs for each contract. An expected loss on a contract is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Revenue and expenses (continued)

(iv) Construction services (continued)

Other construction contracts

As soon as the outcome of a construction contract, other than a residential housing contract, can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Profit recognition does not normally commence until a contract is at least 25% complete. The stage of completion is measured by reference to claims invoiced to date as a percentage of the total contract value, including variations, for each contract.

(v) Rental income

Rental income from investment properties are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(vi) Government grants

An unconditional government grant is recognised in profit or loss as "revenue" when the grant is received.

Other government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the Group for the cost of an asset are recognised in profit or loss as "revenue" on a systematic basis over the useful life of the asset.

(vii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(viii) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings and losses on derivative instruments that are recognised in profit or loss. Borrowing costs are expensed as incurred and included in net financing costs except in relation to qualifying assets in which case they are capitalised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(i) Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is CEC Group Limited.

Current tax expense / income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand alone taxpayer' approach whereby each entity in the tax consolidated group measures its current and deferred taxes as if it continued to be a separately taxable entity in its own right. Deferred tax assets and liabilities are measured by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised by the Company as amounts payable (receivable) to / (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by the head entity only.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax (continued)

(ii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(q) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment properties) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- Revised AASB 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Group's operations: the definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations; contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss; transaction costs, other than share and debt issue costs, will be expensed as incurred; any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss; any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

  Revised AASB 3, which becomes mandatory for the Group's 30 June 2010 financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2010 consolidated financial statement.

- Amended AASB 127 *Consolidated and Separate Financial Statements* (2008) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Group's 30 June 2010 financial statements, are not expected to have a significant impact on the consolidated financial statements.

- AASB 8 *Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Group's 30 June 2010 financial statements, will required a change in the presentation on and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Executive Officer in order to assess each segment's performance and to allocate resources to them. Currently the Group presents segment information in respect of its business and geographical segments (see note 6). The Group does not expect this standard to have a significant impact on the consolidated financial statements.

- Revised AASB 101 *Presentation of Financial Statements* (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101 will become mandatory for the Group's 30 June 2010 financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.

- Revised AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

- A1 15 *Agreements for the Construction of Real Estate* provides guidance on the accounting for agreements for the construction of real estate by the seller under AASB 111 *Construction Contracts* or AASB 118 *Revenue* and the timing of revenue recognition. A1 15 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the interpretation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) New standards and interpretations not yet adopted (continued)

- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (July 2008) and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (July 2008). AASB 2008-5 and AASB 2008-6 consists of 24 IASB amendments to 15 standards that results in accounting changes for presentation, recognition or measurement purposes. They also contains 10 terminology or editorial amendments to eight standards that the IASB believes will have either no or minimal effects on accounting practices. The amendments have been issued as two standards. AASB 2008-5 is applicable to the Group's 30 June 20010 financial statements. The amendments contained in AASB 2008-6 relate to the revised AASB 127 *Consolidated and Separate Financial Statements* (2008) and therefore the amendments have the same application date as this revised standard. The Group has not yet determined the potential effect of the revised standards on the Group's disclosures.

- AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (July 2008). AASB 2008-7 makes a number of further amendments to AASB 127 *Consolidated and Separate Financial Statements* and AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*. The changes include removing the definition of cost method in AASB 127, requiring all dividends from subsidiaries, jointly controlled entities or associates to be recognised as income in the separate financial statements of the investor. AASB 2008-7 also states that the receipt of a dividend may be an indicator of impairment if certain criteria are met. AASB 2008-7 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's financial report.

- AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments* (April 2009). AASB 2009-3 introduces a three level hierarchy for determining the amount of information to be disclosed around estimating fair values and clarifies quantitative disclosure on liquidity risk. This amending standard requires significant new disclosure changes. AASB 2009-3 will become mandatory for the Group's 30 June 2010 financial statements. The Group has not yet determined the potential effect of the revised standard on the Group's disclosures.

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 following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Investment properties

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every twelve months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(iii) Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(iv) Trade and other receivables

For receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables are discounted at the market rate of interest to determine the fair value.

(v) Interest-bearing loans and borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

(vi) Hire purchase liabilities

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous hire purchase agreements. The estimated fair values reflect changes in interest rates.

(vii) Finance lease liabilities

The fair value is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect changes in interest rates.

5. FINANCIAL RISK MANAGEMENT

(a) Overview

The Company and Group have exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's and Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring risk management policies. The committee reports regularly to the Board of Directors on its activities.

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.

The Audit and Risk Management Committee also oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework.

(i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. For the Company it arises from receivables due from subsidiaries.

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Trade and other receivables

The Company's and Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Each new customer undergoes a stringent credit assessment process prior to commencing a contractual agreement which may bind the Group. The Group has conditions stipulated into signed contracts which provides for recourse in the event of a breach of contractual obligations.

Guarantees

The Group provides guarantees as part of its construction activities (see note 34).

(ii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Cash flows are forecasted out to a period of twelve months on a rolling basis and reviewed regularly to ensure that the future assumptions remain valid. Construction cash flows are maintained through a regular billing and collection process in line with the terms of the individual contracts. Property acquisitions and development are financed through a mixture of equity and debt from banking institutions.

The Group maintains a number of lines of credit set out in note 30(b).

5. FINANCIAL RISK MANAGEMENT (continued)

(a) Overview (continued)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Other than the derivatives (see note 34) the Group has not entered into any arrangements to manage cash flow risks associated with the interest rates on borrowings that are floating, or to alter interest rate exposures arising from mismatches in re-pricing dates between assets and liabilities.

(b) Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net profit after tax divided by total shareholders' equity and minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The capital structure at balance sheet date is as set out in note 33.

6. SEGMENT REPORTING

(a) Business segments

The Group comprises the following main business segments:

- ***Group operations***

  Group operations comprises business unit support functions including finance, human resources, HSEQ and IT. It also encompasses corporate functions such as advertising, business development, agriculture and investment.

- ***Property development***

  The property development division acquires land for the subsequent redevelopment into industrial, commercial and residential lots for resale. The property development division also invests in properties that are held for capital appreciation.

- ***Construction***

  The Group undertakes a wide range of construction and construction related activities predominantly involving construction projects; supply of building and construction materials products; heavy machinery and truck maintenance; and commercial and residential building construction.

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 segment revenue, results, assets and liabilities.

(b) Geographical segments

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

6. SEGMENT REPORTING (continued)

BUSINESS SEGMENTS	Year ended 30 June 2009					Year ended 30 June 2008				
	Group operations	Property development	Construction	Eliminations	Consolidated	Group operations	Property development	Construction	Eliminations	Consolidated
	$	$	$	$	$	$	$	$	$	$
Revenue										
External sales	1,175,079	42,036,816	113,109,519	-	156,321,414	2,538,511	110,856,107	96,586,119	-	209,980,737
Intersegment revenue	8,308,667	(1,174,116)	18,129,370	(25,263,921)	-	2,531,206	(615,372)	94,090,175	(96,006,009)	-
Total segment revenue	9,483,746	40,862,700	131,238,889	(25,263,921)	156,321,414	5,069,717	110,240,735	190,676,294	(96,006,009)	209,980,737
Other unallocated revenue					-					-
Total revenue from ordinary activities					156,321,414					209,980,737
Result										
Segment result	(16,297,038)	(20,865,121)	(799,725)	11,163,828	(26,798,056)	(27,212,784)	(12,104,744)	1,042,989	10,138,472	(28,136,065)
Unallocated expenses net of unallocated revenue					-					-
Results from operating activities					(26,798,056)					(28,136,065)
Net financing costs					(13,124,754)					(8,199,644)
Share of net profits of equity accounted associates and joint venture entities	-	55,711	1,813,032	-	1,868,743	859,085	798,129	1,727,021	-	3,384,235
Profit / (loss) before tax					(38,054,067)					(32,951,474)
Income tax (expense) / benefit					14,944,542					9,594,743
Profit / (loss) for the period					(23,109,525)					(23,356,730)

6. SEGMENT REPORTING (continued)

BUSINESS SEGMENTS	Year ended 30 June 2009					Year ended 30 June 2008				
	Group operations	Property development	Construction	Eliminations	Consolidated	Group operations	Property development	Construction	Eliminations	Consolidated
	$	$	$	$	$	$	$	$	$	$
Other information										
Segment assets	133,612,580	27,759,957	63,031,021	(26,400,491)	198,003,067	146,735,454	56,022,699	77,193,511	(46,420,361)	233,531,303
Investments in equity accounted associates and joint venture entities	-	264,298	8,088,044	-	8,352,342	-	3,197,039	6,275,812	-	9,472,852
Unallocated corporate assets	-	-	-	-	-	-	-	-	-	-
Consolidated total assets	133,612,580	28,024,255	71,119,065	(26,400,491)	206,355,409	146,735,454	59,219,738	83,469,323	(46,420,361)	243,004,155
Segment liabilities	99,958,290	39,938,787	41,359,226	(15,872,691)	165,383,612	98,178,929	44,507,737	61,175,777	(24,999,533)	178,862,910
Unallocated corporate liabilities	-	-	-	-	-	-	-	-	-	-
Consolidated total liabilities	99,958,290	39,938,787	41,359,226	(15,872,691)	165,383,612	98,178,929	44,507,737	61,175,777	(24,999,533)	178,862,910
Capital expenditure	106,513	-	4,252,356	(1,409,099)	2,949,770	6,376,950	-	24,969,120	1,802,945	33,149,015
Depreciation and amortisation	462,685	180	5,442,175	(7,736)	5,897,304	710,931	-	5,498,934	-	6,251,174
Impairment losses	10,796,309	14,971,903	1,370,281	(7,610,619)	19,527,874	21,989,540	-	5,950,868	(14,337,364)	13,603,045
Non cash expenses other than depreciation, amortisation and impairment losses	-	-	-	-	-	-	-	-	-	-

7. REVENUE

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Group operations segment				
Other revenue:				
grants	51,769	-	51,769	-
rental revenue	80,000	1,036,917	148,000	1,768,914
royalties	424,744	627,496	424,744	627,496
services revenue	-	-	7,878,481	1,799,209
sugar cane sales	380,152	422,914	380,152	422,914
sundry revenue	70,835	148,524	70,835	148,524
transport sales	4,667	142,278	216,217	142,278
turf sales	7,220	6,027	151,967	261,698
waste management activities	155,692	154,355	-	-
	1,175,079	2,538,511	9,322,165	5,171,033
Property development segment				
Land sales	41,101,766	110,112,916	30,461,089	101,190,852
Other revenue:				
rental revenue	794,786	694,923	822,256	468,971
services revenue	1,197	27,907	5,888	64,753
sundry revenue	139,067	20,361	133,148	19,715
	42,036,816	110,856,107	31,422,381	101,744,291
Construction segment				
Construction services	111,095,450	95,655,629	-	-
Other revenue:				
rebates	788,495	146,031	-	-
grants	2,500	2,500	-	-
services revenue	568,035	278,460	-	-
sundry revenue	655,039	503,499	-	-
	113,109,519	96,586,119	-	-
	156,321,414	209,980,737	40,744,546	106,915,324

8. OTHER INCOME

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Net gains:				
⅄ disposal of property, plant and equipment	105,494	-	163,458	-
⅄ sale of investment in joint venture entity	-	2,745,563	-	3,719,565
	105,494	2,745,563	163,458	3,719,565

9. OTHER EXPENSES

Fair value decreases:				
⅄ investment properties	439,332	2,250,694	350,000	2,250,694
Net loss:				
⅄ disposal of property, plant and equipment	-	1,279,522	-	1,893,315
	439,332	3,530,216	350,000	4,144,009

