



CEC GROUP

ASX ANNOUNCEMENT

22 May 2008

Consolidated Properties Group Pty Ltd has sued CEC Group Limited in the Federal Court of Australia. The proceedings were received by the Company's solicitors, Clayton Utz, by email on 20 May 2008. CEC Group Limited notes the following matters relating to the proceedings:

1. They have not been formally served. Consolidated Properties Group Pty Ltd has pre-empted actual commencement of the proceedings with its press release.
2. Consolidated Properties Group Pty Ltd did not foreshadow these claims prior to bringing court proceedings and did not follow the usual practice of writing to CEC Group Limited explaining why it claims to be owed the monies claimed in the proceedings.
3. CEC Group Limited is currently analysing the claims but notes at this point that the quantified claims are approximately \$319,000.00 (plus GST) of which some \$213,283.00 is said to relate to "accommodation and general expenses". There is an as yet unquantified claim for losses said to be caused by "a loss of opportunity to purchase other North Queensland properties". CEC Group Limited will be seeking detailed particulars of the basis for these claims as part of its defence.
4. CEC Group Limited rejects any assertion that it misled Consolidated Properties Group Pty Ltd and points out that the Heads of Agreement the subject of the proceedings was expressed to be "non-binding".
5. CEC Group Limited will await formal service of the proceedings and thereafter defend the matter vigorously as it believes the claims are baseless.

ENDS

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For more information on CEC Group please visit www.cecgroup.com.au or contact Kevin Lubbe, our Company Secretary on +61 (7) 4035 3500, email klubbe@cecgroup.com.au