

CENTURY  
AUSTRALIA  
INVESTMENTS LIMITED



annual **REPORT** 2010

# CENTURY AUSTRALIA

INVESTMENTS LIMITED



## Directory

### **Century Australia Investments Limited**

ABN 11 107 772 761

ASX Code: CYA

### **Directors**

Robert Turner, Chairman

Stephen Menzies, Non Executive Director

Ross Finley, Non Executive Director

Russell Hooper, Non Executive Director

### **Company Secretary**

Peter Roberts

### **Registered Office**

Level 7, 20 Hunter Street

Sydney NSW 2000

### **Mail Address**

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Sydney NSW 2001

Telephone: (02) 8236 7701

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Email: [century@whiteoutsourcing.com.au](mailto:century@whiteoutsourcing.com.au)

Website: [www.centuryaustralia.com.au](http://www.centuryaustralia.com.au)

### **Share Registry**

Registries Limited

Level 7, 207 Kent St

Sydney NSW 2000

Telephone: 1300 737 760

Facsimile: 1300 653 459

[www.registries.com.au](http://www.registries.com.au)

For all enquiries relating to shareholdings, dividends and related matters please contact the share registry.

### **Investment Manager** *(up until 9 September 2010)*

452 Capital Pty Limited

ABN 90 101 924 430

### **Investment Manager** *(from 10 September 2010)*

Perennial Value Management

ABN 22 090 879 904

### **Auditors**

Grant Thornton NSW

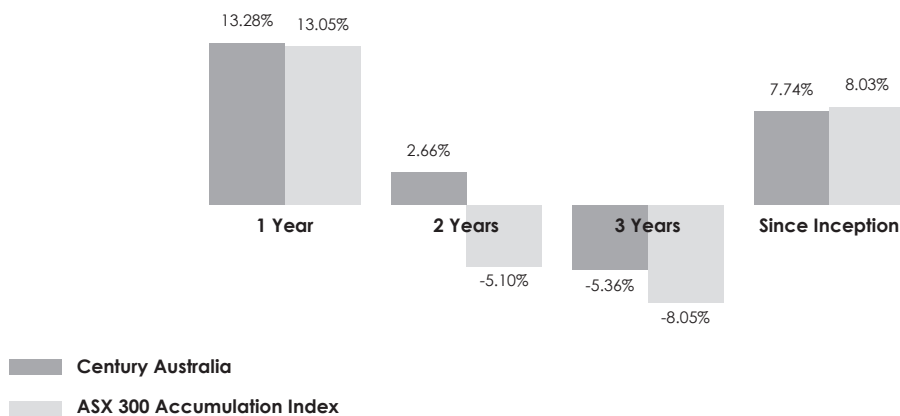
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# 2010 Highlights

- Operating profit before income tax expense and realised capital gains \$5.8m (2009: \$6m)
- Net profit after tax of \$13.0m (2009: loss of \$26.7m). These results include realised capital gains on the sale of investments before tax of \$14.0m (2009: losses of \$26.3m) and recognition of \$3.9m (2009: \$20.3m) impairment loss on the investment portfolio
- Total dividends declared in respect of the year ended 30 June 2010 were 8.5 cents
- Net Tangible Assets (NTA) after tax inclusive of all deferred tax assets (for further details please refer to note 11(a) in the financial statements) of \$0.94 per share (2009: \$0.89) up 6% for the year after dividend payments of \$15.1m, reflecting the improvement in the share market
- Total portfolio value (including cash) at 30 June 2010 was \$149.2m compared to \$148.9m at the end of the previous year
- The Investment Manager, 452 Capital, generated a return of 13.28% on the investment portfolio for the year compared to a return of 13.05% for the S&P/ASX300 Accumulation Index

## Portfolio Performance



# Chairman's Review

## Financial Result

Operating profit before tax, realised gains and losses and impairment charges was \$5.8m compared to \$6m in the previous year.

Century's operating profit consists largely of dividends, distributions and interest income less operating expenses. Fees paid to the investment manager, 452 Capital, for management of the company's share portfolio represented the major component of the operating expenses.

The net result as determined by the AIFRS accounting standards after realised gains and impairment charges was a net profit of \$13m (2009: loss of \$26.7m). These results include realised gains before tax on the investment portfolio of \$14m compared to realised losses of \$26.3m in the previous year.

Accounting standards adopted by the Company require impairment of investments where there has been a significant or prolonged decline in the market value compared to cost, with the unrealised losses recorded in the profit and loss statement as an impairment charge for the year. The impairment charges totalling \$3.9m (2009: \$20.3m) have no impact on net asset backing (which we report monthly to the market) as Century constantly revalues its assets to market value. Impairment adjustments are an accounting issue only. Impaired assets often remain appropriate long term assets and continue to be held in the portfolio. Realised capital gains before tax on the sale of investments were \$14m for the year (2009: \$26.3m loss).

The total portfolio including cash at 30 June 2010 was \$149.2m up from \$148.9m at the end of the previous year. Net tangible assets before tax as at 30 June 2010 were \$0.93 per share (2009: \$0.87) an increase of 7% for the year, reflective of the improvement in the share market.

The net assets of the Company decreased to \$162.1m as at 30 June 2010 from \$167m as at 30 June 2009. Net assets include a deferred tax asset of \$10.8m (2009: \$13.5m) resulting from carry forward tax losses. The decrease was as a result of payment of dividends of \$6.5m and funding of the on market share buy backs of \$13.9m. The directors believe it is probable that the carry forward tax losses will be utilised by the generation of future taxable profits on the basis of the current investment portfolio and historical Australian equity market performance. However, there are a number of resolutions that are being put to the collective shareholders at the AGM (refer to Notice of the Meeting and Explanatory Memorandum for more information), that could effect the recovery of the tax losses. There are a range of possible outcomes from these resolutions that may impact the Company's ability to utilise carry forward tax losses. For example a capital return to shareholders may reduce the company's ability to realise carry forward tax losses. The directors will need to reassess the probability of utilising tax losses at such time as they know the outcome of the resolutions.

## Portfolio Performance

The investment manager, 452 Capital generated a portfolio return of 13.28% for the year ended 30 June 2010 compared to a return of 13.05% for the S&P/ASX300 Accumulation Index an outperformance of 0.23%.

In the following report by 452 Capital Pty Limited a full overview of the share market performance in 2010 financial year is provided along with commentary on the Century investment performance.

## Dividends

Total fully franked dividends declared in respect of year ended 30 June 2010 were 8.5 cents (2009: 9 cents).

On 26 March 2010 the Company paid an interim dividend of 3.5 cents per share fully franked for the period ended 31 December 2009.

# Chairman's Review *continued*

## DIVIDENDS PAID

	2005	2006	2007	2008	2009	2010
Interim dividend paid in March	2.00	2.50	3.00	5.00	4.50	3.50
Interim dividend paid in June					4.50	
Final dividend paid in September	3.00	4.50	6.00	5.00	-	5.00
<b>Total cents for the year</b>	<b>5.00</b>	<b>7.00</b>	<b>9.00</b>	<b>10.00</b>	<b>9.00</b>	<b>8.50</b>

The Board resolved to pay a fully franked final dividend of 5 cents for the year ended 30 June 2010 with a record date of 13 September 2010. This was paid on 30 September 2010.

After payment of this final dividend, franking credits sufficient to pay a further 4.7 cents per share fully franked will remain (based on the 30 June 2010 balance). Due to the existing deferred tax asset balance no tax will be paid on the next \$36.2m of realised gains and therefore no franking credits will be generated from such gains. This means that the ability to pay fully franked dividends will be restricted to the accrued franking credits plus the pass through of franking credits received on dividend income until the company is once again in a tax paying position.

Directors are pleased with the recent changes in Corporations Law that allows for dividends to be declared on a solvency basis. This will mean that payment of dividends and franking credits are no longer constrained by retained earnings and current year profits.

## Capital Management

In December 2009 the Board extended the share buyback program which was primarily targeted at reducing the share price discount to NTA as part of its capital management program. During the financial year 16,932,131 shares (2009: 858,215 shares) at a value of \$13,942,914 (2009: \$603,640) were purchased. Directors have closely monitored the Century share price during the year and acted in purchasing shares at times when the discount to NTA was excessive. The buyback program provided increased liquidity to shareholders wishing to sell their shares but disappointingly had only a limited impact on reducing the share price discount to NTA. As a consequence, directors decided to offer a share buyback scheme to shareholders at the AGM.


In light of the share buy back program, the Board has decided to suspend the Dividend Reinvestment Plan until further notice.

## 452 Capital/new investment manager

On 18 August 2010, your board received a letter from the directors of 452 Capital Limited advising that Suellen Morgan, Mary Feros and Lyndsey Hancock (together, the Management Team) did not intend to continue to participate in the management of 452 Capital's business after a period to be agreed with the 452 Board. CYA had no prior knowledge of any difficulties affecting the management team of 452 and the directors of CYA were therefore surprised by these developments.

On receiving this information, the Board instructed 452 to increase the cash allocation of the portfolio to approximately 30% and obtained legal advice as to CYA's rights under the investment management agreement with 452.

Your board met with the Directors of 452 on 24 August 2010 to discuss the desire of CYA to appoint an interim investment manager. As announced to the market on 18 and 25 August 2010, CYA and 452 reached in-principle agreement that the 452 Investment Management Agreement would be terminated, subject to the appointment of an interim investment manager after a tender for the management of the CYA portfolio.



On 6 September 2010 the Directors announced that the Company had appointed Perennial Value Management Limited an Australian equities manager with \$8.8 billion funds under management as interim Investment Manager for the CYA investment portfolio.

The Directors of CYA received proposals from various fund managers and selected Perennial Value by reason of its long standing performance record, and its consistency of investment style with that of 452 and Peter Morgan. CYA has agreed a competitive investment management fee with Perennial Value based on assets under management, excluding cash, on an interim basis, and pending decisions to be taken by shareholders at the annual general meeting (AGM). The Investment Management Fee is substantially less than was charged by 452.

Perennial Value has taken on responsibility for managing the portfolio from 10 September 2010. It is the board's intention that Perennial Value will not make significant changes to the CYA portfolio until the date of the annual general meeting of CYA, and will then act in accordance with the resolution of shareholders as to the future of CYA.