10. ADMINISTRATIVE AND PERSONNEL EXPENSES

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
(a) Administrative expenses				
Advertising, marketing and promotion	802,335	2,095,539	753,250	2,010,775
Audit fees	643,484	417,276	537,684	319,801
Bank guarantee fees	234,086	292,756	55,595	88,143
Borrowing costs	208,374	230,358	208,374	202,673
Consultancy fees	2,749,279	6,107,082	2,330,654	5,393,489
Depreciation and amortisation expenses	462,685	710,089	462,685	710,089
Directors fees	283,983	480,350	283,983	480,350
Donations and sponsorships	51,852	84,467	43,155	50,453
Fees, licences and permits	174,574	82,535	31,199	13,685
Hire of plant and equipment	92,170	69,741	8,119	508
Insurance expenses	1,024,928	736,167	400,489	141,870
Impairment losses:				
- Intangibles	3,326,583	2,510,976	-	-
- Investments	652	-	10,516,436	14,798,239
- Property, plant and equipment	432,146	1,793,747	-	-
- Trade and other receivables	1,384,404	3,539,649	235,042	559,564
IT support, maintenance and rental	356,433	355,095	278,302	202,821
Loss on disposal of investment	2,428,194	-	2,428,194	-
Motor vehicle expenses	505,937	1,474,753	164,231	168,952
Office expenses	605,046	1,001,687	286,987	265,905
Other expenses	2,612,402	1,152,921	2,405,827	997,056
Personnel expenses	4,688,134	6,153,177	4,688,134	6,153,177
Public company costs	111,339	138,887	111,339	138,887
Rent	1,321,170	444,376	1,319,430	112,275
Rates and taxes	1,131,696	872,904	863,132	696,588
Repairs and maintenance expenses	430,896	611,649	184,124	273,177
Research and development	92,003	23,958	92,003	-
Safety expenses	54,436	135,493	1,951	451
Subscriptions	49,670	58,032	27,127	37,904
Telephone and communications	293,411	275,669	244,331	186,716
Travel and accommodation	476,175	675,343	214,633	434,077
	27,028,477	32,524,676	29,176,410	34,437,625

10. ADMINISTRATIVE AND PERSONNEL EXPENSES (continued)

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
(b) Personnel expenses				
(i) Included in administration expenses				
Directors salaries	539,453	676,250	539,453	676,250
Directors superannuation	49,377	42,966	49,377	42,966
Payroll expenses	206,539	250,364	206,539	250,364
Superannuation	270,391	326,002	270,391	326,002
Wages expenses	3,459,464	4,441,330	3,459,464	4,441,330
Workcover expenses	27,178	67,494	27,178	67,494
Other personnel expenses	135,732	348,771	135,732	348,771
	4,688,134	6,153,177	4,688,134	6,153,177
(ii) Included in cost of sales				
Payroll tax	1,211,110	1,466,914	45,200	2,308
Superannuation	2,041,855	2,219,177	145,459	3,860
Wages expenses	23,920,374	27,496,625	797,030	44,879
Workcover expenses	573,576	287,077	6,372	-
Other personnel expenses	412,444	662,824	10,876	-
	28,159,359	32,132,617	1,004,937	51,047
	32,847,493	38,285,794	5,693,071	6,204,224

11. FINANCIAL INCOME AND EXPENSE

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Financial income				
Gain on hedging instruments	-	305,898	-	305,898
Interest received	173,840	16,843	163,000	69,247
Dividend income:				
⅄ Joint ventures and associates	-	-	-	2,024,960
⅄ Other parties	259,451	6,873	259,451	6,873
⅄ Subsidiaries	-	-	2,000,333	784,788
Financial income included within the income statements	433,291	329,614	2,422,784	3,191,766
Financial expenses				
Interest expense:				
Total interest expense	(14,512,183)	(13,067,703)	(9,744,386)	(9,530,203)
Less: Capitalised interest	7,873,818	6,514,213	6,385,042	5,359,324
	(6,638,365)	(6,553,490)	(3,359,344)	(4,170,879)
Loss on hedging instruments	(6,919,680)	(1,975,768)	(6,919,680)	(1,975,768)
Financial expenses included within the income statements	(13,558,045)	(8,529,258)	(10,279,024)	(6,146,647)
Net financing income/(costs)	(13,124,754)	(8,199,644)	(7,856,240)	(2,954,881)

12. SHARE OF PROFIT OR LOSS OF EQUITY ACCOUNTED INVESTEES, NET OF INCOME TAX

Joint venture	*Principal activities*	*Equity accounted net profit after tax*	
		2009	2008
		$	$
Abacus Matson Holdings Pty Ltd	Hotel operation	-	11,846
CEC Commercial Pty Ltd	Commercial property investment	67,499	(17,010)
CEC/BGI Pty Ltd	Property development	-	534,283
CEC/Flying Fish Point Developments Pty Ltd	Property development	(674)	8,189
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)	260,821
Pioneer North Queensland Pty Ltd	Supply of construction materials	1,813,032	1,727,021
SITA-CEC Environmental Solutions Pty Ltd	Waste management	-	859,085
		1,868,743	3,384,235

13. INCOME TAX EXPENSE

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
(a) Numerical reconciliation between tax expense and pre-tax net profit				
Profit / (loss) before tax:				
Continuing operations	(38,054,067)	(32,951,474)	(42,743,534)	(38,497,632)
Tax expense / (benefit) at the Australian tax rate of 30% (2008: 30%)	(11,416,220)	(9,885,442)	(12,823,060)	(11,549,290)
Increase in income tax expense due to:				
Carrying value of investments accounted for using the equity method of accounting	22,570	237,126	-	-
Imputation credits on dividends received	839	161,598	839	161,598
Non-deductible expenses	4,467,993	4,999,083	3,507,784	3,876,733
Tax losses of subsidiaries not carried forward as a deferred tax asset		903,669	-	-
Decrease in income tax expense due to:				
Equity accounted share of net profit	(634,491)	(1,020,373)	-	-
Tax adjustments for investments sold	-	(3,866,801)	-	(3,866,801)
Non-assessable items	(3,745,134)	(257,931)	-	(235,436)
Sundry items	-	(212,652)	-	-
Tax losses of subsidiaries not previously recognised	(4,439,471)	-	-	-
Tax losses	(79,516)	(538,660)	(79,516)	(538,660)
Income tax expense on pre-tax net profit prior to under / (over) provisions in prior years	(15,823,430)	(9,480,383)	(9,393,953)	(12,151,856)
Under / (over) provided in prior years	878,888	(114,360)	598,933	(114,360)
Income tax expense / (benefit) on pre-tax net profit	(14,944,542)	(9,594,743)	(8,795,020)	(12,266,216)

13. INCOME TAX EXPENSE (continued)

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
(b) Income tax expense recognised in the income statements				
Current tax expense				
Current year	1,147,208	4,095,702	-	-
Adjustments for prior years	878,888	(114,360)	598,933	(114,360)
	2,026,096	3,981,342	598,933	(114,360)
Deferred tax expense				
Origination and reversal of temporary differences	(16,970,638)	(13,576,085)	(9,393,953)	(12,151,856)
Total income tax expense/(benefit) in income statements	(14,944,542)	(9,594,743)	(8,795,020)	(12,266,216)
Attributable to:				
Continuing operations	(14,944,542)	(9,594,743)	(8,795,020)	(12,266,216)
(c) Deferred tax recognised directly in equity				
Relating to share issue costs	-	97,428	-	97,428

14. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share at 30 June 2009 was based on the loss attributable to ordinary shareholders of $23,049,294 (2008 loss: $23,356,730) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2009 of 79,662,662 (2008: 78,472,620), calculated as follows:

	Consolidated	
	2009	2008
(i) Basic earnings per share	Cents per share	Cents per share
From continuing operations	(28.93)	(29.76)
There have not been any discontinued operations during the year ended 30 June 2009. Therefore earnings per share for discontinued operations has not been calculated or disclosed.		
(ii) Profit / (loss) attributable to ordinary shareholders	$	$
From continuing operations	(23,049,294)	(23,356,730)
(iii) Weighted average number of ordinary shares	#	#
Issued ordinary shares at 1 July	79,662,662	76,676,777
Effect of shares issued pursuant to dividend reinvestment plans:		
29 October 2007	-	869,705
Effect of shares issued for cash:		
Share purchase plan – 13 December 2007	-	926,138
Weighted average number of ordinary shares at 30 June	79,662,662	78,472,620

(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.

15. 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:

	Consolidated	
	2009	2008
	$	$
EBIT calculation		
Profit / (loss) before income tax	(38,054,067)	(32,951,474)
Net interest costs		
Included in:		
⅄ Net financing income/(costs)	13,384,205	8,206,517
⅄ Cost of sales	517,632	1,079,186
	(24,152,230)	(23,665,771)
EBITDA calculation		
EBIT	(24,152,230)	(23,665,771)
Depreciation and amortisation		
Included in:		
⅄ Administration expenses	462,685	743,437
⅄ Cost of sales	5,434,619	5,498,934
	(18,254,926)	(17,423,400)

16. AUDITORS REMUNERATION

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Audit services				
Auditors of the Company				
Audit of financial reports for years ended:				
30 June 2009	211,500	-	211,500	-
30 June 2008	165,238	230,985	122,738	197,985
30 June 2007	-	65,716	-	20,716
Review of financial reports for half-years ended:				
31 December 2008	189,946	-	189,946	-
31 December 2007	-	81,600	-	81,600
Other regulatory audit services	76,800	38,975	13,500	19,500
	643,484	417,276	537,684	319,801
Other services				
Auditors of the Company				
Other assurance services	4,500	21,698	2,000	20,605
Taxation services				
Advisory	369	7,000	369	4,150
Compliance	27,111	33,955	21,896	26,785
	31,980	62,653	24,265	51,540

17. CASH AND CASH EQUIVALENTS

Current				
Cash on hand and at bank	2,351,903	3,538,579	61,145	2,904,081
Cash and cash equivalents in the statement of cash flows				
Cash on hand and at bank	2,351,903	3,538,579	61,145	2,904,081
Bank overdrafts repayable on demand	(12,750,704)	(10,692,522)	(12,750,704)	(9,432,472)
	(10,398,801)	(7,153,943)	(12,689,559)	(6,528,391)

18. TRADE AND OTHER RECEIVABLES INCLUDING DERIVATIVES

	Note	Consolidated		The Company	
		2009	2008	2009	2008
		$	$	$	$
Current					
Trade receivables		15,195,420	19,249,038	1,810,425	910,397
Less: impairment losses		(4,094,551)	(3,111,106)	-	-
		11,100,869	16,137,932	1,810,425	910,397
Construction work in progress	(i)	421,072	1,354,759	-	-
Derivatives		39,823	305,899	39,823	305,899
Other receivables and prepayments		4,560,947	3,773,253	1,415,427	1,886,328
Amounts receivable from:					
Joint ventures and associates		1,728,126	7,641,093	1,728,126	7,840,628
Other related parties		61,896	290,666	61,896	-
Subsidiaries		-	-	-	3,834,000
		6,811,864	13,365,670	3,245,272	13,866,855
Less: impairment losses		(422,391)	(246,514)	(422,391)	(246,514)
		6,389,473	13,119,156	2,822,881	13,620,341
		17,490,342	29,257,088	4,633,306	14,530,738
Non-current					
Other receivables and prepayments		871,096	-	871,096	-
Amounts receivable from:					
Joint ventures and associates		133,858	349,270	-	-
Subsidiaries		-	-	3,063,786	-
		1,004,954	349,270	3,934,882	-

(i) Construction work in progress

Construction work in progress comprises:					
Construction costs incurred to date		132,106,884	146,892,228	-	-
Profit recognised to date		19,064,934	20,206,147	-	-
Less: provision for losses		(1,786,218)	(3,058,354)	-	-
		149,385,600	164,040,021	-	-
Less: progress billings		(150,417,184)	(167,715,867)	-	-
Net construction work in progress		(1,031,584)	(3,675,846)	-	-
Net construction work in progress comprises:					
Amounts due from customers:					
– trade and other receivables		421,072	1,354,759	-	-
Amounts due to customers:					
– trade and other payables	29	(1,452,656)	(5,030,605)	-	-
		(1,031,584)	(3,675,846)	-	-

19. INVENTORIES

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Current				
Land held for resale	97,613,207	120,354,886	87,584,615	112,497,038
Less: Provision for inventory write downs	(15,895,237)	(3,433,620)	(14,932,604)	(3,303,693)
	81,717,970	116,921,266	72,652,011	109,193,345
Building held for sale	8,085,144	5,512,580	6,776,196	-
Less: Provision for inventory write downs	(1,055,481)	(662,048)	(1,710,495)	-
	7,029,663	4,850,532	5,065,701	-
Raw materials and consumables	2,287,668	2,417,746	-	-
Work in progress	3,428	386,181	-	-
	91,038,729	124,575,725	77,717,712	109,193,345
Non-current				
Land held for resale	13,560,495	7,419,202	-	-
Less: Provision for inventory write downs	(1,832,484)	-	-	-
	11,728,011	7,419,202	-	-
Carrying amount of inventories measured at net realisable value:	63,813,987	14,069,174	49,175,244	8,744,560
Write down of inventories to net realisable value included in cost of sales:	14,384,089	4,095,668	13,339,406	3,303,693
Carrying amount of inventories subject to retention of title clauses:	-	-	-	-
Borrowing costs (including interest expense) capitalised at a weighted average interest rate of 6.78% (2008: 7.31%):	7,873,818	7,146,938	6,385,042	5,903,226
Amount of inventories recognised as an expense and included in cost of sales during the year:	54,765,090	122,310,844	31,005,894	102,108,221

Refer to note 30 for details of inventories pledged as security for interest-bearing loans and borrowings.

