

CEC GROUP

ABN 84 010 025 831

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28 February 2005

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

Dear Sir

CEC GROUP LIMITED – NOTIFICATION UNDER LISTING RULE 4.2A.3

1. Details Of Reporting Period.

Current period:	Half year ended 31 December 2004.
Previous period:	Half year ended 31 December 2003.

2. Key Information.

2.1 Revenues from ordinary activities	Down 8.43% to \$29,931,012.
2.2 Profit from ordinary activities after tax.	Down 90.20% to \$523,943.
2.3 Net profit after tax attributable to members of the parent entity	Down 87.67% to \$658,915.
2.4 Dividends	\$2,400,162
Final dividend for the year ended 30 June 2004 franked to 100% paid 30 September 2004.	6 cents
The company proposes to pay an interim dividend on 31 March 2005 of 6 cents per share franked to 100%	\$2,408,600
2.5 Record date for determining entitlement to the dividend	17 March 2005

2.6 Commentary on Results for the period:

Performance for the half year was primarily affected by delays in completion of sub divisional works necessary to obtain title.

As at 31 December 2004 the economic entity had 123 contracts for land sales conditional upon title being issued. These contracts totalled \$11,366,738 in revenue and \$1,563,625 in forecast profits after tax.

The land under contract was expected to have been titled as at 31 December 2004. However, due to varying reasons, there were delays in the completion of sub divisional works and title on the lots in question was not issued by 31 December 2004.

Refer attached media release for further information.

3. Net Tangible Assets Per Security

Current period:	.46
Previous period:	.52

4. Details Of Entities Over Which Control Has Been Gained Or Lost During The Period.

Refer to the attached financial statements.

5. Details of Dividends

Total dividend distributions - \$2,400,162

Dividend distribution date – 30 September 2004

6. Dividend Reinvestment Plan

The CEC Group Limited Dividend Reinvestment Plan is in operation.

The last date for the receipt of election notices for the dividend reinvestment plan is 17 March 2005

7. Details Of Associates And Joint Ventures.

Refer to the attached financial statements.

8. **Foreign Entities**

Not applicable.

9. **Audit Dispute or Qualification**

The financial statements have not been audited and are not the subject of dispute or qualification.

Yours faithfully
CEC GROUP LIMITED



Kevin Lubbe
Company Secretary

Attach/

28th February 2005

“CEC Group announce interim profits”

FOR IMMEDIATE RELEASE - AUSTRALIA WIDE

Cairns based construction and development company, CEC Group, have announced a half year interim profit of \$658,915.

The CEC Group Board have revised the company's projected 2005 full year profit to a range of between \$7m and \$9.5m. As reported in the CEC Group AGM in November 2004 by Managing Director, Mr Roy Lavis “substantial profits are locked in stock and land that cannot be brought to account until the first half of 2005 so our half yearly results to December 31 will not give a true indication of our year to date financial position”.

As the leading construction and development company in North Queensland, a region experiencing strong and above average growth, CEC Group have taken advantage of numerous business opportunities to expand throughout the region. This has seen the company expand into Townsville and Mackay, secure a land bank of over 5000 residential and commercial land blocks, purchase a prominent building company and invest in tourism based operations from the sale of Daikyo Australia assets, specifically the Matson Plaza Resort in Cairns.

CEC Group Management are confident that the original profit forecast of \$9.2m will be achieved. Mr Lavis expanded “the very nature of our business requires substantial outlays before revenue and subsequently profits are realised, particularly with large scale land developments. Our contracted sales for the year are excellent and these are realised between January and June 2005. Land sales in North Queensland are impressive and our core construction and development business is on track to meet budgets, however timing of these contracts will always have an impact on our trading figures. We have taken advantage of numerous commercial opportunities that have arisen throughout the year and we will continue to do so, particularly in light of the strong growth being experienced by the North Queensland economy”.



THE MARKETING PROFESSIONALS

Cairns Corporate Tower
15 Lake Street Cairns
Telephone 07 4031 8888
Facsimile 07 4031 8088

MEDIA RELEASE

2/....

CEC Group, originally Cairns Earthmoving Contractors, was established in 1977. The company successfully completed its IPO on the Australian Stock Exchange in June 2004. This has provided the funding platform for the companies growth and expansion. CEC Group's two core business units are construction and property development with numerous associated subsidiaries offering complimentary products and services.

North Queensland's economy continues to provide a positive environment for the growth of the CEC Group particularly with demand for housing continuing to grow steadily, against most national averages (as supported by the latest HIA figures).