## **Future**

The Directors of CYA have decided to propose a buy-back scheme to shareholders under which shareholders can elect to participate in whole or in part and have their shares bought back for a price equal to the net tangible asset backing (NTA) per share less the deferred tax asset and transaction costs. This will allow shareholders the choice as to whether to continue in the company under the management of Perennial Value, or to receive back in cash the then effective value of their shares based on the NTA. CYA has invited Perennial Value to present to the AGM. Full details of the proposed buy-back scheme are included in the explanatory memorandum distributed with this report.

Full details of the resolutions can be found in the notice of the annual general meeting and in the explanatory memorandum that will be sent to all shareholders.

Robert Turner  
Chairman  
29 September 2010

# 452 Capital - Investment Manager's Report June 2010

Dear Investor,

The Australian sharemarket delivered a positive return in the 12 months to 30 June 2010 recovering some of the losses from the large falls in the sharemarket in 2008 and 2009. Century's investment portfolio returned 13.28% in the year to June 2010, outperforming the benchmark by 0.22%.

Similar to previous years, this year's investment manager report will focus on three specific areas:

- (1) The sharemarket performance in 2010
- (2) Century's investment performance in 2010
- (3) How we see the future and how we believe Century's portfolio is positioned for the future.

## (1) SHAREMARKET PERFORMANCE 2010

***"The budget should be balanced, the Treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed lest Rome become bankrupt. People must again learn to work, instead of living on public assistance." – Cicero -55 BC***

The 2010 financial year managed to reverse a two year downward trend and post a positive return of 13.05% (as measured by the S&P/ASX 300 Accumulation Index).

There was a distinct disparity in performance between the first and second half of financial year 2010, the six months to December returning 25.7% whilst the second half of the financial year saw the market down 10.1%. The strength in the first half was driven by an unprecedented level of globally co-ordinated fiscal and monetary stimulus packages, seeing global economic growth increase albeit off a low base. However, in the second half there was a range of factors that contributed to the erosion of the gains experienced in the early months of the year. These included but were not limited to the following factors:

- The Sovereign Debt Crisis which enveloped much of Europe but particularly focused on Greece, Portugal, Spain, Ireland, Italy and Hungary. There was also concern that the UK could suffer from a sovereign debt downgrade. Subsequently, the IMF and EU jointly announced a \$750m Euro package to ensure liquidity in the financial system;
- The introduction of stringent "austerity measures" being legislated across Europe and the UK which, while helping reign in deficits, was feared will limit economic growth across the region in the medium term;
- Worries surrounding the sustainability of high growth rates in the Chinese economy, whilst authorities in China also looked to cool the property boom;
- Regulatory pressures, particularly focused on the banking system as the Obama Administration introduced a range of reforms for Wall Street, the UK initiated a bank levy and there were discussions at the G20 meeting regarding a "global banking tax"; and,
- Political instability in Australia driven by negotiations for the Resource Super Profits Tax which impacted sentiment towards Australian assets. This later contributed to the resignation of Kevin Rudd as Prime Minister, replaced by Julia Gillard late in the financial year.





The best performing sectors in 2010 were:

- Property Trusts
- Financials ex-Property Trusts
- Information Technology
- Consumer Staples
- Materials

The worst performing sectors in 2010 were:

- Energy
- Telecommunications Services
- Health Care
- Utilities
- Industrials

## **(2) CENTURY'S INVESTMENT PERFORMANCE 2010**

Century's investment portfolio managed by 452 Capital outperformed its sharemarket benchmark (the S&P/ASX 300 Accumulation Index) during the year ended 30 June 2010 by 0.22%.

452 Capital's investment process is to only invest in companies that have:

- (i) conservative levels of debt;
- (ii) a proven management team;
- (iii) an established and sustainable business;
- (iv) relatively attractive valuations on a through the cycle basis.

The best performing companies held in the portfolio in 2010 were:

- Amcor Limited
- News Corporation Preference Shares
- Consolidated Media Holdings
- Washington H. Soul Pattinson and Company
- Ruralco Holdings Limited

Whilst not holding positions in the following companies also helped Century's relative performance:

- QBE Insurance Group Limited
- Santos Limited
- Woodside Petroleum Limited
- CSL Limited
- ASX Limited

## **(3) THE FUTURE**

452 Capital remain cognisant of the risks to the global economic recovery. We anticipate a slow and protracted transition from the unwinding of the globally coordinated stimulus measures to a reliance on private sector driven growth.

Australia has been in a fortunate position to benefit from the economic growth of China, leaving our economy in a better position relative to other developed economies. However as a result, Australia's economic fortune is now largely influenced by the continued economic growth of China.

We also remain concerned that forecasts for a domestic earnings recovery into FY11 and FY12 still appear too optimistic given that we are yet to see evidence of strong top line growth, and this will be even harder to achieve as government fiscal stimulus is reduced in an environment of rising interest rates.

# 452 Capital - Investment Manager's Report June 2010 *continued*

However, we are beginning to see value emerging in the domestic equity market on a selective basis after recent falls in the market.

We are expecting a protracted path to sustainable long term growth, and as such we expect modest returns to the Australian equity market going forward. When coupled with a dividend yield of 4.0%-4.5% the Australian equity market remains a relatively attractive market to invest in.

At the time of writing this report, the Century portfolio holds overweight positions in Media, Telecommunications and Gaming and underweight positions in Resource and Bank stocks. The portfolio is constructed on the basis that the companies held are not highly geared, have strong cash flows and are relatively attractively valued on a through the cycle basis.

As we have said in previous Annual Reports, Century Australia is a listed investment company and will always have a material exposure to the Australian sharemarket. If the Australian sharemarket falls markedly, it should be noted that the value of the portfolio is likely to fall as well.

Yours sincerely

Suellen Morgan  
Chief Investment Officer  
13 August 2010

# Corporate Governance Statement

This statement outlines the main corporate governance practices adopted by the Company, which comply with the ASX Corporate Governance Council Principles and Recommendations (2nd Edition, August 2007) unless otherwise stated.

## Board of Directors and its Committees

### Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Director's Report on page 18. Directors of Century Australia Investments Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

In the context of director independence, "materiality" is considered from both the company and individual director's perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Century Australia Investments Limited are considered to be independent:

NAME	POSITION
Robert Turner	Chairman, Independent Non-Executive Director
Ross Finley	Independent Non-Executive Director
Russell Hooper	Independent Non-Executive Director
Stephen Menzies	Independent Non-Executive Director

There are procedures in place, agreed by the board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

NAME	TERM IN OFFICE
Robert Turner	6 years
Ross Finley	4 years
Russell Hooper	4 years
Stephen Menzies	4 years

Recommendation 2.3 requires that "the role of the Chair and Chief Executive Officer of the Company should not be exercised by the same individual". There is no Chief Executive Officer of the Company, however, the Company Secretary performs the Chief Executive functions (for more information refer "Executive Management" in this Statement).

### Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role the Board seeks to address:

- the prudential control of the Company's operations;
- the resourcing, review and monitoring of outsourced service providers engaged by the Company;
- the timeliness and accuracy of reporting to shareholders; and
- the determination of the Company's broad objectives.

# Corporate Governance Statement *continued*

## Board Processes

The Board has established an Audit Committee. This committee has a written mandate and operating procedures which are reviewed on a regular basis. The Board has also established a range of policies which govern its operation.

The Board schedules six meetings each year plus any other meetings as and when necessitated by the Company's operations. The agenda for meetings is prepared through the input of the Chairman, the Administration Manager (White Outsourcing Pty Limited) and the Company Secretary. Standing items include matters of Compliance and Reporting, Financials, Shareholder Communications and Investment Strategy and Outcomes. Submissions are circulated in advance.

## Composition of the Board

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the Directors' Report.

The names of the directors of the Company in office at the date of this Statement are set out in the Directors' Report on page 16.

The composition of the Board is determined using the following principles:

- A minimum of three directors;
- An independent, non-executive director as Chairman; and
- A majority of independent non-executive directors.

An independent director is considered to be a director:

- (a) who is not a member of management;
- (b) who has not within the last three years been employed in an executive capacity by the Company or been a principal of a professional adviser or consultant to the Company;
- (c) is not a significant supplier to the Company;
- (d) has no material contractual relationship with the Company other than as a director; and
- (e) is free from any interest or business or other relationship which could materially interfere with the director's ability to act in the best interests of the Company.

Directors have a usual term of two years, and a maximum term of 3 years, before retiring by rotation and standing for re-election.

## Performance Evaluation of Directors

Individual directors are subject to continuous review by the Chairman. An annual performance evaluation of the Board and all Board members is conducted annually. Directors whose performance is unsatisfactory are asked to retire.


Further details of the Board's role and responsibilities are contained in the Board Charter which is posted on the Company's website.

In addition, the performance of service providers (452 Capital Pty Ltd and White Outsourcing Pty Limited) is the subject of continuous oversight by the Chairman and the Board as a whole. A performance review of individual directors and service providers was conducted for the Board as a whole in accordance with the process disclosed.

Recommendation 1.2 requires the disclosure of the process for evaluating the performance of senior executives. The Company does not comply with this recommendation as there are no senior executive officers of the Company (for more information refer "Executive Management" in this Statement).

## Nomination Committee

ASX Recommendation 2.4 states the board should establish a Nomination Committee. Due to the size of the Company it has not established a formal Nomination Committee and the functions of the Nomination Committee are undertaken by the full Board.



The composition of the Board is monitored (both in respect of size and membership) to ensure that the Board has a balance of skill and experience appropriate to the needs of the Company. When a vacancy arises, the Board will identify candidates with appropriate expertise and experience and appoint the most suitable person.

### **Director Dealing in Company Shares**

The Company encourages directors to have a personal financial interest in Century Australia Investments Limited, by acquiring and holding shares on a long-term basis.

Short term trading in Century Australia Investments Limited's shares by directors is not permitted.

The Board has adopted the following policy concerning dealing in Century Australia Investments Limited's shares by directors.