20. BIOLOGICAL ASSETS

	Note	Consolidated		The Company	
		2009	2008	2009	2008
		$	$	$	$
Current					
Balance as at 1 July		429,716	207,600	429,716	207,600
Net movement		(116,772)	222,116	(116,772)	222,116
Balance as at 30 June		312,944	429,716	312,944	429,716

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.

21. CURRENT TAX ASSETS AND LIABILITIES

Assets				
Income tax refundable	-	1,385,068	-	2,322,635
Liabilities				
Income tax payable	147,998	-	-	-

The current tax assets for the Group represents the amount of income taxes recoverable in respect of prior periods and that arise from the payment of tax in excess of the amounts due to the Australian Taxation Office. The current tax liability for the Group represents the amount of income taxes payable in respect of current and prior financial periods. In accordance with the tax consolidation legislation, the Company as the head entity of the Australian tax-consolidated group has assumed the current tax liability or asset initially recognised by the members in the tax-consolidated group.

22. OTHER INVESTMENTS

Non-current					
Investments in other corporations:					
At cost		-	652	-	652
Investments in incorporated joint ventures:					
At cost		-	-	114	674
Investments in subsidiaries:					
At cost		-	-	20,910,870	21,697,016
Amounts receivable from subsidiaries		-	-	34,758,540	32,056,186
Less: impairment losses	*(i)*	-	-	(24,622,336)	(14,798,238)
		-	652	31,047,188	38,956,290

(i) Investments in subsidiaries were considered to be impaired after consideration of either the net asset position or the value in use of the businesses determined in impairment testing (note 28 contains further details on impairment testing). Impairment losses of $10,515,784 were recognised during the year ended 30 June 2009 (2008: $14,798,238).

23. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES

(a) Investments in incorporated joint ventures

In the financial statements of the Company, investments in jointly controlled entities (joint ventures) are accounted for at cost and included with investments (see note 22). The Group accounts for investments in incorporated joint ventures using the equity method.

The Group has the following investments in incorporated joint ventures at 30 June 2009:

(i) Incorporated joint ventures non-financial particulars

Joint venture	*Principal activities*	*Country*	*Reporting date*	*Ownership 2009 %*	*Ownership 2008 %*
Abacus Matson Holdings Pty Ltd	Hotel operation	Australia	30 June	-	-
CEC Commercial Pty Ltd *	Commercial property investment	Australia	30 June	60	60
CEC/BGI Pty Ltd	Property development	Australia	30 June	-	50
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	50
Pioneer North Queensland Pty Ltd	Supply of construction materials	Australia	30 June	50	50
Property North (Mackay) Pty Ltd#	Property development	Australia	30 June	100	50
SITA-CEC Environmental Solutions Pty Ltd	Waste management	Australia	30 June	-	-

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

\# The Group purchased the remaining 50% share in Property North (Mackay) Pty Ltd on 25 May 2009, after which it became a controlled entity (see note 38).

23. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (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*
Abacus Matson Holdings Pty Ltd	2009	-	-	-	-	-	-	-	-	-
	2008	3,336,152	(249,897)	11,846	-	-	-	-	-	-
CEC Commercial Pty Ltd	2009	-	112,600	67,499	-	-	-	-	-	-
	2008	-	(6,247)	(17,010)	4,887,502	-	-	-	4,887,502	2,932,531
CEC/BGI Pty Ltd	2009	-	-	-	-	-	-	-	-	-
	2008	14,915,323	1,068,506	534,283	1,016,058	24,322,742	14,750,371	10,588,299	130	60
CEC/Flying Fish Point Developments Pty Ltd	2009	(119,354)	(123,699)	(674)	109,966	-	233,465	-	(123,499)	-
	2008	718,326	16,378	8,189	48,218	192,391	55,947	184,462	200	962
Cleveland Bay Views Pty Ltd	2009	-	-	-	-	-	-	-	-	-
	2008	-	-	-	-	-	-	-	-	-
Freshwater Future Pty Ltd	2009	-	-	-	-	-	-	-	-	-
	2008	-	-	-	4	-	-	-	4	-

23. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

(a) Investments in incorporated joint ventures (continued)

(ii) Incorporated joint ventures financial particulars (continued)

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*
Kubirri Holdings Pty Ltd	2009	-	(4,762)	-	25,605	1,927	253,670	-	(226,138)	12
	2008	-	(222,827)	-	30,361	499	116,824	136,839	(222,803)	12
Montserrat Holdings Pty Ltd	2009	-	(22,300)	(11,114)	138,193	1,511,543	19,096	628,542	1,002,098	263,486
	2008	2,519,091	745,203	260,821	244,209	1,562,929	140,808	628,543	1,037,787	263,486
Pioneer North Queensland Pty Ltd	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
	2008	49,869,719	3,676,217	1,727,021	11,386,057	21,764,976	7,165,536	13,438,555	12,546,942	6,275,812
Property North (Mackay) Pty Ltd *	2009	-	(38,404)	-	-	-	-	-	-	-
	2008	-	(9,922)	-	1,300	7,082,971	63,079	7,045,244	(24,052)	-
SITA-CEC Environmental Solutions Pty Ltd	2009	-	-	-	-	-	-	-	-	-
	2008	5,468,976	1,718,170	859,085	-	-	-	-	-	-
Totals	2009	51,184,893	3,629,422	1,868,743	15,156,522	22,380,263	11,020,816	9,690,501	16,825,468	8,352,342
	2008	76,827,587	6,735,581	3,384,235	17,613,709	54,926,508	22,292,565	32,021,942	18,225,710	9,472,863

* Profit/(loss) after tax (100%) for Property North (Mackay) Pty Ltd is for the year to date 25 May 2009, after which it became a controlled entity (see note 38)

23. INVESTMENTS IN EQUITY ACCOUNTED INVESTEES (continued)

(b) Reconciliation of share of incorporated joint ventures net profit accounted for using the equity method

	Consolidated	
	2009	2008
Share of incorporated joint ventures net profit - as disclosed by joint ventures	$	$
Equity accounted share of joint venture profit before income tax	2,640,704	4,851,834
Share of income tax expense	(771,961)	(1,455,550)
	1,868,743	3,396,284
Adjustments made using the equity method:		
- dissimilar accounting treatment with respect to revenue	-	(12,049)
Share of incorporated joint ventures net profit accounted for using the equity method	1,868,743	3,384,235

(c) Commitments of incorporated joint ventures

Share of joint venture operating lease commitments contracted but not provided for or payable:		
Within one year	110,193	110,681
One year or later and no later than five years	486,646	488,801
Later than 5 years	134,066	274,706
	730,905	874,188
Share of joint venture contingent liabilities		
Guaranteed bank facilities	369,742	389,694

24. INTERESTS IN UNINCORPORATED JOINT VENTURE OPERATIONS

The Company has a 50% (2008: 50%) interest in one (2008: one) unincorporated property development joint venture named Parkridge Estates Joint Venture.

For the year ended 30 June 2009, the contribution of the joint venture to operating profit of the Company and Group was $275,612 (2008: $375,262).

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		The Company	
	2009	2008	2009	2008
	$	$	$	$
Assets				
Cash and cash equivalents	1,610	12,309	1,610	12,309
Trade and other receivables	103,382	-	103,382	-
Inventories	548,497	610,821	548,497	610,821
Total current assets	653,489	623,130	653,489	623,130
Property, plant and equipment	-	4,550	-	4,550
Total non-current assets	-	4,550	-	4,550
Total assets	653,489	627,680	653,489	627,680
Liabilities				
Trade and other payables	686,950	633,927	686,950	633,927
Loans and borrowings	1,050,000	-	1,050,000	-
Total current liabilities	1,736,950	633,927	1,736,950	633,927
Total non-current liabilities	-	-	-	-
Total liabilities	1,736,950	633,927	1,736,950	633,927

25. INVESTMENT PROPERTIES

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
(a) Non-current assets				
Balance as at 1 July	1,300,000	15,330,697	1,300,000	15,330,697
Acquisitions	-	15,860	-	15,860
Disposals	-	(11,795,863)	-	(11,795,863)
Transfers to other asset classes	(385,668)	-	-	-
Fair value adjustments	(439,332)	(2,250,694)	(350,000)	(2,250,694)
Balance as at 30 June	475,000	1,300,000	950,000	1,300,000
(b) Investment property information				
(i) Investment properties				
"Jackson Drive"	475,000	1,300,000	950,000	1,300,000
(ii) Net income from investments				
Total revenue	68,000	1,087,900	136,000	1,222,054
Total expenses	(56,176)	(1,076,612)	(56,176)	(1,076,612)
Net income from investments	11,824	11,288	79,824	145,442
"Incitec" investment property				
Revenue	-	370,054	-	448,054
Commercial bill interest	-	(155,816)	-	(155,816)
Legal fees	-	3,089	-	3,089
Management expenses	-	(26,961)	-	(26,961)
Rates and taxes	-	(14,028)	-	(14,028)
Repairs and maintenance	-	(25,770)	-	(25,770)
Valuation fee	-	(4,000)	-	(4,000)
Net income from *"Incitec"*	-	146,568	-	224,568
"Jackson Drive" investment property				
Revenue	68,000	68,000	136,000	136,000
Consultancy fees	-	(2,715)	-	(2,715)
Commercial bill interest	(49,832)	(42,494)	(49,832)	(42,494)
Legal fees	-	(2,424)	-	(2,424)
Rates and taxes	(4,844)	(3,757)	(4,844)	(3,757)
Valuation fee	(1,500)	(1,600)	(1,500)	(1,600)
Net income from *"Jackson Drive"*	11,824	15,010	79,824	83,010

25. INVESTMENT PROPERTIES (continued)

(b) Investment property information (continued)
(ii) Net income from investments (continued)

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
"Matson Plaza" investment property				
Revenue	-	638,000	-	638,000
Equity accounted share of joint venture net profit after tax	-	11,846	-	-
Bad debts written off	-	(372,726)	-	(372,726)
Commercial bill interest	-	(385,737)	-	(385,737)
Legal fees	-	(4,611)	-	(4,611)
Rates and taxes	-	(37,062)	-	(37,062)
Net income from *"Matson Plaza"*	-	(150,290)	-	(162,136)

The carrying amount of investment properties is the fair value of the properties as determined by a registered independent appraiser having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment properties.

Investment properties comprises one (2008: three) commercial properties that were leased to both internal and third parties. These leases contain an initial non-cancellable period of either two or three years. Subsequent renewals are negotiated with the lessee.

No direct operating expenses were incurred by investment properties during the period that did not generate rental income.