A fully franked interim dividend of 6 cents per share will be paid to all shareholders by March 31, 2005.

For more information please contact either:

Mr Roy Lavis	Managing Director	0418 772 124
Mr Keith De Lacy	Chairman	0438 120 250

END



THE MARKETING PROFESSIONALS

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CEC GROUP LIMITED ABN 84 010 025 831
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors submit their report together with the consolidated financial report for the half-year ended 31 December 2004 and the review report thereon.

DIRECTORS

The names of directors who held office during or since the end of the half-year:

<i>Keith De Lacy</i>	Chairman	(appointed 29 October 2003)
<i>Glen Morrow</i>	Deputy Chairman	(appointed 29 October 2003)
<i>Roy Lavis</i>	Executive Director	(appointed 20 May 1977)
<i>Robert Borbridge</i>	Independent Director	(appointed 28 January 2005)
<i>Gregory Kern</i>	Independent Director	(appointed 13 December 2002)
<i>Peter Lewis</i>	Independent Director	(appointed 19 November 2003)
<i>John Sadler</i>	Executive Director	(appointed 13 December 2002) (retired 6 September 2004)

REVIEW OF OPERATIONS

The consolidated net profit after income tax and outside equity interests for the half year ended 31 December 2004 was \$658,915.

Turnover for the half year is \$29,931,012 compared with \$32,685,618 for the same period last year.

Performance for the half year was primarily affected by delays in completion of sub divisional works necessary to obtain title.

As at 31 December 2004 the economic entity had 123 contracts for land sales conditional upon title being issued. These contracts totalled \$11,366,738 in revenue and \$1,563,625 in forecast profits after tax.

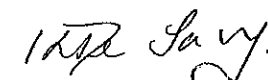
The land under contract was expected to have been titled as at 31 December 2004. However, due to varying reasons, there were delays in the completion of sub divisional works and title on the lots in question was not issued by 31 December 2004.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

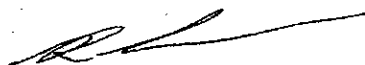
The lead auditor's independence declaration is set out on page 2 and forms part of the directors' report for the half-year ended 31 December 2004.

This report is signed in accordance with a resolution of the Board of Directors.

Dated at Cairns this twenty-eighth day of February 2005.



K De Lacy
Chairman



R Lavis
Director



LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS
ACT 2001 TO THE DIRECTORS OF CEC GROUP LIMITED

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2004 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'KPMG'.

KPMG

A handwritten signature in black ink, appearing to read 'Graham Coonan'.

Graham Coonan
Partner

Cairns
28 February 2005

CEC GROUP LIMITED ABN 84 010 025 831
AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Economic Entity	
	2004	2003
	\$	\$
Property sales revenue	1,452,634	9,032,781
Revenue from construction services	27,193,426	21,673,392
Other revenues from ordinary activities	1,284,952	1,979,445
Total revenue	29,931,012	32,685,618
Cost of properties sold	(1,503,746)	(3,015,567)
Construction expenses	(22,217,720)	(15,950,666)
Administration expenses	(2,507,803)	(2,896,324)
Borrowing costs	(856,617)	(459,760)
Carrying amounts of assets sold	-	(850,067)
Depreciation and amortisation	(572,402)	(314,973)
Employee expenses	(2,891,626)	(3,886,678)
Share of net profits of associates and joint ventures accounted for using the equity method	1,225,500	1,535,957
Profit from ordinary activities before related income tax expense	606,598	6,847,540
Income tax expense relating to ordinary activities	(82,655)	(1,503,645)
Profit from ordinary activities after related income tax expense	523,943	5,343,895
Net loss attributable to outside equity interests	134,972	-
Net profit attributable to members of the parent entity	658,915	5,343,895
Total changes in equity from non-owner related transactions attributable to the members of the parent entity	658,915	5,343,895
Basic earnings per share (cents per share)	1.64	13.36

The accompanying notes form part of these financial statements.