- Insider trading laws prohibit Directors and their associates from dealing in the Company's shares whilst in possession of price sensitive information that is not generally available.
- As a matter of practice, Directors and their associates will generally only be able to deal in the Company's shares:
  - In the period of two weeks following the release of the Company's monthly NTA results;
  - In the period of two weeks following the release of the Company's annual results;
  - In the period of two weeks following the release of the Company's half yearly results;
  - In the period of two weeks following the Annual General Meeting of the Company; and
  - Following the release of a prospectus by the Company relating to an issue of shares.

### **Independent Professional Advice and Access to Company Information**

Each director has the right of access to all relevant Company information and to the Company's service providers and subject to prior consultation with the Chairman, may seek independent professional advice at the company's expense. A copy of advice received by the director is made available to all other members of the Board.

### **Remuneration Committee**

ASX Recommendation 8.1 states the board should establish a Remuneration Committee. Due to the size of the Company it has not established a formal Remuneration Committee and the functions of the Remuneration Committee are undertaken by the full Board.

Non-executive directors are remunerated by way of cash and superannuation contributions within the aggregate amount of \$200,000 (inclusive of superannuation). All Non-Executive Directors payments are inclusive of committee fees.

As previously noted, the executive function of the Company has been outsourced to White Outsourcing Pty Limited (accounting and administration) and 452 Capital Pty Limited (funds management).

Century Australia Investments Limited has a contractual agreement with White Outsourcing Pty Limited which is responsible for providing accounting and administration services for a fee charged on a monthly basis.

Century Australia Investments Limited has a contractual agreement with 452 Capital Pty Limited which provides investment management services for a fee charged as a percentage of the portfolio value on a monthly basis.

### **Audit Committee**

The Audit Committee has a documented Charter, approved by the Board. All members must be non-executive directors. The Audit Committee Chairman is not the Chairman of the Board. The Committee is responsible for considering the effectiveness of the systems and standards of internal control, financial reporting and any other matter at the request of the Board. The Audit Committee will meet at least two times per year.

# Corporate Governance Statement *continued*

The Audit Committee may have in attendance at their meeting such members of outsourced service providers as may be deemed necessary to provide information and explanations. The external auditors attend meetings by invitation to report to the Committee.

## **The members of the Audit Committee during the year were:**

- Stephen Menzies (Chairman)
- Ross Finley
- Russell Hooper
- Robert Turner

The responsibilities of the Audit Committee are to ensure that:

1. Relevant, reliable and timely information is available to the Board to monitor the performance of the Company;
2. External reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
3. Management process support external reporting in a format which facilitates ease of understanding by shareholders and institutions;
4. The external audit arrangements are adequate to ensure the maintenance of an effective and efficient external audit. This involves:
  - (a) reviewing the terms of engagement, scope and auditor's independence;
  - (b) recommendations as to the appointment, removal and remuneration of an auditor; and
  - (c) reviewing the provision of non-audit services provided by the external auditor ensuring they do not adversely impact on audit independence;
5. Review the Company's risk profile and assess the operation of the Company's internal control system.

The external auditor is required to attend the Annual General Meeting and is available to answer shareholder questions.

For details on the number of meetings of the audit committee held during the year and the attendees at those meetings, refer to page 17 of the Director's Report.

## **Risk Management Policy**


The Board acknowledges that it is responsible for the overall system of internal control but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board has delegated responsibility for reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee.

The Audit Committee (a) requires executive management to report annually on the operation of internal controls, (b) reviews the external audit of internal controls and liaises with the external auditor and (c) conducts any other investigations and obtains any other information it requires in order to report to the Board on the effectiveness of the internal control system. In respect of the current financial year all necessary declarations have been submitted to the Board.

The Board identifies the following business risks as having the potential to significantly or materially impact the company's performance (a) administrative risks including operational, compliance and financial reporting (b) market related risks.

## **Administrative Risks**

The Company has outsourced its administrative functions to service providers, BNP Paribas (custody), White Outsourcing Pty Limited (accounting and Company Secretarial) and 452 Capital Pty Limited (investment management) accordingly risk issues associated with these activities are handled in accordance with the service providers policies and procedures. White Outsourcing Pty Limited



is responsible for recognising and managing administrative risks including (a) operational, (b) compliance and (c) financial reporting. Certificates of insurance currency are obtained annually from all key service providers.

The Company Secretary provides a declaration to the Board twice annually, to certify that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the Corporations Act 2001. In respect of the current financial year all necessary declarations have been submitted to the Board. In addition, White Outsourcing Pty Limited (accounting and Company Secretarial) will confirm half-yearly in writing to the Board that the declaration provided above is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

### **Market Risks**

The Board is primarily responsible for recognising and managing market related risks. By its nature as a Listed Investment Company, the Company will always carry investment risk because it must invest its capital in securities which are not risk free. However, the Company seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market. 452 Capital Pty Limited (investment manager), is required to act in accordance with the Board approved investment management agreement and reports to the Board monthly on the portfolio's performance, material actions of the investment manager during that month and an explanation of the investment manager's material proposed actions for the upcoming quarter. In addition, the investment manager reports monthly that 452 Capital Pty Limited have invested the Company's assets in accordance with the approved investment mandate and complied with the Investment Management Agreement requirements during the reporting period. In respect of the current financial year all necessary declarations have been submitted to the Board. In assessing the Company's risk tolerance level the Board considers any instance which materially affects the Company's monthly Net Tangible Asset backing announcement released to the ASX.

The Audit Committee and the Board perform a risk review on an annual basis to ensure that adequate controls are in place to mitigate risk associated with investment manager performance, market risk, fraud, transaction reporting errors, material reporting risks and compliance risk.

### **Executive Management**

The Company's operations are conducted through 452 Capital Pty Limited (Investment Manager) and White Outsourcing Pty Limited (Accounting and Administration Manager). These entities incorporate the specialist wholesale investment and administration personnel who undertake the Company's executive operations. The Company has contracted with 452 Capital Pty Limited and White Outsourcing Pty Limited to provide all investment management and accounting and administration services.

The Company's executive management arrangements have been structured to provide investors with a cost efficient investment vehicle and access to a significant depth of professional resources.

### **Ethical Standards**

The Board expects all executive and non-executive directors to act professionally in their conduct and with the utmost integrity and objectivity. All executive and non-executive directors must comply with the Company's Code of Conduct and Ethics.

The Board monitors its outsourced services providers compliance with the Company's Code of Conduct and Ethics, which is accessible to outside parties via the Company's website.

# Corporate Governance Statement *continued*

## Shareholder Communications

The Board informs shareholders of all major developments affecting the Company's state of affairs as follows:

- All significant lodgements with the ASX are available on the Company's website at [www.centuryaustralia.com.au](http://www.centuryaustralia.com.au)
- A hard copy Annual Report will be mailed to shareholders who have requested to receive one at the close of the financial year. An electronic version of the Annual Report will be available on the Company's website.
- Net asset backing per share is released to the ASX by the 14th day following each month-end and sent via email to shareholders who register their interest.

The Company Secretary is responsible for ensuring Century Australia Investments Limited complies with its continuous disclosure obligations.

All relevant staff of White Outsourcing Pty Limited are made aware of these obligations and are required to report any price sensitive information to the Company Secretary immediately they become aware of it. The Company Secretary in consultation with the Chairman will decide whether the information should be disclosed to the ASX.

Where possible, all continuous disclosure releases to the ASX are approved by the Board, except the monthly net asset backing per share which is approved by White Outsourcing Pty Limited and sent to 452 Capital Pty Limited for comment. Where time does not permit approval by the Board, the Chairman must approve the release.

Any information of a material nature affecting the Company is disclosed to the market through release to the ASX as soon as the Company becomes aware of such information, in accordance with the ASX Continuous Disclosure requirement.

Board policies and charters covering the following are available on the Company's website at [www.centuryaustralia.com.au](http://www.centuryaustralia.com.au):

- Board charter
- Audit Committee charter
- Disclosure policy
- Communication policy
- Risk management policy
- Trading policy
- Code of Conduct and Ethics
- Appointment and selection of non-executive directors policy
- Performance evaluation policy

## Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and are able to receive annual and interim financial statements if requested. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Century Australia Investments Limited, to lodge questions to be responded by the Board, and are able to appoint proxies.



# Financial Statements for the year ended 30 June 2010

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# Directors' Report

Your Directors present their report on the Company for the financial year ended 30 June 2010.

## DIRECTORS

The names and details of the Company's Directors in office during the financial year and to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

### Names, Qualifications, Experience and Special Responsibilities

#### **Robert Turner B.Com, FAICD (Independent Non-Executive Director and Chairman)**

##### **Appointed 10 February 2004**

Mr Turner is Chairman of the Company and also serves on the Audit Committee. Mr Turner has a strong finance and marketing background and over 30 years experience in corporate management, both in Australia and overseas. He has experience in the financial services industry and has held general management positions in the services and manufacturing industries. Mr Turner was the Managing Director of IOOF Limited, an ASX listed company from 1996 to 2004 and also served as a Director of IWL Limited, an ASX Listed Company, for three years until November 2007.

#### **Stephen Menzies B.Econ, LLB, LLM London (Independent Non-Executive Director)**

##### **Appointed 16 January 2006**

Mr Menzies is Chairman of the Audit Committee and is a Non-Executive Director. Mr Menzies is a corporate lawyer with a broad policy and regulatory background. He specialises in securities issues, product development, funds management, corporate finance and new technologies. Stephen brings a wealth of experience in corporate structuring and corporate finance. During the past three years Mr Menzies has not served as a Director of any other ASX listed companies.

#### **Russell Hooper FCPA, FAICD, FSIA (Independent Non-Executive Director)**

##### **Appointed 12 September 2006**

Mr Hooper has completed the Advanced Management Program at Harvard Business School. He has extensive experience both in Australia and overseas in a wide range of financial services including investment, banking and insurance, much of it at CEO level. Mr Hooper held the top investment positions at both the Advance and St George Groups for 13 years. He is a director of Challenger Financial Services Group Limited, an ASX listed company. He is also a director of the Kanematsu Fund Limited which provides awards for medical research.