26. DEFERRED TAX ASSETS AND LIABILITIES

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

(i) Consolidated	2009			2008		
	Assets	*Liabilities*	*Net*	*Assets*	*Liabilities*	*Net*
	$	$	$	$	$	$
Property, plant and equipment	645,664	(1,946,311)	(1,300,647)	-	(1,862,257)	(1,862,257)
Intangible assets	5,993	(48)	5,945	-	(9,746)	(9,746)
Investment property	-	-	-	-	(4,061,944)	(4,061,944)
Other investments	166,449	90,410	256,859	134,099	(30,937)	103,162
Inventories	595,733	(151,299)	444,434	1,621,396	(1,086,909)	534,487
Loans and borrowings	97,190	(3,502,099)	(3,404,909)	38,420	(1,191,650)	(1,153,230)
Employee benefits	295,014	-	295,014	1,725,552	(2,420)	1,723,132
Provisions	5,556,811	(110)	5,556,701	6,862,986	(40,647)	6,822,339
Tax losses and other items	21,336,099	(1,627,309)	19,708,790	4,101,955	-	4,101,955
Tax assets / (liabilities)	28,698,953	(7,136,766)	21,562,187	14,484,408	(8,286,510)	6,197,898
Set off of tax	(7,136,766)	7,136,766	-	(8,286,510)	8,286,510	-
Net tax assets / (liabilities)	21,562,187	-	21,562,187	6,197,898	-	6,197,898
(ii) The Company						
Property, plant and equipment	-	(67,910)	(67,910)	-	(88,509)	(88,509)
Intangible assets	799	-	799	-	(248)	(248)
Investment property	-	-	-	383,378	-	383,378
Other investments	141,148	-	141,148	5,243,062	-	5,243,062
Inventories	-	(151,299)	(151,299)	-	(957,610)	(957,610)
Loans and borrowings	91,450	(2,885,882)	(2,794,432)	38,420	(1,128,764)	(1,090,344)
Employee benefits	13,676	-	13,676	566,069	(2,420)	563,649
Provisions	3,128,627	(110)	3,128,517	689,204	-	689,204
Tax losses and other items	17,111,486	(526,060)	16,585,426	1,712,390	-	1,712,390
Share issue costs	-	-	-	260,184	-	260,184
Tax assets / (liabilities)	20,487,186	(3,631,261)	16,855,925	8,892,707	(2,177,551)	6,715,156
Set off of tax	(3,631,261)	3,631,261	-	(2,177,551)	2,177,551	-
Net tax assets / (liabilities)	16,855,925	-	16,855,925	6,715,156	-	6,715,156

The recognition of deferred tax assets in the Group's and Company's financial statements at 30 June 2009 contemplates the Group and Company generating future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The Group's and Company's forecasts project that these profits will be forthcoming in future financial periods as a consequence of the strategies set out in note 2(e).

27. PROPERTY, PLANT AND EQUIPMENT

(a) Movement during the year

(i) Consolidated

	2009				2008			
	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	3,899,542	59,773,850	3,060,202	66,733,594	12,624,191	39,582,949	98,501	52,305,641
Acquisitions through business combinations	-	-	-	-	615,000	5,386,649	-	6,001,649
Other acquisitions	68,784	2,891,956	-	2,960,740	4,620,559	22,370,299	156,508	27,147,366
Reclassification between asset classes	26	(119,881)	119,855	-	67,860	(4,642,158)	4,574,298	-
Transfers to other asset classes	-	-	-	-	-	(40,665)	-	(40,665)
Disposals	-	(1,829,994)	(40,000)	(1,869,994)	(14,028,068)	(2,883,224)	(1,769,105)	(18,680,397)
Balance at 30 June	3,968,352	60,715,931	3,140,057	67,824,340	3,899,542	59,773,850	3,060,202	66,733,594
Depreciation and impairment losses								
Balance at 1 July	468,587	18,254,201	2,121,420	20,844,208	980,905	15,930,960	19,153	16,931,018
Depreciation charge for the year	287,640	5,412,602	175,633	5,875,875	363,003	5,333,501	513,361	6,209,865
Reclassification between asset classes	-	(64,305)	64,305	-	(166,461)	(2,488,785)	2,655,246	-
Disposals	-	(1,491,165)	(32,421)	(1,523,586)	(708,860)	(2,315,222)	(1,066,340)	(4,090,422)
Impairment	-	432,146	-	432,146	-	1,793,747	-	1,793,747
Balance at 30 June	756,227	22,543,479	2,328,937	25,628,643	468,587	18,254,201	2,121,420	20,844,208
Carrying amount at 1 July	3,430,955	41,519,649	938,782	45,889,386	11,643,286	23,651,989	79,348	35,374,623
Carrying amount at 30 June	3,212,125	38,172,452	811,120	42,195,697	3,430,955	41,519,649	938,782	45,889,386

* During the year the Group acquired property plant and equipment with an aggregate value of $898,987 (2008: $13,854,946) by means of hire purchase and finance lease agreements.

27. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Movement during the year (continued)

(ii) The Company

	2009				2008			
	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	1,607,122	8,592,155	-	10,199,277	10,812,641	7,351,460	58,000	18,222,101
Other acquisitions	-	106,513	-	106,513	5,121,882	1,255,068	-	6,376,950
Reclassification between asset classes	-	-	-	-	(308,635)	366,635	(58,000)	-
Disposals	-	(812,677)	-	(812,677)	(14,018,766)	(381,008)	-	(14,399,774)
Balance at 30 June	1,607,122	7,885,991	-	9,493,113	1,607,122	8,592,155	-	10,199,277
Depreciation and impairment losses								
Balance at 1 July	35,211	5,754,261	-	5,789,472	498,274	5,452,081	11,988	5,962,343
Depreciation charge for the year	17,348	444,596	-	461,944	131,202	574,231	4,672	710,105
Reclassification between asset classes	-	-	-	-	-	16,660	(16,660)	-
Disposals	-	(800,579)	-	(800,579)	(594,265)	(288,711)	-	(882,976)
Balance at 30 June	52,559	5,398,278	-	5,450,837	35,211	5,754,261	-	5,789,472
Carrying amount at 1 July	1,571,911	2,837,894	-	4,409,805	10,314,367	1,899,379	46,012	12,259,758
Carrying amount at 30 June	1,554,563	2,487,713	-	4,042,276	1,571,911	2,837,894	-	4,409,805

* During the year the Company acquired property plant and equipment with an aggregate value of $nil (2008: $433,293) by means of hire purchase and finance lease agreements.

27. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Leased plant and equipment

The Group leases equipment under a number of finance lease agreements. At the end of each of the leases the Group has the option to purchase the equipment at a beneficial price. At 30 June 2009, the net carrying amount of leased plant and machinery for the Group was $811,120 (2008: $938,782) and for the Company was $nil (2008: $nil). The leased equipment secures lease obligations (see note 30).

(c) Security

At 30 June 2009, properties of the Group with a carrying amount of $58,275,599 (2008: $45,889,386) and properties of the Company with a carrying amount of $50,097,468 (2008: $45,889,386) are subject to a first registered mortgage debenture to secure bank overdrafts, bank loans and bank guarantee facilities (see note 30).

(d) Impairment

During the year ended 30 June 2009 the Group tested various entities with intangibles for impairment (see note 28). At this time the Group also assessed the carrying amounts of property, plant and equipment for those entities and recognised impairment losses of $432,146 (2008: $1,793,747) with respect to plant and equipment.

No impairment was recognised during the year ended 30 June 2009 in the Company. (2008: $nil)

28. INTANGIBLE ASSETS

(a) Movement during the year

(i) Consolidated	Note	Year ended 30 June 2009					Year ended 30 June 2008				
		Goodwill	*Patents and trademarks*	*Development costs*	*Other intangibles*	*Total*	*Goodwill*	*Patents and trademarks*	*Development costs*	*Other intangibles*	*Total*
		$	$	$	$	$	$	$	$	$	$
Cost											
Balance at 1 July		13,433,927	39,303	354,465	2,325,653	16,153,348	14,775,373	39,303	354,465	2,325,653	17,494,794
Acquisitions through business combinations		-	-	-	-	-	1,000,003	-	-	-	1,000,003
Transfer from other asset classes	*38*	-	-	-	-	-	(2,341,449)	-	-	-	(2,341,449)
Other acquisitions		2,202	-	-	403	2,605	-	-	-	-	-
Balance at 30 June		13,436,129	39,303	354,465	2,326,056	16,155,953	13,433,927	39,303	354,465	2,325,653	16,153,348
Amortisation and impairment losses											
Balance at 1 July		1,677,939	32,418	354,465	899,819	2,964,641	-	3,305	354,465	62,547	420,317
Amortisation for the year	#	-	921	-	20,508	21,429	-	29,113	-	4,235	33,348
Impairment losses	*	2,681,104	-	-	645,479	3,326,583	1,677,939	-	-	833,037	2,510,976
Balance at 30 June		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
Carrying amount at 1 July		11,755,988	6,885	-	1,425,834	13,188,707	14,775,373	35,998	-	2,263,106	17,074,477
Carrying amount at 30 June		9,077,086	5,964	-	760,250	9,843,300	11,755,988	6,885	-	1,425,834	13,188,707

Note: Recognition in the income statement

\# in cost of sales and administration expenses

* in administration expenses

28. INTANGIBLE ASSETS (continued)

(a) Movement during the year (continued)

(ii) The Company

	Note	Year ended 30 June 2009					Year ended 30 June 2008				
		Goodwill	*Patents and trademarks*	*Development costs*	*Other intangibles*	*Total*	*Goodwill*	*Patents and trademarks*	*Development costs*	*Other intangibles*	*Total*
		$	$	$	$	$	$	$	$	$	$
Cost											
Balance at 1 July		-	11,017	-	-	11,017	-	11,017	-	-	11,017
Other acquisitions		-	-	-	-	-	-	-	-	-	-
Balance at 30 June		-	11,017	-	-	11,017	-	11,017	-	-	11,017
Amortisation and impairment losses											
Balance at 1 July		-	4,132	-	-	4,132	-	3,305	-	-	3,305
Amortisation for the year	*	-	921	-	-	921	-	827	-	-	827
Balance at 30 June		-	5,053	-	-	5,053	-	4,132	-	-	4,132
Carrying amount at 1 July		-	6,885	-	-	6,885	-	7,712	-	-	7,712
Carrying amount at 30 June		-	5,964	-	-	5,964	-	6,885	-	-	6,885

Note: Recognition in the income statement

* in administration expenses

28. INTANGIBLE ASSETS (continued)

	Note	Consolidated		The Company	
		2009	2008	2009	2008
		$	$	$	$
(b) Impairment tests for cash generating units ("CGUs") having significant carrying amounts of goodwill and other intangibles at 30 June 2009					
Goodwill					
CEC Bitumen Services CGU	(i)	4,964,674	522,718	-	-
CEC Mt Isa CGU	(i)	2,745,752	9,868,812	-	-
Far North Trading CGU		-	-		
Machinery and Truck Maintenance CGU		1,364,458	1,364,458	-	-
Mac Homes CGU		-	-	-	-
Rapidbuild CGU		-	-	-	-
		9,074,884	11,755,988	-	-
Other intangibles					
Bedminster Resources CGU		709,105	1,354,584	-	-

(i) During the year, the CEC Bitumen Services CGU took over the bitumen spraying division of the CEC Mt Isa CGU. This division represented approximately 45 percent of the CEC Mt Isa CGU business. The Group has assigned goodwill from the CEC Mt Isa CGU to the CEC Bitumen Services CGU on this basis.

Key assumptions common to each CGU

For the purposes of impairment testing, goodwill is allocated to those CGUs representing the lowest level at which goodwill is monitored for internal management purposes. The recoverable amount of cash-generating units has been based on value in use. These calculations use cash flow projections based on management forecasts of one year plus extrapolations or varying periods as detailed below. A post-tax discount rate of 11 percent (2008: 13 percent) and a growth rate of 2.5 percent (2008: 3 percent) have been applied to extrapolate the forecasts (the forecast period varies by CGU) to discount the projected cash flows and determine recoverable amounts. The discount rate was estimated based on an industry average weighted cost of capital which was based on an optimal, long term target capital structure of sixty percent capital and forty percent debt at a market rate of 8.6 percent. Not all CGUs are business units.

The values assigned to the key assumptions represent management's assessment of the future trends in the construction and property development industries and are sourced from both external sources and internal sources.

The above estimates are particularly sensitive in the following areas:

- An increase of 1 percentage point in the discount rate used would have increased the impairment loss by $635,324.
- A decrease of 1 percentage point in the growth rate used would have increased the impairment loss by $730,430.