**CEC GROUP LIMITED ABN 84 010 025 831
AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2004**

	Economic Entity	
	31 Dec 2004	30 June 2004
	\$	\$
CURRENT ASSETS		
Cash assets	3,321,072	3,762,887
Receivables	11,189,909	16,979,944
Inventories	17,307,249	13,273,166
Other	150,037	131,462
TOTAL CURRENT ASSETS	31,968,267	34,147,459
NON-CURRENT ASSETS		
Receivables	324,764	-
Inventories	23,028,310	9,972,645
Investments accounted for using the equity method	7,562,756	6,708,712
Investments accounted for using the cost method	611,020	-
Property, plant and equipment	15,883,754	10,178,626
Deferred tax assets	862,642	267,544
Intangible assets	2,302,735	1,726,514
TOTAL NON-CURRENT ASSETS	50,575,981	28,854,041
TOTAL ASSETS	82,544,248	63,001,500
CURRENT LIABILITIES		
Payables	12,698,662	9,010,347
Interest-bearing liabilities	22,839,893	14,446,596
Current tax liabilities	579,275	1,418,941
Provisions	1,157,245	746,233
TOTAL CURRENT LIABILITIES	37,275,075	25,622,117
NON-CURRENT LIABILITIES		
Payables	900,000	903,053
Interest-bearing liabilities	23,269,241	13,165,588
Deferred tax liabilities	-	551,778
Provisions	164,830	155,485
TOTAL NON-CURRENT LIABILITIES	24,334,071	14,775,904
TOTAL LIABILITIES	61,609,146	40,398,021
NET ASSETS	20,935,102	22,603,479
EQUITY		
Contributed equity	1,060,270	852,432
Reserves	1,672,379	1,672,379
Retained profits	18,374,979	20,116,226
Parent entity interest	21,107,628	22,641,037
Outside equity interest	(172,526)	(37,558)
TOTAL EQUITY	20,935,102	22,603,479

The accompanying notes form part of these financial statements.

CEC GROUP LIMITED ABN 84 010 025 831
AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	Economic Entity	
	2004	2003
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	34,267,986	30,591,843
Payments to suppliers and employees	(41,065,103)	(28,591,641)
Dividends received	1,718	500,000
Interest received	104,720	7,187
Income tax paid	(1,807,248)	(154,557)
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES	(8,497,927)	2,352,832
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	192,636	432,648
Payments for property, plant and equipment	(3,051,081)	(784,299)
Payments for controlled entities net of cash acquired	-	(57,058)
NET CASH (USED IN) INVESTING ACTIVITIES	(2,858,445)	(408,709)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	39,918,571	544,843
Repayment of borrowings - principal	(22,206,943)	(3,481,906)
Borrowing costs	(1,004,139)	(440,646)
Dividends paid	(2,192,327)	-
Finance lease and hire purchase payments	(1,587,044)	(372,583)
NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES	12,928,118	(3,750,292)
Net increase (decrease) in cash held	1,571,746	(1,806,169)
Cash at the beginning of the half year	(72,855)	917,073
CASH AT 31 DECEMBER 2004	1,498,891	(889,096)
<i>Represented by:</i>		
Cash on hand	3,321,072	409,510
Bank overdraft	(1,822,181)	(1,298,606)
	1,498,891	(889,096)

The accompanying notes form part of these financial statements.

CEC GROUP LIMITED ABN 84 010 025 831
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting, the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by CEC Group Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2004 annual report.

Since 30 June 2004, the company has entered into the tax consolidation regime with the tax consolidated group comprising the company and all wholly owned controlled entities. The implementation date for the tax consolidation regime was 1 July 2003. The economic entity's policy relating to taxation remains unchanged from 30 June 2004.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

Economic Entity	
31 December 2004	31 December 2003
\$	\$
2,400,162	-

NOTE 2: DIVIDENDS

Declared interim fully franked dividend of 6 cents per share (2003: Nil) cents per share franked at tax rate of 30% (2003: 30%)

Note that the dividend reinvestment plan (DRP) resulted in the issue of an additional 143,336 shares at the DRP price of \$ 1.45 per share.

NOTE 3: ACQUISITION AND DISPOSAL OF CONTROLLED ENTITIES

The following controlled entities were acquired or disposed of during the period:

Acquisitions

2004

Name	Date Acquired	Economic Entity's Interest %	Consideration Paid \$
Bitumen Spraying and Asphalt Pty Ltd (Formerly Windamp Pty Ltd)	15 July 2004	100	1
CEC Group (No2) Pty Ltd	6 October 2004	100	1
Pinnacle Quarry Pty Ltd (Formerly Pearlburn Pty Ltd)	15 July 2004	100	1

CEC GROUP LIMITED ABN 84 010 025 831
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 3: ACQUISITION AND DISPOSAL OF CONTROLLED ENTITIES (cont)