#### **Ross Finley B.Com NSW (Independent Non-Executive Director)**

##### **Appointed 11 September 2006**

Mr Finley has over 37 years experience in the Australian Financial Markets with a focus on Australian Equities and Australian Property Management. He was employed at Bankers Trust Australia from 1981 to 1996. He is also currently a director of Ironbark Capital Limited, an absolute return investment company.

## DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the numbers of meetings attended by each Director were as follows:

	Directors' Meetings eligible to attend	Attended	Audit Committee Meetings eligible to attend	Attended
R Turner	5	5	3	3
S Menzies	5	5	3	3
R Hooper	5	5	3	3
R Finley	5	5	3	3

## Committee Membership

As at the date of this report, the Company has an Audit Committee, as required by Corporate Governance Rules. Members of the Board acting on the Committee are:

- S Menzies (Audit Committee Chairman)
- R Turner (Board Chairman)
- R Hooper
- R Finley

## COMPANY SECRETARY

**Peter Roberts, B Bus., CA - Appointed 22 March 2007**

Peter is a director of White Outsourcing Pty Limited, a specialist outsourced services provider to the financial services sector, and acts as company secretary for a number of other Listed Investment Companies.

## INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES

As at the date of this report, the interest of the Directors in shares and options of Century Australia Investments Limited were:

	Ordinary Shares	Options
R Turner	153,739	Nil
S Menzies	11,515	Nil
R Finley	100,000	Nil
R Hooper	15,000	Nil

## DIVIDENDS

Dividends paid in the year:	Cents	\$'000
Final for the 2010 year		
• on ordinary shares fully franked	5.0	8,516
First Interim for the 2010 year		
• on ordinary shares fully franked	3.5	6,541
Total	8.5	15,057

# Directors' Report *continued*

Directors are pleased with the recent changes in Corporations Law that allows for dividends to be declared on a solvency basis. This will mean that payment of dividends and franking credits are no longer constrained by retained earnings and current year profits.

In December 2009 the Board extended the share buyback program as part of its capital management program. During the financial year 16,932,131 shares (2009: 858,215 shares) at a value of \$13,942,914 (2009: \$603,640) had been purchased.

In light of the share buy back program, the Dividend Reinvestment Plan remains suspended until further notice.

## CORPORATE INFORMATION

### Corporate Structure

Century Australia Investments Limited is a listed investment company limited by shares that is incorporated and domiciled in Australia. It has no parent entity.

The registered office of the Company is located at Level 7, 20 Hunter Street, Sydney, NSW, 2000.

### Nature of Operations and Principal Activities

The principal activity of the Company during the year was making medium to long term investments in Australian equities.

No change in the nature of these activities occurred during the year.

## OPERATING AND FINANCIAL REVIEW

The net profit of the Company for the financial year was \$13 million (2009: \$26.7 million net loss). Included in the net profit for the year was an impairment loss of \$3.9 million (2009: \$20.3 million) and realised gains before tax of \$14 million (2009: \$26.3 million losses).

The net assets of the Company have decreased by \$4.9 million from \$167.1 million as at 30 June 2009 to \$162.2 million as at 30 June 2010. This decrease is after dividends totalling \$6.5 million.

The estimated Indirect Cost Ratio (formerly known as 'Management Expense Ratio') of the Company for the financial year was 1.28% (2009: 1.26% before performance fee paid to the investment manager and 2.2% after performance fees).

The Board monitors the Company's overall performance including the performance of the Company's Investment Manager. The Board meets with the management of 452 Capital to discuss performance and also receives on a monthly basis attribution, risk and performance reports in regards to the investment portfolio allowing the Directors to monitor the Investment Manager's performance.

The Company's portfolio generated a return of 13.28% for the financial year to date outperforming the S&P/ASX300 Accumulation Index by 0.22%.



## **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2010.

## **EVENTS AFTER BALANCE DATE**

On 18 August 2010, the company announced that it had received a notice from 452 Capital Pty Limited (452) concerning proposed changes to its management team. On 25 August 2010, the Company announced that it had reached in-principle agreement that the 452 Investment Management Agreement will be terminated, subject to the appointment of an interim investment manager and appropriate terms for termination and release being agreed between the parties. The board has invited four reputable managers to tender for the management of the Company portfolio. Each tendering manager employs a similar investment style to that of 452. The Board expects to soon be in a position to announce the appointment of the new manager.

The Board propose to present a range of resolutions to the 2010 Annual General Meeting to allow shareholders to determine the future of the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## **FUTURE DEVELOPMENTS AND EXPECTED RESULTS**

The Company will continue to pursue its policy of investment during the next financial year, subject to the outcome of resolutions which will be put to the 2010 Annual General Meeting.

## **ENVIRONMENTAL REGULATIONS AND PERFORMANCE**

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The Company maintains Directors & Officers Insurance and has Deeds of Access and Indemnity for each Director. During the financial year, the Company paid premiums in respect of Director's and Officer's liability and for professional indemnity insurance contracts, for all Directors of the Company named in this report, as well as other officers of the Company.

This policy insures persons who are Directors or Officers of the Company against certain liabilities incurred as such by a Director or Officer, while acting in that capacity, except where the liability arises out of conduct involving lack of good faith. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Director's and Officer's liability insurance contract, as such disclosure is prohibited under the terms of the contract.

# Directors' Report *continued*

## REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director and Key Management Person of Century Australia Investments Limited.

### Remuneration Policy

As at 30 June 2010 remuneration to Non-Executive Directors is limited to an aggregate amount of \$200,000 per annum (inclusive of superannuation) until shareholders, by ordinary resolution, approve another amount. This remuneration is to be divided amongst the Non-Executive Directors as they may determine.

The Board determines the remuneration structure of Non-Executive Directors having regard to the scope of the Company's operations and other relevant factors including the frequency of Board meetings as well as directors' length of service, particular experience and qualifications. This remuneration excludes any additional fee for any service based agreement which may be agreed upon from time to time and further excludes any reimbursement of out of pocket expenses.

Under the ASX Listing Rules, the maximum fees paid to non-executive Directors may not be increased without approval from the Company at a general meeting. Directors will seek approval from time to time as appropriate. Entitled Directors receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any retirement benefits. All remuneration paid to Directors is valued at the cost to the Company and expensed. At present, no employee share or option arrangements are in existence for Century Australia Investments Limited's Directors. As the company does not pay performance based fees to the Directors, nor provide share or option schemes to Directors, remuneration is not explicitly linked to the Company's performance.

Notwithstanding this, Board members are subject to ongoing performance monitoring and regular performance reviews.

### Directors' and Key Management Personnel Compensation

Details of the nature and amount of each major element of the remuneration received and receivable by persons who were key management personnel of the Company are set out below:

2010	Short-term Employee benefit Cash Salary & Fees	Post-Employment benefit Superannuation	Total
<b>Directors</b>	\$	\$	\$
R Turner	27,523	32,477	60,000
S Menzies	-	45,780	45,780
R Hooper	-	45,780	45,780
R Finley	42,000	3,780	45,780
<b>Total</b>	<b>69,523</b>	<b>127,817</b>	<b>197,340</b>
<b>2009</b>	<b>Short-term Employee benefit Cash Salary &amp; Fees</b>	<b>Post-Employment benefit Superannuation</b>	<b>Total</b>
<b>Directors</b>	\$	\$	\$
R Turner	-	60,000	60,000
S Menzies	-	45,780	45,780
R Hooper	-	45,780	45,780
R Finley	42,000	3,780	45,780
<b>Total</b>	<b>42,000</b>	<b>155,340</b>	<b>197,340</b>



There are no other Key management personnel who receive remuneration from the Company.

Accounting and company secretarial duties are outsourced to White Outsourcing Pty Limited. Peter Roberts is a director and shareholder of White Outsourcing Pty Limited which received fees of \$114,579 (2009: \$106,021) during the year for the services rendered pursuant to an Administrative Services Agreement entered into by the Company. Peter received no fees as an individual.

White Outsourcing Pty Limited will be remunerated in accordance with the Service Level Agreement dated 27 February 2007. The agreement has no fixed term.

### **Other Key Management Personnel**

There were no other persons with responsibility for planning, directing and controlling the activities of the Company, directly, or indirectly during the financial year.

There were no other transactions with key management personnel.

### **OPTIONS**

No options were granted over unissued shares or interests during the financial year or since the financial year end by the Company to Directors or any officers.

### **ROUNDINGS**

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

### **CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Century Australia Investments Limited support and have fully adhered to all applicable principles of corporate governance. The Company has adopted the Corporate Governance Principles and Recommendations issued by ASX Corporate Governance Council in August 2007.

Further information relating to the Company's Corporate Governance Practices and Policies can be found in the Corporate Governance Statement in the Annual Report of the Company and has also been made publicly available on the Company's website at [www.centuryaustralia.com.au](http://www.centuryaustralia.com.au).

### **NON-AUDIT SERVICES**

No non-audit services were performed by the auditors during the year ended 30 June 2010.

# Directors' Report *continued*

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 46 and forms part of this report.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

This report has been made and signed in accordance with a resolution of Directors.