28. INTANGIBLE ASSETS (continued)

(b) Impairment tests for CGUs having significant carrying amounts of goodwill and other intangibles at 30 June 2009 (continued)

Key assumptions - specific to individual CGUs

CGU	*Intangible*	*Forecast period*	*Reason for impairment*	*Impairment charges*		*Carrying amount at June 2009 $*	*Segment*
				2009 $	*2008 $*		
CEC Bitumen Services – road sealing	Goodwill	5 Years	Not applicable.	-	-	4,964,674	Construction
CEC Mt Isa - quarry and concrete operations	Goodwill	21 Years	A downturn in the economic environment, which was not anticipated at time of purchase, has necessitated a reduction in the scale of operations.	2,681,104	-	2,745,752	Construction
Machinery and Truck Maintenance - heavy machinery and truck maintenance	Goodwill	5 years	Not applicable.	-	-	1,364,458	Construction
Far North Trading – civil construction and plant hire	Goodwill	5 Years	A downturn in the economic environment, which was not anticipated at time of purchase, has necessitated a reduction in the scale of operations.	-	1,000,003	-	Construction
Mac Homes – residential home builder	Goodwill	5 Years	This entity constructs both prefabricated homes in Cairns and remote communities using the Rapid Build concept and traditional masonry block homes in Townsville. Mac Homes has limited its operations using the Rapidbuild concept to remote areas only pending a review and expected refinement of its manufacturing process. Masonry block homes will continue to be built in Townsville.	-	677,936	-	Construction

28. INTANGIBLE ASSETS (continued)

(b) Impairment tests for CGUs having significant carrying amounts of goodwill and other intangibles at 30 June 2009 (continued)

Key assumptions - specific to individual CGUs (continued)

CGU	*Intangible*	*Forecast period*	*Reason for impairment*	*Impairment charges*		*Carrying amount at June $*	*Segment*
Bedminster Resources – waste disposal technology royalties	Technology licence	20 Years	Actual revenue levels have been below those anticipated at the time of purchase and as a result revised forecasts have been prepared, necessitating a revision of the carrying amount.	645,479	715,440	709,105	Group operations
Rapidbuild – residential home building material supplier	Computer software	2 Years	The software currently used in the Rapidbuild process is of no benefit to the Company.	-	117,597	-	Construction
				3,326,583	2,510,976	9,783,989	

29. TRADE AND OTHER PAYABLES INCLUDING DERIVATIVES

	Note	Consolidated		The Company	
		2009	2008	2009	2008
		$	$	$	$
Current					
Amounts payable to:					
Joint venturers		4,809,621	3,314,778	4,809,621	51
Other related parties		-	7,031,920	-	7,000,000
Subsidiaries		-	-	3,935,861	1,876,314
Deferred revenue		600,000	1,509,359	600,000	600,000
Derivatives		3,542,878	1,975,769	3,542,878	1,975,769
Other payables and accrued expenses		7,465,949	10,577,605	2,241,248	5,711,919
Creditor commitments	*18 (i)*	1,452,656	5,030,605	-	-
Trade creditors		12,884,819	16,637,541	4,567,066	7,105,956
		30,755,923	46,077,577	19,696,674	24,270,009
Non-current					
Amounts payable to:					
Other related parties		7,300,503	-	7,000,000	-
Subsidiaries		-	-	253,214	15,578,937
Deferred revenue		-	528,827	-	-
Derivatives		5,086,495	-	5,086,495	-
		12,386,998	528,827	12,339,709	15,578,937

30. 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. For more information about the Company's and Group's exposure to interest rate (see note 34).

Current liabilities				
Commercial bills	1,955,000	70,022,952	-	57,579,962
Finance lease liabilities	504,750	522,942	-	29,000
Hire purchase liabilities	7,432,761	7,935,653	823,213	907,052
Secured bank loans	21,051,763	7,501,264	21,051,763	7,001,264
Secured non-bank loans	5,013,100	-	-	-
Vendor finance	13,743,937	13,875,000	12,031,325	13,600,000
	49,701,311	99,857,811	33,906,301	79,117,278
Non-current liabilities				
Finance lease liabilities	578,918	1,003,967	-	-
Hire purchase liabilities	8,509,137	13,539,645	169,394	915,561
Secured bank loans	45,000,000	-	45,000,000	-
Vendor finance	210,957	2,077,560	210,957	1,839,948
	54,299,012	16,621,172	45,380,351	2,755,509

30. LOANS AND BORROWINGS (continued)

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
(b) Financing facilities				
Total financing facilities				
Bank overdraft facility	13,125,480	13,013,000	13,125,480	10,963,000
Commercial bill facilities	1,955,000	73,455,000	-	61,000,000
Finance lease facilities	1,083,668	1,526,909	-	29,000
Hire purchase facilities	15,941,898	45,064,341	992,607	40,562,250
Secured bank loans	66,430,974	10,000,000	66,430,974	9,500,000
Bank guarantee facility	6,754,366	10,387,000	1,395,160	1,037,000
Credit card facility	120,000	100,000	120,000	100,000
	105,411,386	153,546,250	82,064,221	123,191,250
Financing facilities utilised at reporting date				
Bank overdraft facility	12,750,704	10,692,522	12,750,704	9,432,472
Commercial bill facilities	1,955,000	70,022,952	-	57,579,962
Finance lease facilities	1,083,668	1,526,909	-	29,000
Hire purchase facilities	15,941,898	21,475,298	992,607	1,822,613
Secured bank loans	66,051,763	7,501,264	66,051,763	7,001,263
Bank guarantee facility	6,585,023	9,980,741	1,392,622	1,036,827
Credit card facility	98,450	48,881	98,450	48,881
	104,466,506	121,248,567	81,286,146	76,951,018
Financing facilities not utilised at reporting date				
Bank overdraft facility	374,776	2,320,478	374,776	1,530,528
Commercial bill facilities	-	3,432,048	-	3,420,038
Finance lease facilities	-	-	-	-
Hire purchase facilities	-	23,589,043	-	38,739,637
Secured bank loans	379,211	2,498,736	379,211	2,498,737
Bank guarantee facility	169,343	406,259	2,538	173
Credit card facility	21,550	51,119	21,550	51,119
	944,880	32,297,683	778,075	46,240,232

30. LOANS AND BORROWINGS (continued)

(c) Financing arrangements

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.

The Group's "multi-option" bank debt facility (comprising overdraft, secured loan facilities and bank guarantees) has been secured for two years to 31 January 2011. The facility provided for stepped reduction of the total debt facility of $80 million by $15 million prior to 31 January 2010 with any subsequent reduction to be negotiated prior to that date. The reduction of debt with the principal financier is consistent with the Group's debt management strategy.

Covenants under the facility agreement commenced applicability on 30 June 2009, and are reported on a quarterly basis thereon. During the year ended 30 June 2009 the Company received a waver from its principal banker in relation to a requirement to repay part of its debt facility as required under the facility agreement.

Bank overdrafts

Interest on bank overdrafts is charged at prevailing market rates. The bank overdrafts are payable on demand and are subject to annual review.

The bank overdrafts of subsidiaries are secured by a guarantee from the Company.

The total bank overdraft of the Group is secured by a floating charge over the Group's assets.

Bank loans

All bank loans are denominated in Australian dollars. The bank loans amount in current liabilities comprises the portion of bank loans payable within one year.

The bank loans are secured by registered first mortgages over certain land held for resale by the Group. The bank loans are subject to annual review.

The majority of bank loans is a cash advance facility with the principal financier at an interest rate of 5.65% at balance date, which includes a margin of 2.50%.

Interest rate hedge agreements

The Company has entered into interest rate hedge agreements to effectively fix the interest rate on the banking facilities at 8.17%. Details of these hedging agreements are disclosed in note 34.

Security

Security for the Group's bank overdraft, bank loans and bank guarantee facilities comprises a first registered mortgage debenture and a fixed and floating charge over the Group's assets together with an interlinking guarantee and indemnity provided by the entities in the Group.

Finance lease and hire purchase facility

The Group's lease and hire purchase liabilities are secured by the financed assets, as in the event of default, the financed assets revert to the financier.

31. EMPLOYEE BENEFITS

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Current				
Accruals for:				
Salaries and wages	1,122,966	417,629	190,049	99,335
Superannuation	261,984	487,932	81,866	67,100
Liability for:				
Annual leave	2,480,868	2,495,099	1,402,561	1,312,417
Long service leave	812,976	751,161	355,996	341,591
Rostered days off	48,079	58,345	-	-
	4,726,873	4,210,166	2,030,472	1,820,443
Non-current				
Liability for:				
Long service leave	384,793	295,019	63,096	71,641
	384,793	295,019	63,096	71,641

Superannuation plans

Both the Company and the Group make contributions to superannuation funds for the benefit of employees as prescribed by the Superannuation Guarantee legislation. The amount recognised as an expense for the financial year ended 30 June 2009 was $2,361,623 (2008: $2,588,145).

The Company and the Group do not make any contributions to funds that provide defined benefit amounts for employees upon retirement.

32. PROVISIONS

Current				
Provision for rehabilitation	30,000	-	-	-
Provision for uncompleted subdivisional works	-	379,816	-	379,816
Provision for warranty	200,000	200,000	-	-
	230,000	579,816	-	379,816

33. CAPITAL AND RESERVES

(a) Movement in capital and reserves

	Consolidated					The Company		
Details	*Share capital*	*Retained earnings*	*Total*	*Minority interest*	*Total equity*	*Share capital*	*Retained earnings*	*Total equity*
	$	$	$	$	$	$	$	$
2009								
Balance at 1 July	64,899,647	(818,814)	64,080,833	60,412	64,141,245	64,899,647	(17,557,098)	47,342,549
Total recognised income and expense	-	(23,049,294)	(23,049,294)	(60,231)	(23,109,525)	-	(33,948,514)	(33,948,514)
Acquisition of additional interests in controlled entities	121	-	121	(121)	-	-	-	-
Disposal of interests in controlled entities	-	-	-	(30)	(30)	-	-	-
Dividends to minority interests	-	(59,893)	(59,893)	-	(59,893)	-	-	-
Balance at 30 June	64,899,768	(23,928,001)	40,971,767	30	40,971,797	64,899,647	(51,505,612)	13,394,035
2008								
Balance at 1 July	57,975,531	27,138,523	85,114,054	60,383	85,174,437	57,975,531	13,274,925	71,250,456
Total recognised income and expense	-	(23,356,730)	(23,356,730)	-	(23,356,730)	-	(26,231,416)	(26,231,416)
Ordinary shares issued	6,874,885	-	6,874,885	30	6,874,915	6,874,885	-	6,874,885
Ordinary shares issue costs	49,231	-	49,231	(1)	49,230	49,231	-	49,231
Dividends to shareholders	-	(4,600,607)	(4,600,607)	-	(4,600,607)	-	(4,600,607)	(4,600,607)
Balance at 30 June	64,899,647	(818,814)	64,080,833	60,412	64,141,245	64,899,647	(17,557,098)	47,342,549

33. CAPITAL AND RESERVES (continued)

(b) Share capital – the Company

(i) Number of shares on issue

	Ordinary shares	
	2009	2008
	#	#
On issue at 1 July	79,662,662	76,676,777
Shares issued pursuant to dividend reinvestment plans:		
31 October 2007	-	1,295,683
Shares issued for cash:		
Share purchase plan – 13 December 2007	-	1,690,202
	79,662,662	79,662,662

All shares on issue are fully paid.

(ii) Particulars of rights and obligations relating to shares on issue

The Group does not have any class of shares on issue other than ordinary shares.

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(c) Dividends

(i) Dividends recognised

Dividends recognised by the Company are:

Details	*Cents per share*	*Total amount $*	*Franked / unfranked*	*Date of payment*
2009				
No dividends paid	-	-	N/A	N/A
	-	-		
2008				
Final 2007 ordinary	6	4,600,607	Franked	31 October 2007
	6	4,600,607		

Franked dividends declared or paid during the year were fully franked at the tax rate of 30%.

33. CAPITAL AND RESERVES (continued)

(c) Dividends (continued)

(ii) Dividends proposed after balance date

The directors have not proposed the payment of a dividend after the reporting date.