2003

Name	Date Acquired	Economic Entity's Interest %	Consideration Paid \$
Betagamma 19 Pty Ltd (Note a)	31 December 2003	100	321,449
Cairns Earthmoving Contractors Pty Ltd (parent entity of Kuranda Springs Pty Ltd as trustee for the Kuranda Springs Unit Trust)	31 December 2003	100	4,233
Cairns Pipeline Contractors Pty Ltd	31 December 2003	100	634,758
Djaragu Pty Ltd	31 December 2003	100	90
Machinery and Truck Maintenance Pty Ltd	31 December 2003	100	1
Rockdandy Pty Ltd	31 December 2003	100	176,116
Trackgate Pty Ltd	31 December 2003	100	48,572

Note a:

The parent entity held 25% of the issued capital of Betagama 19 Pty Ltd as at 30 June 2003 and acquired the remaining 75% during the half-year ended 31 December 2003 for \$321,449.

Disposals

The economic entity did not lose control over any entities during the half-year period or during the prior corresponding half-year period.

NOTE 4: ASSOCIATES AND JOINT VENTURE ENTITIES

Name	Ownership Interest (consolidated)		Share of Net Profit (consolidated)	
	2004 %	2003 %	2004 \$	2003 \$
Barron Sand No 1 Pty Ltd	50	50	128,880	-
Betagamma 19 Pty Ltd	-	25	-	-
Cleveland Bay Views Pty Ltd	50	-	(50)	-
Hillview Developments Pty Ltd	50	50	57,192	252,525
Kewarra Developments Pty Ltd	50	50	459,908	498,797
Montserrat Holdings Pty Ltd	50	-	(99)	-
Pioneer North Queensland Pty Ltd	50	50	579,669	784,635
			1,225,500	1,535,957

CEC GROUP LIMITED ABN 84 010 025 831
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 5: JOINT VENTURE OPERATIONS

Name	Ownership Interest (consolidated)		Share of Net Profit (consolidated)	
	2004 %	2003 %	2004 \$	2003 \$
Freestyle Apartments Joint Venture	50	50	20,374	(1,773)
Parkridge Estates Joint Venture	50	50	109,680	4,890,546
			<u>130,054</u>	<u>4,888,773</u>

NOTE 6: DISCONTINUING OPERATIONS

There were no operations discontinued during the half year or during the corresponding half-year period.

NOTE 7: NON CASH FINANCING AND INVESTING ACTIVITIES

During the financial period the economic entity acquired plant and equipment with an aggregate fair value of \$3,283,815 (2003:\$1,092,012) by means of finance leases. These acquisitions are not reflected in the statement of cash flows.

NOTE 8: SEGMENT REPORTING

Business segments

HALF-YEAR ENDED 31 DECEMBER 2004	Property Development and Resale			Eliminations 2004 \$	Economic Entity 2004 \$
	Construction		2004 \$		
	2004 \$	2004 \$			

REVENUE

External sales	4,782,154	25,029,395	-	29,811,549
Inter segment revenue	269,877	7,309,327	(7,579,204)	-
Total segment revenue	<u>5,052,031</u>	<u>32,338,722</u>	<u>(7,579,204)</u>	<u>29,811,549</u>
Other unallocated revenue				119,463
Total revenue from ordinary activities				<u>29,931,012</u>

RESULT

Segment result	<u>(4,581,803)</u>	<u>3,296,841</u>	<u>546,596</u>	<u>(738,366)</u>
Unallocated expenses net of unallocated revenue				119,464
Share of net profits of equity accounted associates and joint venture entities	<u>516,951</u>	<u>708,549</u>	<u>-</u>	<u>1,225,500</u>
Profit from ordinary activities before income tax expense				606,598
Income tax expense				<u>(82,655)</u>
Net profit				<u>523,943</u>

CEC GROUP LIMITED ABN 84 010 025 831
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 8: SEGMENT REPORTING (cont)

Business segments

HALF-YEAR ENDED 31 DECEMBER 2003	Property Development and Resale	Construction	Eliminations	Economic Entity
	2004	2004	2004	2004
	\$	\$	\$	\$

REVENUE

External sales	9,608,815	21,673,393	-	31,282,208
Inter segment revenue	167,040	1,373,557	(1,540,597)	-
Total segment revenue	9,775,855	23,046,950	(1,540,597)	31,282,208
Other unallocated revenue				1,403,410
Total revenue from ordinary activities				32,685,618

RESULT

Segment result	1,938,566	1,461,487	1,230,190	4,630,242
Unallocated expenses net of unallocated revenue				681,341
Share of net profits of equity accounted associates and joint venture entities	810,856	725,101	-	1,535,957
Profit from ordinary activities before income tax expense				6,847,540
Income tax expense				(1,503,645)
Net profit				5,343,895

NOTE 9: CONTINGENT LIABILITIES

There has been no material change in contingent liabilities since the last annual reporting date with the exception of a contingent liability in relation to an associate – Pioneer North Queensland Pty Ltd (PNQ).