R Turner  
Chairman  
Dated this 26th day of August 2010



# Statement of Comprehensive Income for the year ended 30 June 2010

	Notes	30-Jun-10 \$'000	30-Jun-09 \$'000
Revenue	2	8,253	9,978
Unrealised (loss)/gains on futures		(78)	78
Directors' benefits expense		(197)	(197)
Investment management fees	18	(1,621)	(1,537)
Share based performance fees	18	-	(1,674)
Professional expenses		(184)	(173)
Registry and custody fees		(165)	(217)
Printing		(11)	(11)
Other expenses		(197)	(221)
Profit before income tax expense, realised (losses)/gains on investment portfolio and impairment loss		5,800	6,026
Impairment loss on investment portfolio		(3,872)	(20,302)
Realised gains/(losses) on investment portfolio before income tax		14,030	(26,291)
<b>Profit/(losses) before income tax expense</b>		<b>15,958</b>	<b>(40,567)</b>
Income tax (expense)/benefit	3	(2,951)	13,851
<b>Net profit/(loss) for the year</b>		<b>13,007</b>	<b>(26,716)</b>
<b>Other comprehensive income</b>			
Fair value adjustments to investment portfolio net of tax		2,545	14,885
<b>Total comprehensive income/(loss) for the year</b>		<b>15,552</b>	<b>(11,831)</b>
Basic earnings/(losses) per share (cents per share)	15	6.99	(14.26)
Diluted earnings/(losses) per share (cents per share)	15	6.99	(14.26)
Dividends per share (cents per share)	4	3.5	14.0

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

# Statement of Financial Position as at 30 June 2010

	Notes	30-Jun-10 \$'000	30-Jun-09 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	<b>5</b>	6,883	17,769
Trade and other receivables	<b>6</b>	5,058	3,684
Held-for-trading financial assets	<b>9</b>	-	78
Current tax assets	<b>11(b)</b>	44	-
Other current assets	<b>7</b>	66	66
<b>TOTAL CURRENT ASSETS</b>		<b>12,051</b>	<b>21,597</b>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale financial assets	<b>8</b>	138,364	131,530
Deferred tax assets	<b>11(a)</b>	13,146	17,203
<b>TOTAL NON-CURRENT ASSETS</b>		<b>151,510</b>	<b>148,733</b>
<b>TOTAL ASSETS</b>		<b>163,561</b>	<b>170,330</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	<b>10</b>	1,379	3,049
Current tax liabilities	<b>11(b)</b>	-	151
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,379</b>	<b>3,200</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	<b>11(b)</b>	22	38
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>22</b>	<b>38</b>
<b>TOTAL LIABILITIES</b>		<b>1,401</b>	<b>3,238</b>
<b>NET ASSETS</b>		<b>162,160</b>	<b>167,092</b>
<b>EQUITY</b>			
Issued capital	<b>12</b>	172,922	186,865
Reserves	<b>13</b>	1,496	(1,049)
Retained earnings		(12,258)	(18,724)
<b>TOTAL EQUITY</b>		<b>162,160</b>	<b>167,092</b>

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

# Statement of Changes in Equity for the year ended 30 June 2010

	Notes	Share Capital Ordinary \$'000	Retained Earnings \$'000	Revaluation Reserves \$'000	Total Equity \$'000
<b>Balance at 01.07.2008</b>		<b>183,863</b>	<b>34,166</b>	<b>(15,934)</b>	<b>202,095</b>
Total comprehensive income/(loss) for the year		-	(26,716)	14,885	(11,831)
Recognition of share based payment	<b>18</b>	1,674	-	-	1,674
Shares issued under Dividend Reinvestment Plan		1,932	-	-	1,932
Dividends paid	<b>4</b>	-	(26,174)	-	(26,174)
Shares acquired/cancelled due to Buy Back		(604)	-	-	(604)
<b>Balance at 30.06.2009</b>		<b>186,865</b>	<b>(18,724)</b>	<b>(1,049)</b>	<b>167,092</b>
<b>Balance at 01.07.2009</b>		<b>186,865</b>	<b>(18,724)</b>	<b>(1,049)</b>	<b>167,092</b>
Total comprehensive income for the year		-	13,007	2,545	15,552
Dividends paid	<b>4</b>	-	(6,541)	-	(6,541)
Shares acquired/cancelled due to Buy Back		(13,943)	-	-	(13,943)
<b>Balance at 30.06.2010</b>		<b>172,922</b>	<b>(12,258)</b>	<b>1,496</b>	<b>162,160</b>

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

# Statement of Cash Flows for the year ended 30 June 2010

	Notes	30-Jun-10 \$'000	30-Jun-09 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		7,431	10,027
Interest received		614	648
Investment expenses paid		(2,467)	(2,412)
Income tax paid		(174)	(5,172)
Net cash provided by operating activities	<b>14(a)</b>	<u>5,404</u>	<u>3,091</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		100,911	156,978
Purchase of investments		(96,920)	(134,278)
Net cash provided by investing activities		<u>3,991</u>	<u>22,700</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Share buy backs made		(13,740)	(564)
Dividends paid		(6,541)	(24,241)
Net cash (used in) financing activities		<u>(20,281)</u>	<u>(24,805)</u>
Net (decrease)/increase in cash and cash equivalents held		<u>(10,886)</u>	<u>986</u>
Add: Cash and cash equivalents at the beginning of the year		<u>17,769</u>	<u>16,783</u>
Cash and cash equivalents at the end of the year	<b>5</b>	<u><b>6,883</b></u>	<u><b>17,769</b></u>

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

# Notes to the Financial Statements for the year ended 30 June 2010

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for the entity Century Australia Investments Limited as an individual entity. Century Australia Investments Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The financial report of Century Australia Investments Limited complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

### Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### Adoption of new and revised Accounting Standards

The Company has adopted the following amendments issued by Australian Accounting Standards Board, which are effective for annual reporting periods beginning on or after 1 January 2009.

(i) AASB 8: *Operating Segments* and AASB 2007-3: *Amendments to Australian Accounting Standards* arising from AASB 8.

AASB 8 and AASB 2007-3 are effective for annual reporting periods beginning on or after 1 January 2009. Application of these standards has not effected any of the amounts recognised in the financial statements, but has effected the segment disclosures provided in Note 17.

(ii) Revised AASB 101: *Presentation of Financial Statements* and AASB 2007-8: *Amendments to Australian Accounting Standards* arising from AASB 101 (effective from 1 January 2009).

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this financial report include:

- the replacement of Income Statement with Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of 'other comprehensive income'.
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income.
- other financial statements are renamed in accordance with the Standard.

The following significant accounting policies were applied in the preparation of the interim financial statements as at and for the half year ended 31 December 2009.

(iii) AASB7 /AASB 2009-2 *Amendments to AASB 7 Financial Instruments Disclosures: Improving Disclosures about Financial Instruments*

The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

# Notes to the Financial Statements for the year ended 30 June 2010 *continued*

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Accounting policies

#### (a) Rounding of Amounts

Australian Securities and Investments Commission Class Order 98/100 dated 10 July, 1998 applies to the Company and accordingly amounts have been rounded off to the nearest one thousand dollars.

#### (b) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and at call deposits with banks or financial institutions, other short-term highly liquid investments with the original maturities of three months or less, and bank overdrafts.

#### (c) Dividends

Provision for dividends payable are recognised in the reporting period in which they are approved and declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

#### (d) Receivables

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the year end from the time of last payment. Amounts received for securities sold are recorded when a sale has occurred. Amounts are generally received within 30 days of being recorded as a receivable.

#### (e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax balances of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which maybe realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Please also refer to note 11(a).

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(f) Revenue**

Dividends and distributions are brought to account when the company's right to receive a dividend is established. Interest income is brought to account on an accruals basis taking into account the effective yield on the financial asset. Income due and receivable at balance date is carried as a receivable.

**(g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(h) Financial Instruments****Recognition**

Listed securities are initially measured at cost on trade date, which approximates its fair value. Subsequent to initial recognition these instruments are measured as available-for-sale financial assets under AASB 139 *Financial Instruments: Recognition and Measurement* and will continue to be recognised in the statement of financial position at fair value. During the period changes in fair value for investment securities will be recognised in equity. Unrealised gains and losses arising from changes in fair value are taken directly to equity unless there is an indication that unrealised losses are long-standing; in which case these losses will be recognised directly in the statement of comprehensive income.

The gains or losses on realised investments are calculated by deducting the historical cost from the net proceeds on sale and associated taxation shall be brought to account in the statement of comprehensive income by transferring this amount from the revaluation reserve.

**Fair Value**

Fair value is determined based on current bid prices for all quoted investments and excludes disposal costs.

**Impairment**

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. A prolonged decline is assessed in terms of the company's investment strategy. If any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

# Notes to the Financial Statements for the year ended 30 June 2010 *continued*

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Derivatives

As at 30 June 2009 the Company also held derivative instruments in the form of futures. Derivatives are classified as at fair value through profit or loss - held-for-trading. Derivatives in a net receivable position (positive fair value) are reported as financial assets held-for-trading. All derivatives in a net payable position (negative fair value) are reported as financial liabilities held-for-trading.

Financial assets and liabilities held at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of comprehensive income.

### (i) Earnings per Share

Basic EPS is calculated as net profit attributable to members divided by the weighted average number of ordinary shares adjusted for any bonus element. As there are no dilutive potential ordinary shares, diluted EPS is calculated using the same methodology.

### (j) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

As at 30 June 2010 the Company has recognised \$10,872,511 of deferred tax assets (2009: 13,503,908) relating to carried forward tax losses on the basis that it expects to derive future capital gains sufficient to utilise the current losses. The Company has offset current period tax gains against prior period tax losses resulting in a decrease of the deferred tax assets by \$2,631,397. However, utilisation of the further 2010 tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped. The entity may fail to satisfy the continuity of ownership test and therefore has to rely on the same business test. If the entity fails to satisfy that test, carried forward losses that are currently recognised as deferred tax asset of \$10,872,510 would have to be written off to income tax expense. Refer to note 11(a) for further details.

### (k) Key Estimates — Impairment

The Company follows the guidance of AASB 139 *Financial Instruments: Recognition and Measurement* on determining when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Directors evaluate, among other factors, the duration and extent to which the fair value of an investment is less than its cost in determining what is significant or prolonged decline in fair value.

The Company is a long term investor and has a minimum 3 to 5 year investment horizon. As a result impairment adjustments have not been made on the basis of prolonged decline but are due to the Board's assessment of significant decline.

### (l) Fair value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value. The fair value for assets that are actively traded on market is defined by AASB 139 as 'last bid price'.

### (m) Share Based Payment Transactions

Equity-settled share based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

The number of shares expected to be vested is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for equity instruments granted shall be based on the number of equity instruments that eventually vest.



**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) New Accounting Standards and Interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

(i) *AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective 1 January 2013)*

AASB 9 Financial Instruments addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Company has not yet decided how it would classify its financial assets under this new standard.

(ii) *AASB 2009-5 Further Amendments to Australian Accounting Standard arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]*

In May 2009 the AASB issued a number of improvements to *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*, *AASB 8 Operating Segments*, *AASB 101 Presentation of Financial Statements*, *AASB 101 Statement of Cash Flows*, *AASB 117 Leases*, *AASB 118 Revenue*, *AASB 136 Impairment of Assets* and *AASB 139 Financial Instruments, Recognition and Measurement*. The Company will apply the revised Standards from 1 July 2010. The Company does not expect that any adjustments will be necessary as a result of applying the revised rules.