(iii) Dividend franking account

	The Company	
	2009	2008
	$	$
30 per cent franking credits available to shareholders of CEC Group Limited for subsequent financial years	6,120,573	8,032,303

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

(a) franking credits that will arise from the payment of the current tax liabilities;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the year-end;

(c) franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and

(d) franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. As a dividend is not proposed after the reporting date there will be no impact on the dividend franking account.

34. FINANCIAL INSTRUMENTS

	Note	Consolidated		The Company	
		2009	2008	2009	2008
		$	$	$	$
(a) Credit risk					
(i) Exposure to credit risk					
The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:					
Cash and cash equivalents	*17*	2,351,903	3,538,579	61,145	2,904,081
Derivatives	*18*	39,823	305,898	39,823	305,898
Trade and other receivables*	*18*	15,195,420	19,249,038	1,810,425	910,397
Amounts receivable from joint ventures and other related parties**	*18*	1,923,880	8,281,029	1,790,022	7,840,628
Amounts receivable from subsidiaries***	*18*	-	-	3,063,786	3,834,000
		19,511,026	31,374,544	6,765,201	15,795,004
**** Trade receivables credit risk exposure***					
Group operations		88,735	222,156	1,037,479	910,397
Property		772,945	230,372	772,946	-
Construction		14,333,740	18,796,510	-	-
		15,195,420	19,249,038	1,810,425	910,397

***** Joint ventures and other related parties receivables credit risk exposure***

Credit risk exposure is within the property development segment.

****** Subsidiaries credit risk exposure***

Credit risk exposure is within the group operations, property development and constructions segments.

34. FINANCIAL INSTRUMENTS (continued)

	Consolidated		The Company	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
(a) Credit risk (continued)				
(ii) Impairment losses				
Trade receivables				
The ageing of trade receivables at the reporting date was:				
2009				
Not past due	6,384,304	(30,305)	1,504,490	-
Past due 0-30 days	2,994,195	(68,295)	33,247	-
Past due 31-60 days	313,203	(26,113)	6,799	-
More than 60 days past due	5,503,718	(3,969,838)	265,889	-
	15,195,420	(4,094,551)	1,810,425	-
2008				
Not past due	7,983,163	(22,152)	476,023	-
Past due 0-30 days	4,879,863	(86,739)	138,977	-
Past due 31-60 days	2,133,828	(55,826)	223,085	-
More than 60 days past due	4,252,185	(2,946,389)	72,312	-
	19,249,038	(3,111,106)	910,397	-

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Reconciliation of accumulated impairment				
Opening balance	(3,111,106)	(124,343)	-	-
Additional impairment losses provided	(983,445)	(2,986,763)	-	-
Closing balance	(4,094,551)	(3,111,106)	-	-

Factors taken into account when assessing impairment:

The entity has assessed a number of trade receivables to be impaired at balance date. Factors that are taken into account in determining impairment include:

- Length of time past due
- Delays in payments of amounts due
- Correspondence with the debtor
- The nature and financial standing of the debtor
- Reports in the financial press regarding debtors financial standing

The largest amount provided for as at balance date relates to a project debtor where the debtor was advised by its financier that the financier was not in a position to be able to continue to provide finance to the debtor for that project. The amount impaired at balance date is $2,751,060 (2008: $2,624,019).

During the year ended 30 June 2009 there were no instances of renegotiated terms for trade receivables (2008: $nil).

34. FINANCIAL INSTRUMENTS (continued)

	Consolidated		The Company	
	Gross	Impairment	Gross	Impairment
	$	$	$	$
(a) Credit risk (continued)				
(ii) Impairment losses (continued)				
Joint ventures and other related parties receivables				
The ageing of receivables from joint ventures and other related parties at the reporting date was:				
2009				
Not past due	1,790,022	(422,391)	1,790,022	(422,391)
Past due 0-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
More than 60 days past due	133,858	-	-	-
	1,923,880	(422,391)	1,790,022	(422,391)
2008				
Not past due	7,924,840	-	7,484,439	-
Past due 0-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
More than 60 days past due	356,189	(246,514)	356,189	(246,514)
	8,281,029	(246,514)	7,840,628	(246,514)

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Reconciliation of accumulated impairment				
Opening balance	(246,514)	(109,675)	(246,514)	(109,675)
Additional impairment losses provided	(175,877)	(136,839)	(175,877)	(136,839)
Closing balance	(422,391)	(246,514)	(422,391)	(246,514)

34. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

(ii) Impairment losses (continued)

Factors taken into account when assessing impairment:

The entity has assessed a number of joint venture and other related parties receivables to be impaired at balance date. Factors that are taken into account in determining impairment include:

- Length of time past due
- Delays in payments of amounts due
- Correspondence with the debtor
- The nature and financial standing of the debtor
- Reports in the financial press regarding debtors financial standing

During the year ended 30 June 2009 there were no instances of renegotiated terms for receivables from joint ventures and other related parties. (2008: $nil).

- ***Collective impairment***

At 30 June 2009 the Group does not have any collective impairment on its trade receivables and receivables from joint ventures and other related parties (2008: $nil).

(b) Liquidity risk

The following tables detail the Company's and the Group's contractual maturities for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is required to pay. The tables for non-derivative financial liabilities include principal cash flows only. The tables for derivative financial instruments included all expected cash flows.

Information concerning the Group's loans and borrowings, including balances, drawn and un-drawn finance facilities and specific details of financing facilities are disclosed in note 30.

34. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

(i) *Non derivative financial liabilities*

	Note	Effective Interest rate	Carrying amount	Contractual cash flows	12 months or less	1-2 years	More than 2 years
		%	$	$	$	$	$
Consolidated							
2009							
Trade and other payables		-	27,513,548	27,513,548	27,213,045	300,503	-
Other related party loans		3.52	7,000,000	7,000,000	-	7,000,000	-
Bank overdrafts	17	11.39	12,750,704	12,750,704	12,750,704	-	-
Commercial bills	30	8.04	1,955,000	1,955,000	1,955,000	-	-
Finance lease liabilities	30	9.27	1,083,668	1,083,668	504,750	504,750	74,168
Hire purchase liabilities	30	9.27	15,941,898	15,941,898	7,432,761	7,432,761	1,076,376
Secured bank loans	30	5.65	66,051,763	66,051,763	21,051,763	45,000,000	-
Secured non-bank loans	30	12.13	5,013,100	5,013,100	5,013,100	-	-
Vendor Finance	30	-	13,954,894	13,954,894	13,743,937	210,957	-
			151,264,575	151,264,575	89,665,060	60,448,971	1,150,544
2008							
Trade and other payables		-	39,606,404	39,606,404	39,606,404	-	-
Other related party loans		7.50	7,000,000	7,000,000	7,000,000	-	-
Bank overdrafts	17	12.41	10,692,522	10,692,522	10,692,522	-	-
Commercial bills	30	7.87	70,022,952	70,022,952	70,022,952	-	-
Finance lease liabilities	30	9.27	1,526,909	1,526,909	522,942	522,942	481,025
Hire purchase liabilities	30	9.27	21,475,298	21,475,298	7,935,653	7,935,653	5,603,992
Secured bank loans	30	10.43	7,501,264	7,501,264	7,501,264	-	-
Vendor finance	30	-	15,952,560	15,952,560	15,952,560	-	-
			173,777,909	173,777,909	159,234,297	8,458,595	6,085,017

34. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

(i) *Non derivative financial liabilities (continued)*

	Note	Effective Interest rate	Carrying amount	Contractual cash flows	12 months or less	1-2 years	More than 2 years
		%	$	$	$	$	$
The Company							
2009							
Trade and other payables		-	16,407,010	16,407,010	16,153,796	253,214	-
Other related party loans		3.52	7,000,000	7,000,000	-	7,000,000	-
Bank overdrafts	17	11.39	12,750,704	12,750,704	12,750,704	-	-
Hire purchase liabilities	30	9.27	992,607	992,607	823,213	169,394	-
Secured bank loans	30	5.65	66,051,763	66,051,763	21,051,763	45,000,000	-
Vendor finance	30	-	12,242,282	12,242,282	12,031,325	210,957	-
			115,444,366	115,444,366	62,810,801	52,633,565	-
2008							
Trade and other payables		-	16,852,156	16,852,156	16,852,156	-	-
Other related party loans		7.50	7,000,000	7,000,000	7,000,000	-	-
Bank overdrafts	17	12.41	9,432,472	9,432,472	9,432,472	-	-
Commercial bills	30	7.87	57,579,962	57,579,962	57,579,962	-	-
Finance lease liabilities	30	9.27	29,000	29,000	29,000	-	-
Hire purchase liabilities	30	9.27	1,822,613	1,822,613	907,052	907,052	8,509
Secured bank loans	30	10.43	7,001,264	7,001,264	7,001,264	-	-
Vendor finance	30	12.41	15,439,948	15,439,948	13,600,000	-	-
			115,157,415	115,157,415	112,401,906	907,052	8,509

34. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

(ii) *Derivative financial liabilities*

	Note	Effective Interest rate	Carrying amount	Contractual cash flows	12 months or less	1-2 years	2-5 years	More than 5 years
		%	$	$	$	$	$	$
Consolidated and The Company								
2009								
Derivatives (see note 34(c) below)	29	8.17	8,629,373	9,831,584	3,895,192	2,505,155	2,876,325	554,912
2008								
Derivatives (see note 34(c) below)	29	8.17	1,975,769	2,251,026	891,838	573,577	658,559	127,052

34. FINANCIAL INSTRUMENTS (continued)

(c) Market risk

(i) Interest rate risk

Derivertives

Details	*Transaction #1*	*Transaction #2*
Transaction type:	Interest rate swap (Floating to fixed)	Cap rate transaction
Notional amount:	AUD 80,000,000	AUD 20,000,000
Effective date:	15 February 2008	15 February 2008
Termination date:	15 February 2015	15 February 2013
Cap rate	n/a	8.17%
MTM valuation @ 30 June 2009	AUD 71,370,627	AUD 20,039,823
Variance to notional amount (ineffective portion)	AUD (8,629,373)	AUD 39,823

The change in the fair value of the derivatives from 1 July 2009 to 30 June 2009 has been recognised in profit or loss. No amounts have been either recognised in equity or removed from equity and recognised in the income statement for the year ended 30 June 2009.

34. FINANCIAL INSTRUMENTS (continued)

(c) Market risk (continued)

(ii) Profile

At the reporting date the Company's and the Group's interest-bearing financial instruments profile was:

	Consolidated Carrying amount		Company Carrying amount	
	2009	2008	2009	2008
	$	$	$	$
Fixed rate instruments	34,774,533	109,477,719	13,560,862	74,871,522
Floating rate instruments	69,225,790	7,001,264	65,725,790	7,001,264
	104,000,323	116,478,983	79,286,652	81,872,786

(iii) Sensitivity analysis for floating rate instruments

Costs capitalised to inventory

The interest costs for secured and unsecured loans for the Group directly related to property development projects are capitalised in accordance with the accounting policy at note 3(n)(viii).

The sensitivity analyses below has been determined based on property development projects for which interest costs are being capitalised or expensed as at 30 June 2009. At reporting date, if interest rates had been 50 basis points lower or higher and all other variables were held constant:

- The Group's property development inventories would increase / (decrease) by $580,665 (2008: $337,000).
- The Company's property development inventories would increase / (decrease) by $470,873 (2008: $308,000).

Other interest costs

The interest costs relating to secured and unsecured loans for the Group that are not directly related to property development projects are expenses in accordance with the accounting policy at note 3(n)(viii).

The sensitivity analyses below has been determined based on the financial expenses included within the income statements (see note 11). At reporting date, if interest rates had been 50 basis points lower or higher and all other variables were held constant:

- The Group's net profit before tax would increase / (decrease) by $489,555 (2008: $448,000).
- The Company's net profit before tax would increase / (decrease) by $247,739 (2008: $285,000).