In October 2004, there was a Bituflux (diesel fuel + 2% bitumen) spill onto the haul road and into an adjacent dry creek bed at a PNQ asphalt plant. PNQ notified the Environmental Protection Agency (EPA) immediately and has spent approximately \$100,000 on cleaning up the contamination. The amount of any further expenditure is not quantifiable at this time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE

LAND HELD FOR RESALE

After reporting date, the economic entity purchased land held for resale amounting to \$6,222,225.

The financial effects of this transaction have not been brought to account as at 31 December 2004.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

For reporting periods beginning on or after 1 January 2005, the economic entity must comply with Australian equivalents to International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

This half-year financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP) applicable for reporting periods ending on 31 December 2004.

Implementation project

The board has established a project team to assess the impact of transition to AIFRS and to achieve compliance with AIFRS reporting for the financial year commencing 1 July 2005. The implementation project consists of three phases: Assessment and planning; Design and Implementation.

Assessment and planning phase

The assessment and planning phase generates a high level overview of the impacts of conversion to AIFRS on existing accounting and reporting policies and procedures, systems and processes, business structures and staff. This phase includes:

- high level identification of the key differences in accounting policies and disclosures that are expected to arise from adopting AIFRS.
- assessment of new information requirements affecting management information systems, as well as the impact on the business and its key processes.
- evaluation of the implications for staff, for example training requirements.
- preparation of a conversion plan for expected changes to accounting policies, reporting structures, systems, accounting and business processes and staff training.

The assessment and planning phase is still in progress as at 31 December 2004.

Design phase

The design phase aims to formulate the changes required to existing accounting policies and procedures and systems and processes in order to transition to AIFRS.

The design phase incorporates:

- formulating revised accounting policies and procedures for compliance with AIFRS requirements.
- identifying potential financial impacts as at the transition date and for subsequent reporting periods prior to adoption of AIFRS.
- developing revised AIFRS disclosures.
- designing accounting and business processes to support AIFRS reporting obligations.
- identifying and planning required changes to financial reporting and business source systems.
- developing training programs for staff.

The design phase is expected to be completed by 30 June 2005.

NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE (cont)

Implementation phase

The implementation phase will include implementation of identified changes to accounting and business procedures, processes and systems and operational training for staff. It will enable the economic entity to generate the required disclosures of AASB 1 as it progresses through its transition to AIFRS.

The consolidated entity has not yet commenced the implementation phase. However, this phase is expected to be substantially complete by 30 June 2005.

Impact of transition to AIFRS

The differences between Australian Generally Accepted Accounting Principles (Australian GAAP) and Australian equivalents to International Financial Reporting Standards (AIFRS) identified to date as potentially having a significant impact on the economic entity's financial performance and financial position are summarised below. The summary should not be taken as an exhaustive list of all differences between current Australian GAAP and AIFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

The economic entity has not completed its project to assess the impact of adoption of AIFRS and has not quantified the effects of all the differences discussed below. Where work streams have been completed, accounting policies have been determined and the transitional elections available under AASB *First Time Adoption of Australian Equivalents to International Financial Reporting Standards* have been considered.

Any assessments made in respect of the transition to AIFRS may require adjustment before inclusion in the first complete annual / half year financial report prepared in accordance with AIFRS due to new or revised standards or interpretations, changes in the operations of the business, or additional guidance on the application of AIFRS in a particular industry or to a particular transaction.

The key potential implications on the consolidated entity of conversion to AIFRS, identified to date, are summarised below.

Differences identified	Potential nature of impact
Income tax	
Accounting treatment changes from income statement liability approach to a balance sheet approach.	Additional deferred tax assets and deferred tax liabilities will be recognised relating to revalued assets. Additional deferred tax assets may be recognised as a result of the change in recognition criteria to "probable" rather than "virtual certain" or "beyond reasonable doubt".
Tax consolidation	
Current intercompany transfers in relation to the tax funding / sharing agreements may be treated as an equity transaction.	The UIG has currently proposed that wholly owned subsidiaries in the tax consolidated group will be required to recognise their own tax balances directly. The current tax liability or asset will be assumed by the head entity via an equity contribution or distribution. Tax sharing agreement transactions will also be treated as equity transactions. If finalised, this will impact retained earnings and intercompany balances in the parent and subsidiary financial reports.

NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE (cont)

Differences identified	Potential nature of impact
Intangibles	
Intangible assets are amortised over the useful economic life and may be assessed as having an infinite life subject to an annual impairment test.	Where tangible assets are assessed as having infinite useful lives, they will not be amortised but subject to annual impairment tests.
Goodwill is not amortised but tested annually for impairment.	
Impairment	
Discounting is required in assessing recoverable amount.	Impairment testing is required to be performed at an asset or cash generating unit level, which is at a lower level than performed previously. The impact of a more rigorous impairment test may result in additional write downs either on transition or on going. Any write downs will also impact the on going depreciation charge (where applicable).
Impairment testing required at an asset or cash generating unit level.	The calculation of recoverable amount requires an assessment of the higher of value in use or fair value less costs to sell cash flows to be discounted in determining an asset's cash generating units 'value in use'.
Goodwill, indefinite life intangible assets and assets not yet ready for use are tested for impairment annually.	In calculating value in use, the cash flows include projections of cash inflows and outflows from continuing use of the asset and cash flows associated with disposal of the asset. The cash flows are estimated for the asset in its current condition and therefore do not include cash inflows and outflows expected to arise from future restructurings which are not yet committed, or improving or enhancing the asset's performance. The impact of discounting will reduce the recoverable amount calculated and therefore may result in additional impairment losses recognised. On transition, other than for goodwill and indefinite life intangible assets, which must be tested for impairment annually, other assets are tested where there is an indicator of impairment, or where previously the impact of discounting had not been included in assessing recoverable amount. A formal calculation is performed which may result in a reduction in the value of non-current assets adjusted against retained earnings. This may also reduce the on-going depreciation charge.

NOTES TO THE FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2004

NOTE 10: EVENTS SUBSEQUENT TO REPORTING DATE (cont)

Differences identified	Potential nature of impact
Leases	
Classification of leases.	The determination of whether a lease is classified as a finance lease or an operating lease is based on substance over form and no longer includes quantitative guidelines. As a result certain leases may be reclassified from operating to finance, increasing assets and liabilities.
Identification of all lease agreements.	Certain agreements which are not in the legal form of a lease may include a lease element. This may impact the revenue recognition policy in respect of these agreements.
Disclosure	
The primary statements include a statement of changes in equity.	Certain items which are recognised directly in equity will be disclosed in the new statement of changes in equity.
Extraordinary items are no longer disclosed.	The nature and amounts of material items will be disclosed separately either on the face of the income statement or in the notes.
Classification of current / non-current borrowings.	Financial liabilities due within 12 months after reporting date, where the entity does not have an unconditional right to defer settlement for at least 12 months from reporting date will be classified as a current liability. Where a reclassification from non-current to current liabilities is required, this may impact the entity's liquidity ratios and debt covenants.

INTERIM DIVIDEND

The directors have declared an interim dividend of 6 cents per share, fully franked with a record date of 17 March 2005 payable on 31 March 2005.

The financial effects of this transaction have not been brought to account as at 31 December 2004.

CEC GROUP LIMITED ABN 84 010 025 831
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

The directors of the company declare that, in their opinion:

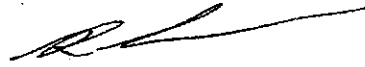
1. The financial statements and notes, as set out on pages 3 to 13 are in accordance with the Corporations Act 2001 including:
 - a. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - b. giving a true and fair view of the economic entity's financial position as at 31 December 2004 and of its performance as represented by the results of its operations and cash flows for the half-year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Dated at Cairns this twenty-eighth day of February 2005.



K De Lacy
Chairman



R Lavis
Director



INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF CEC GROUP LIMITED

Scope

We have reviewed the financial report of CEC Group Limited ("the company") for the half-year ended 31 December 2004 consisting of the statement of financial performance, statement of financial position, statement of cash flows, accompanying notes 1 to 10 and the directors' declaration. The financial report includes the consolidated financial statements of the economic entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the economic entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CEC Group Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - i. giving a true and fair view of the economic entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and
 - ii. complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

KPMG

Graham Coonan
Partner

Cairns
28 February 2005