(iii) *Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective 1 January 2011)*

In December 2009 the AASB issued a revised *AASB 124 Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies and simplifies the definition of a related party. The Company will apply the amended standard from 1 July 2011. When the amendments are applied, the Company would need to disclose any transactions between its subsidiaries and its associates. However, as the Company does not have any subsidiaries and associates, the amendment will not have any effect on the Company's financial statements.

# Notes to the Financial Statements for the year ended 30 June 2010 *continued*

<b>NOTE 2: REVENUE</b>	<b>30-Jun-10 \$'000</b>	<b>30-Jun-09 \$'000</b>
Operating activities		
- dividends and distributions from other entities	7,661	9,410
Non-operating activities		
- interest from other persons	592	568
Total revenue	<u>8,253</u>	<u>9,978</u>
<b>NOTE 3: INCOME TAX EXPENSE / (BENEFIT)</b>		
(a) The components of tax expense/(benefit) comprise:		
Current tax	-	(13,352)
Deferred tax	2,973	(487)
Over/ under provision in respect of prior years	(22)	(12)
	<u>2,951</u>	<u>(13,851)</u>
(b) The prima facie tax on the profit/(loss) from ordinary activities before income is reconciled to the income tax as follows:		
Prima facie tax payable/(receivable) on profit before ordinary activities before income tax at 30% (2009: 30%)	4,787	(12,170)
Add tax effect of:		
- imputation gross-up on dividends received	734	973
- withholding gross-up on dividends received	16	35
- tax credits	(2,498)	(3,359)
- change in franked dividends (payable)/receivable not subject to income tax	(66)	180
- non-deductible share based performance fees	-	502
- over provision from prior year	(22)	(12)
Income tax expense/(benefit) attributable to entity	<u>2,951</u>	<u>(13,851)</u>
The applicable weighted average effective tax rates are as follows:	18%	(34%)

The increase in the applicable weighted average effective tax rate in 2010 was due to realisation of gains on sale of investment portfolio.

<b>NOTE 4: DIVIDENDS</b>	<b>30-Jun-10 \$'000</b>	<b>30-Jun-09 \$'000</b>
(a) Dividends paid during the year		
Final fully franked dividend of nil (2009: 5.0) cents per share franked at tax rate of 30% (2009: 30%)	-	9,303
1st Interim fully franked dividend of 3.5 (2009: 4.5) cents per share franked at tax rate of 30% (2009: 30%)	6,541	8,439
2nd Interim fully franked dividend of nil (2009: 4.5) cents per share franked at tax rate of 30% (2009: 30%)	-	8,432
Total dividend paid	<u>6,541</u>	<u>26,174</u>
(b) Dividends not recognised at year end		
In addition to the above dividends, since the year end the directors have declared final fully franked dividend of 5.0 (2009: nil) cents per share franked at tax rate of 30% (2009: 30%). This dividend has not been recognised as a liability at year end.	<u>8,516</u>	<u>-</u>
(c) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years	<u>7,211</u>	<u>7,495</u>
Adjusted franking account balance		
Impact on the franking account of dividends proposed or declared before the financial report is authorised for issue but not recognised as a distribution to equity holders during the year	<u>(3,650)</u>	<u>-</u>
	<u>3,561</u>	<u>7,495</u>

**NOTE 5: CASH AND CASH EQUIVALENTS**

Cash at bank	372	269
11am account	6,511	17,300
Futures account	-	200
	<u>6,883</u>	<u>17,769</u>

The effective interest rate on bank deposits was 3.85% (2009: 6.67%).

**Reconciliation of cash**

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	6,883	17,769
---------------------------	-------	--------

The credit risk exposure of the company in relation to cash is the carrying amount and any accrued unpaid interest. Cash investments are made with following financial institutions:

	<b>Standard &amp; Poor's Rating</b>
BNP Paribas	AA
Commonwealth Bank	AA

# Notes to the Financial Statements for the year ended 30 June 2010 *continued*

<b>NOTE 6: TRADE AND OTHER RECEIVABLES</b>	<b>30-Jun-10 \$'000</b>	<b>30-Jun-09 \$'000</b>
CURRENT		
Outstanding settlements receivable	4,034	2,874
Interest receivable	24	47
Dividends receivable	926	695
Other receivables	74	68
	<u>5,058</u>	<u>3,684</u>

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

The credit risk exposure of the Company in relation to receivables is the carrying amount. There are no past due or impaired receivables.

<b>NOTE 7: OTHER CURRENT ASSETS</b>		
Prepayments	<u>66</u>	<u>66</u>

<b>NOTE 8: AVAILABLE-FOR-SALE FINANCIAL ASSETS</b>		
NON CURRENT		
Listed securities at fair value	<u>138,364</u>	<u>131,530</u>

Terms and conditions  
Listed securities are readily saleable with no fixed terms.

<b>NOTE 9: FINANCIAL ASSETS HELD-FOR-TRADING</b>		
CURRENT		
Futures	<u>-</u>	<u>78</u>

Futures held-for-trading are traded for purpose of making short term profit. Changes in fair value are included in the Statement of comprehensive income.

<b>NOTE 10: TRADE AND OTHER PAYABLES</b>		
CURRENT		
Sundry payables and accrued expenses	680	562
Outstanding settlements payable	699	2,487
	<u>1,379</u>	<u>3,049</u>

Terms and conditions

- Trade accounts payable are normally settled within 30 days
- Other payables are non interest bearing
- Outstanding settlements payable relate to the purchase of financial assets and will be settled within 3 business days.



**NOTE 11: DEFERRED TAX ASSETS AND LIABILITIES**

	30-Jun-10 \$'000	30-Jun-09 \$'000
(a) Asset		
NON-CURRENT		
Deferred tax assets	13,146	17,203
Deferred tax assets comprises:		
- unrealised losses on revaluation of available-for-sale financial assets at 30%	2,242	3,690
- realised capital losses at 30%	10,872	13,504
- audit fees and directors' superannuation accruals at 30%	11	9
- imputation credits to utilise in future years	21	-
Deferred tax assets	13,146	17,203
<p>The directors believe it is probable that the carry forward tax losses will be utilised by the generation of future taxable profits on the basis of the current investment portfolio and historical Australian equity market performance.</p> <p>There are a number of resolutions to be put to the collective shareholders at the AGM which are not yet finalised. There are a range of possible outcomes from these resolutions that may impact the Company's ability to utilise carry forward tax losses. For example a capital return to shareholders may reduce the company's ability to realise carry forward tax losses. The directors will need to reassess the probability of utilising tax losses at such time as they know the outcome of the resolutions.</p>		
(b) Liabilities		
CURRENT		
Income tax (refundable)/payable	(44)	151
NON-CURRENT		
Deferred tax liabilities	22	38
Deferred tax liabilities comprises:		
- revaluation of held for trading financial assets	-	24
- interest and dividend accruals	22	14
Deferred tax liabilities	22	38
(c) Reconciliations		
(i) Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	17,165	9,587
Charge to statement of comprehensive income	(2,594)	487
Charge to equity	(1,447)	7,091
Closing balance	13,124	17,165

# Notes to the Financial Statements for the year ended 30 June 2010 *continued*

<b>NOTE 11: DEFERRED TAX ASSETS AND LIABILITIES (continued)</b>	<b>30-Jun-10 \$'000</b>	<b>30-Jun-09 \$'000</b>
(ii) Deferred tax liabilities		
The movement in the deferred tax liabilities account for each temporary difference during the year is as follows:		
Opening balance	38	52
Charge to statement of comprehensive income	(16)	(14)
Charge to equity	-	-
Closing balance	<u>22</u>	<u>38</u>
(iii) Deferred tax assets		
The movement in the deferred tax assets for each temporary difference during the year is as follows:		
Opening balance	17,203	9,639
Charge to statement of comprehensive income	(2,610)	473
Charge to equity	(1,447)	7,091
Closing balance	<u>13,146</u>	<u>17,203</u>
<b>NOTE 12: ISSUED CAPITAL</b>		
172,521,584 ordinary shares fully paid (2009: 189,453,715)	172,922	186,865
	<u>172,922</u>	<u>186,865</u>
	<b>30-Jun-10 No.</b>	<b>30-Jun-09 No.</b>
(a) Ordinary shares		
At the beginning of financial year	189,453,715	186,077,684
Shares issued during the year under DRP		
- 29 September 2008	-	2,115,261
Deferred Ordinary Shares vested during the year		
- 30 June 2009	-	2,118,985
Shares cancelled		
- on market buy-back	(16,932,131)	(858,215)
At reporting date	<u>172,521,584</u>	<u>189,453,715</u>
(b) Deferred ordinary shares		
At the beginning of financial year	7,881,015	10,000,000
Shares cancelled under selective buy back	(7,881,015)	-
Shares vested with ordinary share rights during the year	-	(2,118,985)
At reporting date	<u>-</u>	<u>7,881,015</u>

Ordinary shares participate in dividends and proceeds on winding up of the Company in the proportion to the number of shares held.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

On 30 June every year until 30 June 2009 a certain number of the Deferred Ordinary Shares automatically vested with ordinary share rights, depending on the performance of the Company's Portfolio against the S&P/ASX 300 Accumulation Index. For the year ended 30 June 2009 the Portfolio outperformed the index as detailed in the Prospectus and a number of Deferred Ordinary Shares had their rights vested as disclosed in Note 18.

**NOTE 12: ISSUED CAPITAL (continued)**

The remaining 7,881,015 Deferred Ordinary Shares have not been vested with ordinary share rights. After shareholder approval of the selective buyback from 452 Capital Management Nominees Pty Limited of 7,881,015 deferred ordinary shares for an aggregate amount of \$78.81 at the annual General Meeting the company bought back the agreed amount of shares on 4 November 2009. The shares were cancelled on the same day.