(iv) Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

34. FINANCIAL INSTRUMENTS (continued)

(d) Fair values

The fair values together with the carrying amounts shown in the balance sheet are as follows:

	Note	Carrying amount 2009 $	Fair value 2009 $	Carrying amount 2008 $	Fair value 2008 $
(i) Consolidated					
Financial assets					
Cash and cash equivalents	17	2,351,903	2,351,903	3,538,579	3,538,579
Trade and other receivables including derivatives	18	18,495,296	18,495,296	29,606,358	29,606,358
		20,847,199	20,847,199	33,144,937	33,144,937
Financial liabilities					
Trade and other payables including derivatives	29	43,142,921	43,142,921	46,606,404	46,606,404
Bank overdrafts	17	12,750,704	12,750,704	10,692,522	10,692,522
Commercial bills	30	1,955,000	1,955,000	70,022,952	70,022,952
Finance lease liabilities	30	1,083,668	1,070,034	1,526,909	1,499,786
Hire purchase liabilities	30	15,941,898	15,709,398	21,475,298	21,094,545
Secured bank loans	30	66,051,763	66,051,763	7,501,264	7,501,264
Secured non-bank loans	30	5,013,100	5,013,100	-	-
Vendor finance	30	13,954,894	13,954,894	15,952,560	15,952,560
		159,893,948	159,647,814	173,777,909	173,370,033
Unrecognised (losses) / gains			(246,134)		(407,876)
(ii) The Company					
Financial assets					
Cash and cash equivalents	17	61,145	61,145	2,904,081	2,904,081
Trade and other receivables including derivatives	18	8,568,188	8,568,188	14,530,738	14,530,738
		8,629,333	8,629,333	17,434,819	17,434,819
Financial liabilities					
Trade and other payables including derivatives	29	32,036,383	32,036,383	39,848,946	39,848,946
Bank overdrafts	17	12,750,704	12,750,704	9,432,472	9,432,472
Commercial bills	30	-	-	57,579,962	57,579,962
Finance lease liabilities	30	-	-	29,000	28,970
Hire purchase liabilities	30	992,607	984,348	1,822,612	1,797,947
Secured bank loans	30	66,051,763	66,051,763	7,001,264	7,001,264
Vendor finance	30	12,242,282	12,242,282	15,439,948	15,439,948
		124,073,739	124,065,480	131,154,204	131,129,509
Unrecognised (losses) / gains			(8,259)		(24,695)

35. COMMITMENTS

(a) Operating lease commitments

(i) Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Less than one year	1,002,267	927,418	87,921	89,286
Between one and five years	1,340,763	1,367,370	87,489	157,456
More than five years	-	-	-	-
	2,343,030	2,294,788	175,410	246,742

The Group leases a number of vehicles under operating leases. The leases typically run for a period of two to six years with an agreed kilometre usage factor. Lease payments are reviewed when new leases are entered into to reflect market rentals. None of the leases include contingent rentals.

The Group leases a number of properties under operating leases. The leases typically run for a period of one to five years. Lease payments are reviewed when new leases are entered into to reflect market rentals. None of the leases include contingent rentals.

During the financial year ended 30 June 2009, $1,029,414 (2008: $1,105,452) was recognised as an expense in profit or loss in respect of operating leases. During the financial year ended 30 June 2009, $264,260 (2008: $nil) was recognised as income in profit or loss in respect of subleases.

(ii) Leases as lessor

The Company leases out its investment property (see note 25) under two informal operating leases to a subsidiary and a joint venture entity.

The future minimum lease payments are not disclosed for the investment property as no formal lease agreement is in place and therefore the agreement can be cancelled by either party at any time.

During the financial year ended 30 June 2009, $68,000 (2008: $1,087,900) was recognised as rental income in profit or loss and $nil (2008: $25,770) in respect of repairs and maintenance was recognised as an expense in profit or loss relating to investment properties.

35. COMMITMENTS (continued)

(b) Finance lease commitments

	Consolidated			The Company		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	$	$	$	$	$	$
2009						
Less than one year	546,251	41,501	504,750	-	-	-
Between one and five years	595,685	16,767	578,918	-	-	-
More than five years	-	-	-	-	-	-
	1,141,936	58,268	1,083,668	-	-	-
2008						
Less than one year	602,742	79,800	522,942	29,000	-	29,000
Between one and five years	1,062,257	58,289	1,003,967	-	-	-
More than five years	-	-	-	-	-	-
	1,664,999	138,089	1,526,909	29,000	-	29,000

The Group leases plant and equipment under finance leases expiring from 1 to 5 years. At the end of the lease term, the Group has the option to purchase the equipment at an agreed market value.

(c) Hire purchase commitments

	Consolidated			The Company		
	Minimum payments	Interest	Principal	Minimum payments	Interest	Principal
	$	$	$	$	$	$
2009						
Less than one year	8,592,453	1,159,692	7,432,761	873,532	50,319	823,213
Between one and five years	9,303,190	794,053	8,509,137	180,315	10,921	169,394
More than five years	-	-	-	-	-	-
	17,895,643	1,953,745	15,941,898	1,053,847	61,240	992,607
2008						
Less than one year	9,457,228	1,521,575	7,935,653	1,033,769	126,717	907,052
Between one and five years	16,731,258	3,191,613	13,539,645	1,053,847	138,286	915,561
More than five years	-	-	-	-	-	-
	26,188,486	4,713,188	21,475,298	2,087,616	265,003	1,822,613

The Group leases plant and equipment under hire purchase agreements expiring from 1 to 5 years. At the end of the agreement, the Group has full title to the plant and equipment.

36. CONTINGENCIES

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Contingent liabilities not considered remote

(i) Litigation

In the ordinary course of business, the Company, its subsidiaries and its associated entities become involved in litigation pertaining to normal design liability in relation to completed design and construction projects, normal contractor's liability in relation to construction contracts, public liability, etc the majority of which falls within the Group's insurance arrangements. Whilst the outcomes are uncertain, contingent liabilities exist which, based on legal advice, the directors do not expect to have a material effect on the Group's financial position.

(ii) Guarantees

Contingent liabilities and contingent assets exist in respect of guarantees issued to clients and guarantees received by the Company from its subcontractors in lieu of cash retentions. All of the guarantees are received and issued in the Company's ordinary course of business.

In the ordinary course of business, the Company is called upon to give guarantees and indemnities in respect of the performance of subsidiaries, associates and related parties of their contractual and financial obligations. The value of these guarantees and indemnities is indeterminate in amount.

The Company and its subsidiaries have entered into joint venture arrangements under which the Company or a controlled entity may be jointly and severally liable for the liabilities of the joint venture arrangement. The assets of each joint venture are sufficient to meet any joint venture liabilities.

Bank guarantees given by the Group in respect of customers amounted to $6,585,023 (2008: $9,980,741). Bank guarantees given by the Company in respect of customers amounted to $1,392,622 (2008: $1,036,827).

Under the terms of a deed of interlocking guarantee and indemnity provided to the principal financier of the Company and its subsidiaries, the Company, together with 32 (2008: 35) subsidiaries, has cross - guaranteed to the financier payment in full of borrowings up to $79,434,177 (2008: $98,246,360) in the event of the default or winding up of the Company or any of the 32 (2008: 35) subsidiaries.

(iii) "Completion Payment" pursuant to the agreement for the purchase of shares in Pavex Construction Pty Ltd

CEC Group Limited is required pursuant to the contract for the purchase of the shares in Pavex Construction Pty Ltd (now renamed CEC Mt Isa Pty Ltd) to either make or receive a payment for the difference in working capital of this entity at 30 June 2007 when compared to that at 31 March 2007.

This determination of this Completion Working Capital was expected to be completed by 30 September 2007 and the Completion Payment was required to be made within five business days of that date. The final amount payable (or receivable) is still subject to litigation and had not been determined at 30 June 2009 nor at the date of this report.

37. GROUP ENTITIES

	Country of incorporation	Ownership interest	
		2009	2008
		%	%
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	50
Rapid Build Pty Ltd	Australia	100	100
Vamgold Pty Ltd	Australia	100	100
Non-trading entities			
Betagamma 19 Pty Ltd**	Australia	-	100
Cairns Earthmoving Contractors Pty Ltd	Australia	100	100
Cairns Pipeline Contractors Pty Ltd**	Australia	-	100
Cape Construction Materials Pty Ltd*	Australia	100	-
CEC Design and Construct Pty Ltd*	Australia	100	-
CEC Developments Unit Trust	Australia	-	100
CEC Draper Road Pty Ltd	Australia	100	100
CEC Library Site Unit Trust	Australia	100	100
CEC Mining Services Limited**	Australia	-	100
CEC Plant Hire Pty Ltd (formerly Keenfine Pty Ltd)	Australia	100	100
CEC Realty Pty Ltd	Australia	100	100
Djaragu Pty Ltd**	Australia	-	75
Edmonton Projects Pty Ltd	Australia	100	100
Far North Trust	Australia	100	100
Gordonvale Developments Pty Ltd (formerly Boulevarde Property Management Pty Ltd)	Australia	100	100
Mac Homes (Townsville) Pty Ltd	Australia	100	100
Riverstone Developments Pty Ltd	Australia	100	100
Rockdandy Pty Ltd**	Australia	-	100
Trackgate Pty Ltd	Australia	100	100

37. GROUP ENTITIES (continued)

	Country of incorporation	Ownership interest	
		2009	2008
		%	%
Trustee companies			
CEC Developments Pty Ltd	Australia	100	100
CEC Library Site Pty Ltd	Australia	100	100
Kuranda Springs Pty Ltd	Australia	100	100

* *Newly incorporated during the year.*

** *Derecognised/wound up during the year.*

38. ACQUISITIONS OF SUBSIDIARIES AND MINORITY INTERESTS

The Group incorporated or acquired shares in new subsidiaries as detailed in note 37.

The Group acquired shares in other entities or purchased businesses that have been treated as business combinations in accordance with AASB 3 *Business Combinations*.

(i) During the current year

Property North (Mackay) Pty Ltd

On 25 May 2009 the Group acquired the remaining shares in Property North (Mackay) Pty Ltd for $500 in cash, increasing its ownership to 100 percent.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

Description	*Pre-acquisition carrying amounts*	*Fair value adjustments*	*Recognised values on acquisition*
	$	$	$
Trade and other receivables including derivatives	(2,390,566)	-	(2,390,566)
Inventories	7,638,759	111,843	7,750,602
Deferred tax assets	-	(33,553)	(33,553)
Trade and other payables including derivatives	(131,623)	-	(131,623)
Loans and borrowings	(5,175,000)	-	(5,175,000)
Net identifiable assets and liabilities	(58,430)	78,290	19,860
Negative goodwill on acquisition			(19,360)
Consideration paid, satisfied in cash			500
Overdraft acquired			4,025
Net cash outflow			4,525

38. ACQUISITIONS OF SUBSIDIARIES AND MINORITY INTERESTS (continued)

(ii) During the prior year

Edmonton Projects Pty Ltd

On 24 October 2007 CEC Group Limited acquired the remaining shares that it did not already own in Edmonton Projects Pty Ltd, a property development company for $2,360,014. Until that date the Company had held 51% of the A class shares (which have voting rights) and 40% of the C class shares (which have entitlements to dividends) in Edmonton Projects Pty Ltd and the entity was accounted for as a controlled entity in accordance with AASB 127 *Consolidated and Separate Financial Statements*.

CEC Cooktown

On 24 October 2007 a controlled entity acquired the business known as Cape York Earthmoving. The business operated a machinery hire business in Cooktown Queensland. In the nine months to 30 June 2008 the business contributed a loss of $322,403. It has not been practicable to disclose the amount of Group revenue and net profit had the acquisition occurred on 1 July 2007 because the Group does not have access to the accounting records of the previous operator.

The acquisition had the following effect on the Group's assets and liabilities.