**NOTE 13: RESERVES**

	30-Jun-10 \$'000	30-Jun-09 \$'000
Available-for-sale financial assets revaluation reserve	1,496	(1,049)

The available-for-sale financial assets revaluation reserve records revaluations of available-for-sale financial assets. Under certain circumstances dividends can be declared from this reserve.

**NOTE 14: CASH FLOW INFORMATION**

## (a) Reconciliation of cash flow from operations with profit after income tax

Profit after income tax	13,007	(26,716)
Non-cash flows in profit:		
(Gain)/loss on disposal of non-current assets	(14,030)	26,291
Impairment loss net of income taxes	3,872	20,302
Unrealised gains on futures	78	(78)
Share based performance fees	-	1,674
Changes in assets and liabilities:		
(Increase)/Decrease in dividends receivable	(230)	609
Decrease in receivables	22	81
(Increase)/Decrease in goods and services tax receivable	(6)	31
Decrease in other assets	-	8
Decrease/(Increase) in deferred tax assets	2,989	(13,976)
(Decrease) in payables	(86)	(88)
(Decrease) in provision income tax payable	(219)	(5,009)
Increase/(Decrease) in deferred tax liability	7	(38)
Net cash provided by operating activities	<u>5,404</u>	<u>3,091</u>

## (b) Non cash financing and investing activities:

## Dividend reinvestment plan

In light of the share buy back program, the Dividend Reinvestment Plan has been suspended during the year ended 30 June 2010. Under the terms of the dividend reinvestment plan in year ended 30 June 2009 \$1,932,684 of dividends were paid via issue of 2,115,261 fully paid ordinary shares.

## (c) Credit Facilities:

The Company does not have any credit or loan facilities at year end.

**NOTE 15: EARNINGS PER SHARE**

	30-Jun-10	30-Jun-09
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share based on operating profit after income tax	<u>6.99</u>	<u>(14.26)</u>
	<b>Shares</b>	<b>Shares</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	<u>186,042,782</u>	<u>187,335,634</u>
	<b>\$ '000</b>	<b>\$ '000</b>
Earnings used in calculating basic earnings per share	<u>13,007</u>	<u>(26,716)</u>
	<b>Cents</b>	<b>Cents</b>
Diluted earnings per share is the same as the basic earnings per share	<u>6.99</u>	<u>(14.26)</u>

# Notes to the Financial Statements for the year ended 30 June 2010 *continued*

## NOTE 16: AUDITORS' REMUNERATION

	30-Jun-10	30-Jun-09
Amounts receivable or received and receivable by Grant Thornton	\$	\$
- audit and review of the financial reports of the entity	44,900	44,500
- other assurance services	3,000	-
	<u>47,900</u>	<u>44,500</u>

## NOTE 17: SEGMENT REPORTING

The Company operated within one business segment, being investments and one geographical segment (Australia).

## NOTE 18: RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

The Investment Manager, 452 Capital Pty Limited (ACN 101 924 430) receives a management fee from the Company (payable quarterly in arrears) based on 1% of the net tangible asset backing (as defined in the ASX Listing Rules) of the Company less a rebate, detailed as follows. Up until 31 March 2009 a rebate of \$250,000 (inclusive of GST) per annum was deducted from the management fee to offset the accounting, administration and management expenses incurred by Century Australia. Under agreed terms between the Investment Manager and the Company, the rebate was to reduce to nil in any quarter where the value of the portfolio fell below \$230 million after adding back falls in the All Ordinaries Index since the rebate commenced. From 1 April 2009 the Investment Manager agreed to proportionately reduce the rebate (based on the average month end portfolio value divided by \$230 million). During the year, management fees of \$1,620,914 (2009: \$1,537,296) were paid to 452 Capital Pty Limited. As at balance date there was \$404,921 (2009: \$447,315) management fees payable.

In accordance with the Company's Prospectus dated 16 February 2004, on 30 June every year until 30 June 2009 a certain number of the Deferred Ordinary Shares could automatically be vested with ordinary share rights, depending on the performance of the Company's Portfolio against the S&P/ASX 300 Accumulation Index. Prior to 30 June 2009, no Deferred Ordinary Shares were vested with ordinary share rights. The Portfolio for the 12 month period to 30 June 2009 has outperformed the index as per the conditions detailed in the Prospectus and as a result a performance fee was payable to 452 Capital Pty Limited.

Under AASB 2 Share based payment, the above transaction is considered to be an equity-settled share based payment. The fair value of the services provided by 452 Capital has been measured by reference to the fair value of the equity instruments granted. The performance fee payable to 452 Capital as at 30 June 2009 of \$1,673,999 was satisfied by the issue of 2,118,985 shares and has been recognised as a share based payment expense in the Statement of comprehensive income at fair value of \$0.79 per share.

In accordance with its obligations under the ASX Listing Rules, the Company has applied for quotation of the 2,118,985 ordinary shares resulting from the vesting.

The 2,118,985 ordinary shares referred to above are not subject to any ASX imposed escrow restrictions, nor are they subject to any voluntary escrow restrictions as the voluntary escrow period referred to in the Prospectus expired on 30 June 2009. After shareholder approval of the selective buyback from 452 Capital Management Nominees Pty Limited of 7,881,015 deferred ordinary shares for an aggregate amount of \$78.81 at the annual General Meeting, the company bought back the agreed amount of shares on 4 November 2009. The shares were cancelled on the same day.

As detailed in the Prospectus, on and from 1 July 2009, the payment of performance fees by the Company to 452 Capital Pty Limited will no longer be satisfied by the vesting of ordinary share rights in any Deferred Ordinary Shares. Commencing in the 12 month period ending 30 June 2010, 452 Capital Pty Limited may be entitled to a cash payment of an annual performance fee, depending on the performance of the Company's Portfolio against the S&P/ASX 300 Accumulation Index.

For the period ending 30 June 2010 there was no performance fee payable to the investment manager.



**NOTE 19: DIRECTORS' AND KEY MANAGEMENT PERSONNEL COMPENSATION**

- (a) Names and positions held of key management personnel in office at any one time during the financial year are:

R Turner	Chairman (Non-Executive)
S Menzies	Director (Non-Executive)
R Hooper	Director (Non-Executive)
R Finley	Director (Non-Executive)

- (b) Shareholdings

Number of shares held by directors and key management personnel

	Balance 30-Jun-08	Net Change* 2009	Balance 30-Jun-09	Net Change* 2010	Balance 30-Jun-10
R Turner	153,739	-	153,739	-	153,739
S Menzies	10,918	597	11,515	-	11,515
R Hooper	15,000	-	15,000	-	15,000
R Finley	-	-	-	100,000	100,000
<b>Total</b>	<b>179,657</b>	<b>597</b>	<b>180,254</b>	<b>100,000</b>	<b>280,254</b>

\* Net change refers to shares purchased or participation in the dividend reinvestment plan during the financial year.

- (c) Director's and key management personnel compensation

The director's and key management personnel compensation is detailed on the pages 20 - 21 in the Directors' report.

# Notes to the Financial Statements for the year ended 30 June 2010 *continued*

## NOTE 20: FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

### (a) Credit Risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as noted in Note 5 with respect to cash and cash equivalents and Note 6 for trade and other receivables. None of these assets are over-due or considered to be impaired.

### (b) Liquidity Risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Century and its representatives, in conjunction with the Investment Manager, monitors its cash-flow requirements in relation to the trading account taking into account upcoming dividends, tax payments and trading activity.

The Company's inward cash-flows depend upon the level of dividend and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash-flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is managed by the Board and Investment Manager.

Furthermore, the assets of the Company are largely in the form of tradeable securities which can be sold on-market if necessary.

The table below analyses the Company's non derivative financial liabilities in relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the year end date. The amounts in the table are contractual undiscounted cash flows.

	Less than 1 month \$'000	More than 1 month \$'000	Total \$'000
<b>At 30 June 2010</b>			
Trade and other payables	1,379	-	1,379
Total financial liabilities	<u>1,379</u>	<u>-</u>	<u>1,379</u>
<b>At 30 June 2009</b>			
Trade and other payables	3,049	-	3,049
Current tax liabilities	-	151	151
Total financial liabilities	<u>3,049</u>	<u>151</u>	<u>3,200</u>

**NOTE 20: FINANCIAL RISK MANAGEMENT (continued)****(c) Market Risk**

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature as a Listed Investment Company that invests, the Company can never be free of market risk as it invests its capital in securities which are not risk free - the market price of these securities can fluctuate.

The following table illustrates the effect on the Company's equity from possible changes in other market risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30 per cent:

	Change in variable		Effect on Company's Equity	
	2010 +/-	2009 +/-	2010 \$'000	2009 \$'000
Equity price risk	5%	5%	4,843	4,606
Equity price risk	10%	10%	9,685	9,213

The available for sale financial assets investment revaluation reserve increased by \$2.5 million during the financial year ended 30 June 2010. In accordance with Accounting Standards, any further falls in value of the investment portfolio would continue to be recognised in equity as unrealised losses, thereby impacting the shareholders' equity of the Company. However in the case of a prolonged decline in the value of an instrument and if determined to be impaired; impairment losses will be recognised in the statement of comprehensive income. For the year ended 30 June 2010 the Company transferred an impairment loss of \$3.9 million from the Available for sale financial assets investment revaluation reserve in to the statement of comprehensive income. When identifying impaired stocks the company considered factors discussed in Note 1 (h).

The Company seeks to manage and constrain market risk by diversification of the investment portfolio across multiple stocks and industry sectors. The relative weightings of the individual securities and relevant market sectors are reviewed and risk can be managed by reducing exposure where necessary.

Securities representing over 5 per cent of the investment portfolio at 30 June were:

2010	%
Westpac Banking Corporation	10.02
Telstra Corporation Limited	9.59
National Australia Bank	8.52
AMP Limited	5.47
	<u>33.59</u>
2009	%
Westpac Banking Corporation	7.86
Telstra Corporation Limited	7.72
Washington H Soul Pattinson & Company Limited	6.99
Brambles Limited	6.78
AMP Limited	6.27
BHP Billiton Limited	5.75
Fosters Group Limited	5.44
	<u>46.81</u>

No other security represents over 5 per cent of the Company's investment portfolio.