Description	*Pre-acquisition carrying amounts*	*Fair value adjustments*	*Carrying amounts*
	$	$	$
Property, plant and equipment	2,656,722	-	2,656,722
Net identifiable assets and liabilities	2,656,722	-	2,656,722
Goodwill on acquisition			1,000,003
Consideration satisfied in cash			3,656,725

39. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Note	Consolidated 2009 $	Consolidated 2008 $	The Company 2009 $	The Company 2008 $
Profit for the year		(23,109,525)	(23,356,730)	(33,948,514)	(26,231,416)
Adjustments for:					
Items classified as investing/financing activities					
Interest expensed	11	6,638,365	6,553,490	3,359,344	4,170,879
Gain on disposal of investments	8	-	(2,745,563)	-	(3,719,565)
Loss on disposal of investments	10	2,428,194	-	2,428,194	-
Gain on derivatives	11	-	(305,898)	-	(305,898)
Loss on derivatives	11	6,919,680	1,975,768	6,919,680	1,975,768
(Gain)/loss on sale of property, plant and equipment	8	(105,494)	1,279,522	(163,458)	1,893,316
Non-cash items:					
Amortisation of intangibles	28	21,249	33,348	921	827
Change in value of biological asset	20	(116,772)	222,116	(116,772)	222,116
Movement in provisions		(349,816)	211,303	(379,816)	11,303
Change in value of investment properties	9	439,332	2,250,694	350,000	2,250,694
Depreciation of property, plant and equipment	27	5,875,875	6,209,865	461,944	710,105
Dividends from subsidiaries and joint ventures	11	-	60,098	(2,000,333)	(2,809,748)
Impairment losses		19,527,874	11,933,175	24,090,884	18,661,496
Income tax expense	13	(14,503,118)	(9,594,743)	(8,353,596)	(12,266,216)
Share of profit of joint ventures net of dividends received	12	(1,868,743)	(3,384,235)	-	-
Operating profit before changes in working capital and provisions		1,797,101	(8,657,790)	(7,351,522)	(15,436,339)
(Increase)/decrease in:					
Inventories		29,228,187	(19,809,078)	31,475,633	(13,279,989)
Trade and other receivables		11,111,062	796,761	5,962,550	13,376,554
(Decrease)/increase in:					
Employee benefits		606,481	1,294,895	201,484	534,387
Trade and other payables		(9,741,854)	34,466,419	(15,130,791)	10,283,016
		33,000,977	8,091,207	15,157,354	(4,522,371)
Income taxes paid		(975,000)	(3,680,266)	-	(3,680,266)
Net cash from operating activities		32,025,977	4,410,941	15,157,354	(8,202,637)

40. RELATED PARTIES

(a) Key management personnel names

The following were key management personnel (KMP) of the Group at any time during the reporting period.

Name	*Position*	*Appointment date / resignation date*
(i) Non-executive directors		
Current non-executive directors		
Anthony Hartnell	Chairperson	Appointed 28 September 2005 Appointed Chairperson 26 September 2008
Steven Lavis	Director	Appointed 24 November 2005
Warren Entsch	Director	Appointed 26 September 2006
Former non-executive directors		
Gregory Kern	Director	Resigned 10 October 2008
Robert Borbidge	Chairperson	Resigned 26 September 2008
(ii) Executive directors		
Current executive directors		
Roy Lavis	Director and CEO	Appointed 20 May 1977
(iii) Executives		
Current executives		
CEC Group Limited		
Allan Widdows	General manager – Business improvements	Appointed 11 August 2008
Kevin Lubbe	Company secretary	Appointed 13 December 2002
CEC Constructions Pty Ltd		
Brendan Rogina	General manager – CEC Constructions	Appointed 21 July 2004
Former executives		
CEC Group Limited		
Suzanne Hockey	General manager – Human resources	Resigned 25 June 2009
Darren Smith	Chief financial officer	Resigned 15 August 2008
Amanda Bormolini	Chief financial officer	Resigned 28 September 2007
Michael Phillips	Executive manager commercial	Resigned 31 July 2007
Gillian Shaw	Acting chief financial officer	2 January 2008 to 23 May 2008

(b) Key management personnel compensation

Key management personnel compensation included in 'personnel expenses' (see note 10) is as follows:

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Short-term employee benefits	2,058,310	2,292,775	1,850,453	2,071,037
Post-employment benefits	210,124	218,757	194,267	203,813
Other long term benefits	7,823	86,445	6,765	84,472
	2,276,257	2,597,977	2,051,485	2,359,322

40. RELATED PARTIES (continued)

(c) Loans

There were no loans made to, guaranteed or secured by any entity in the Group to key management personnel and their related parties during the year ended 30 June 2009 (2008: $nil).

(d) Other key management personnel transactions with the Company or its controlled entities

(i) General commentary

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of the transactions with management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities.

(ii) Specific transactions

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

- **Professional services**

The aggregate amounts recognised during the year for professional services provided by key management personnel and their related parties were as follows:

			Consolidated		The Company	
			2009	*2008*	*2009*	*2008*
Note	*Key management persons*	*Transaction*	*$*	*$*	*$*	*$*
(i)	Anthony Hartnell	Legal services	30,337	665,937	30,337	665,937
(ii)	Gregory Kern	Consulting services	350,905	2,977,818	350,905	2,977,818

(i) The Company used the legal services of Atanoskovic Hartnell (a firm which is significantly influenced by Anthony Hartnell) in relation to a number of legal matters. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

(ii) The Company used the services of Kern Consulting Group Pty Ltd (a firm controlled by Gregory Kern) in relation to a number of matters including forecasting and budgeting, financial advice and due diligence. Amounts were billed based on that firm's normal market rates for such services and were due and payable under normal payment terms. Gregory Kern ceased being a key management personnel on 10 October 2008, therefore any transactions with him or his related parties after that date are not disclosed.

40. RELATED PARTIES (continued)

(d) Other key management personnel transactions with the Company or its controlled entities (continued)

(ii) Specific transactions (continued)

- **Transactions with Roy Lavis**

The aggregate amounts recognised during the year for transactions with Roy Lavis and his related parties were as follows:

		Consolidated		The Company	
		2009	*2008*	*2009*	*2008*
Note	*Transaction*	*$*	*$*	*$*	*$*
(iii)	Unsecured interest bearing advances from the Lavis Family Trust to CEC Group Limited	-	7,000,000	-	7,000,000
(iv)	Rental payments	323,057	-	114,858	-

(iii) The Lavis Family Trust advanced monies to the Company during the prior period on an unsecured, interest bearing basis. There were no principal transactions in relation to the advances during the current period. Fees and charges payable by the Lavis Family Trust to their principal banker are recharged to CEC Group Limited on an arm's length basis. Interest and other fees paid on these advances totalled $411,285 (2008: $521,656).

(iv) The Group rents various properties owned by a company related to Roy Lavis for the purpose of carrying on its business. Rental amounts are based on normal market rates for similar properties and are due and payable under normal rental terms.

40. RELATED PARTIES (continued)

(d) Other key management personnel transactions with the Company or its controlled entities (continued)

(iii) Assets and liabilities arising from the above transactions

	Consolidated		The Company	
	2009	2008	2009	2008
	$	$	$	$
Current liabilities				
Trade and other payables – Anthony Hartnell	26,912	253,770	26,912	253,770
Trade and other payables – Gregory Kern	-	113,661	-	113,661
Trade and other payables – Roy Lavis	627,303	-	627,303	-
	654,215	367,431	654,215	367,431
Non-current liabilities				
Trade and other payables – Roy Lavis	7,000,000	7,000,000	7,000,000	7,000,000

From time to time, key management personnel of the Company or its subsidiaries, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees or customers and other than those specific transactions discussed above, are trivial or domestic in nature.

(e) Options and rights over equity instruments granted

There were no options issued over ordinary shares in CEC Group Limited to any key management personnel, including their related parties.

40. RELATED PARTIES (continued)

(f) Movements in shares

The movement during the reporting period in the number of ordinary shares in CEC Group Limited held directly, indirectly or beneficially by each key management person, including their related parties, is as follows:

	2009				2008			
	Held at 1 July 2008	*Purchases*	*Sales*	*Held at 30 June 2009*	*Held at 1 July 2007*	*Purchases*	*Sales*	*Held at 30 June 2008*
	#	#	#	#	#	#	#	#
Non-executive directors								
Current non-executive directors								
Anthony Hartnell	10,643	-	-	10,643	9,445	1,198	-	10,643
Steven Lavis	17,783	-	-	17,783	15,234	2,549	-	17,783
Warren Entsch					-	-	-	-
Former non-executive directors								
Gregory Kern (resigned 10 October 2008)	1,002,356	-	-	N/A	1,936,627	65,729	(1,000,000)	1,002,356
Robert Borbidge (resigned 26 September 2008)	-	-	-	N/A	-	-	-	-
Executive directors								
Current executive directors								
Roy Lavis	20,651,892	-	-	20,651,892	22,752,366	599,568	(2,700,042)	20,651,892
Total directors shareholdings	21,682,674	-	-	20,680,318	24,713,672	669,044	(3,700,042)	21,682,674

40. RELATED PARTIES (continued)

	2009				2008			
	Held at 1 July 2008	*Purchases*	*Sales*	*Held at 30 June 2009*	*Held at 1 July 2007*	*Purchases*	*Sales*	*Held at 30 June 2008*
	#	#	#	#	#	#	#	#
(f) Movements in shares (continued)								
Executives								
Current executives								
Allan Widdows (appointed 11 August 2008)	-	-	-	-	-	-	-	-
Kevin Lubbe	-	-	-	-	-	-	-	-
Brendan Rogina	28,092	-	-	28,092	28,092	-	-	28,092
Former executives								
Suzanne Hockey (resigned 25 June 2009)	-	-	-	N/A	-	-	-	-
Darren Smith (resigned 15 August 2009)	-	-	-	N/A	N/A	-	-	-
Amanda Bormolini	N/A	N/A	N/A	N/A	-	-	-	N/A
Michael Phillips	N/A	N/A	N/A	N/A	-	-	-	N/A
Gillian Shaw	-	-	-	-	-	-	-	-
Total executives shareholdings	28,092	-	-	28,092	28,092	-	-	28,092
Total directors and executives shareholdings	21,710,766	-	-	20,708,410	24,741,764	669,044	(3,700,042)	21,710,766

No shares were granted to key management personnel as compensation in the year ended 30 June 2009 (2008: $nil).

40. RELATED PARTIES (continued)

(g) Other related parties disclosures

Identity of other related parties

The Group also has related party relationships with parties other than key management personnel.

The Group has a related party relationship with its subsidiaries (see note 37), equity accounted associates and incorporated joint ventures (see note 23), unincorporated joint ventures (see note 24) and "other related parties" as defined by Australian Accounting Standards and the Corporations Act and Regulations 2001.

Significant transactions with related parties other than key management personnel

During the financial years ended 30 June 2009 and 2008 CEC Group Limited advanced and repaid loans, sold to and purchased goods and services from and provided accounting and administrative assistance to its controlled entities. Additionally controlled entities within the Group sold to and purchased goods and services from other controlled entities within the Group. Dividends were also declared and paid between controlled entities and CEC Group Limited.

The above transactions between the members of the Group are referred to as intra-group transactions.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

CEC Group Limited and its controlled entities also advanced and repaid loans, sold to and purchased goods and services from associates and incorporated joint ventures.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity with adjustments made to the 'Investment accounted for using the equity method' and 'Share of the profit or loss of associates and joint ventures accounted for using the equity method'.

'Other related parties' may sell to and purchase goods and services from the Group.

Details regarding the above transactions and outstanding balances are disclosed by class of related party as follows.

Subsidiaries

Details of the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements are as follows.

Details of aggregate amounts of receivables are shown in note 18.

Details of aggregate amounts of payables are shown in note 29.

There were no significant revenue transactions, interest revenue, and interest expense and impairment losses with respect to subsidiaries during the period other than those disclosed in the financial statements.

Details of aggregate amounts of dividend revenue are shown in note 11.

(g) Other related parties disclosures (continued)

Significant transactions with related parties other than key management personnel (continued)

Incorporated joint ventures

Details of the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements are as follows.

Details of aggregate amounts of receivables are shown in note 18.

Details of aggregate amounts of payables are shown in note 29.

Details of aggregate amounts of dividend revenue are shown in note 11.

Details of the percentage of equity held in each joint venture and the carrying amount of that investment are shown in note 23.

Other related party transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

The term related party is defined to include 'close family members of an individual' and specifically refers to family members of individuals who are key management personnel.

A number of these close family members transacted with the Company or its related parties in the reporting period. The terms and conditions of the transactions with these close family members were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel entities on an arm's length basis. The volume and value of these transactions are trivial or domestic in nature and therefore are not disclosed.

41. SUBSEQUENT EVENTS

There are no subsequent events requiring disclosure at this time.