It should be noted the Investment Manager does not actively manage the investment portfolio's tracking error and may construct the portfolio quite differently to the benchmark.

# Notes to the Financial Statements for the year ended 30 June 2010 *continued*

## NOTE 20: FINANCIAL RISK MANAGEMENT (continued)

### (c) Market Risk (continued)

The Company is not directly exposed to currency risk as all its investments are quoted in Australian dollars. However, some of the companies invested in by the Investment Manager may have varying degrees of currency risk attached to them as their earnings are effected by fluctuations in the foreign currency.

### (d) Interest Rate Risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The following table illustrates the effect on the Company's Equity from possible changes in market risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30 per cent :

	Change in	Change in	Effect on Company's Equity	
	variable 2010	variable 2009	2010 \$'000	2009 \$'000
Interest rate risk	+0.75bps/- 0.75bps	+0.75bps/- 0.75bps	86/(86)	54/(54)

Note 5 includes the Company's exposure to interest rate risk.

### (e) Capital Management

The Board's policy is to maintain a strong net asset capital base so as to maintain investor and market confidence. To achieve this the Board of Directors monitor the monthly NTA results, investment performance, the Company's Indirect Cost Ratio (formerly known as 'Management Expense Ratio') and share price movements.

In December 2009 the Board extended the share buyback program as part of its capital management program. During the financial year 16,932,131 shares (2009: 858,215 shares) at a value of \$13,942,914 (2009: \$603,640) had been purchased. In light of the share buy back program, the Dividend Reinvestment Plan has been suspended until further notice.

The Company is not subject to any externally imposed capital requirements.

### (f) Derivative Financial Instruments

In the normal course of business the Company enters into transactions in derivative financial instruments with certain risks. A derivative is a financial instrument or other contract whose value depends on, or is derived from, underlying assets, liabilities or indices.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include a wide assortment of instruments, such as futures. Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Company's portfolio management. Derivatives are not managed in isolation.

The Company held the following derivative instrument during year ended 30 June 2009.

#### Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

**NOTE 20: FINANCIAL RISK MANAGEMENT (continued)**

**(g) Fair Value Hierarchy**

The Company has adopted the amendments to AASB 7, effective 1 July 2009. This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The table below sets out the Company's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy at 30 June 2010. Comparative information has not been provided as permitted by the transitional provisions of the new rules.

	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Financial assets</b>				
Available for sale investments	138,364	-	-	138,364
<b>Total</b>	<b>138,364</b>	<b>-</b>	<b>-</b>	<b>138,364</b>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, certain unlisted unit trusts and exchange traded derivatives.

# Notes to the Financial Statements for the year ended 30 June 2010 *continued*

## **NOTE 21: EVENTS AFTER BALANCE DATE**

On 18 August 2010, the company announced that it had received a notice from 452 Capital Pty Limited (452) concerning proposed changes to its management team. On 25 August 2010, the Company announced that it had reached in-principle agreement that the 452 Investment Management Agreement will be terminated, subject to the appointment of an interim investment manager and appropriate terms for termination and release being agreed between the parties. The board has invited four reputable managers to tender for the management of the Company portfolio. Each tendering manager employs a similar investment style to that of 452. The Board expects to soon be in a position to announce the appointment of the new manager.

The Board propose to present a range of resolutions to the 2010 Annual General Meeting to allow shareholders to determine the future of the Company.

Other than the above, no matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## **NOTE 22: CONTINGENT LIABILITIES**

At balance date, the Company had no contingent liabilities.

## **NOTE 23: COMPANY DETAILS**

The registered office and principal place of business of the Company is:  
Century Australia Investments Limited  
Level 7, 20 Hunter Street  
SYDNEY NSW 2000

# Directors' Declaration

**The Directors of the Company declare that:**

1. The financial statements and notes, as set out on pages 23 - 44, are in accordance with the Corporations Act
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the Company.
  - (c) comply with International Financial Reporting Standards as disclosed in Note 1.
2. On behalf of White Outsourcing Pty Limited, Peter Roberts, as the person who performs the Chief Executive Functions for the purposes of the Act declared that:
  - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporation Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion 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.**

**On behalf of the Board**



**R Turner  
Chairman  
Dated this 26th day of August 2010**

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ABN 25 034 787 757

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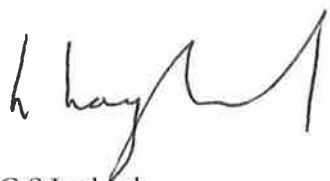
**Auditor's Independence Declaration  
To the Directors of Century Australia Investments Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Century Australia Investments Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

*Grant Thornton NSW*

GRANT THORNTON NSW  
Chartered Accountants



G S Layland  
Partner

Sydney, 26 August 2010



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## **Independent Auditor's Report To the Members of Century Australia Investments Limited**

### **Report on the financial statements**

We have audited the accompanying financial statements of Century Australia Investments Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial statements and the directors' declaration.

### **Directors' responsibility for the financial statements**

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors also state, in the notes to the financial statements, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial statements, comprising the financial statements and notes, complies with International Financial Reporting Standards.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit, we complied with applicable independence requirements of the Corporations Act 2001.

### **Auditor's opinion**

In our opinion:

- a the financial statements of Century Australia Investments Limited are in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the Company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b the financial statements also comply with International Financial Reporting Standards as disclosed in the notes to the financial statements.

**Report on the remuneration report**

We have audited the Remuneration Report included in pages 20 to 21 of the directors' report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the Remuneration Report of Century Australia Investments Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON NSW  
Chartered Accountants



G S Layland  
Partner

Sydney, 26 August 2010

# Investment Holdings - 30 June 2010

Security Name	Portfolio Value	% of Total Portfolio Value
<b>CONSUMER DISCRETIONARY</b>		
1 Austereo Group Limited	2,411,348	1.62%
2 Fairfax Media Limited	6,033,158	4.04%
3 News Corporation	3,291,378	2.21%
4 Prime Media Group Limited	1,957,468	1.31%
5 Reef Casino Trust	341,176	0.23%
6 Ruralco Holdings Limited	2,453,394	1.64%
7 Tabcorp Holdings Limited	2,562,735	1.72%
8 Ten Network Holdings Limited	3,382,456	2.27%
9 Tatts Group Limited	3,920,840	2.63%
<b>Consumer Discretionary - subtotal</b>	<b>26,353,952</b>	<b>17.67%</b>
<b>CONSUMER STAPLES</b>		
10 Fosters Group Limited	2,970,503	1.99%
11 Woolworths Limited	1,510,260	1.01%
<b>Consumer Staples - subtotal</b>	<b>4,480,763</b>	<b>3.00%</b>
<b>FINANCIALS EXCLUDING PROPERTY TRUSTS</b>		
12 AMP Limited	7,568,751	5.07%
13 Australia and New Zealand Bank Group Limited	1,516,320	1.02%
14 Commonwealth Bank of Australia	2,430,000	1.63%
15 Insurance Australia Group Limited	6,113,987	4.10%
16 Lend Lease Corporation Limited	5,781,461	3.88%
17 National Australia Bank Limited	11,787,222	7.90%
18 Premier Investments Limited	1,851,891	1.24%
19 Washington H Soul Pattinson Company Limited	4,634,185	3.11%
20 Westpac Banking Corporation	13,860,544	9.29%
<b>Financials excluding Property Trusts - subtotal</b>	<b>55,544,361</b>	<b>37.24%</b>
<b>MATERIALS</b>		
21 Adelaide Brighton Limited	589,002	0.39%
22 Amcor Limited	3,046,090	2.04%
23 BHP Billiton Limited	4,350,028	2.92%
24 Brickworks Limited	2,357,072	1.58%
25 Brambles Limited	5,670,216	3.80%
26 CSR Limited	1,610,280	1.08%
27 Rio Tinto Limited	3,079,692	2.06%
<b>Materials - subtotal</b>	<b>20,702,380</b>	<b>13.87%</b>
<b>INDUSTRIALS</b>		
28 Guinness Peat Group PLC	932,273	0.63%
29 Korvest Limited	1,204,601	0.81%
30 K&S Corporation Limited	1,162,798	0.78%
31 Qantas Airways Limited	3,310,185	2.22%
<b>Industrials - subtotal</b>	<b>6,609,857</b>	<b>4.44%</b>

Security Name	Portfolio Value	% of Total Portfolio Value
<b>PROPERTY TRUSTS</b>		
32 Bunnings Warehouse Property Trust	481,902	0.32%
33 Carindale Property Trust	388,050	0.26%
34 Westfield Group	4,397,630	2.95%
<b>Property Trusts - subtotal</b>	<b>5,267,582</b>	<b>3.53%</b>
<b>TELECOMMUNICATIONS SERVICES</b>		
35 Telecom Corporation of New Zealand Limited	3,723,205	2.50%
36 Telstra Corporation Limited	13,266,523	8.89%
<b>Telecommunications Services - subtotal</b>	<b>16,989,728</b>	<b>11.39%</b>
<b>HEALTH CARE</b>		
37 Primary Health Care Limited	2,414,912	1.62%
<b>Health Care - subtotal</b>	<b>2,414,912</b>	<b>1.62%</b>
<b>OTHER</b>		
38 Cash	10,793,479	7.24%
<b>Other - subtotal</b>	<b>10,793,479</b>	<b>7.24%</b>
<b>TOTAL</b>	<b>149,157,014</b>	<b>100.00%</b>

# Shareholder Information

## Distribution of Shareholder Numbers as at 15 September 2010

Category (size of Holding)	Ordinary
1 – 1,000	250
1,001 – 5,000	989
5,001 – 10,000	1136
10,001 – 100,000	2513
100,001 and over	146
	<b>5034</b>

The number of shareholdings held in less than marketable parcels as at 15 September 2010 was 118.

## Substantial Shareholders

There was one substantial shareholder listed in the holding Company's register as at 15 September 2010: Questor Financial Services Limited.

## Voting Rights

The voting rights attached to each class of equity security are as follows:

### *Ordinary Share*

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

### *Deferred Ordinary Shares*

There were 10 million Deferred Ordinary Shares not quoted on the Australian Stock Exchange ("ASX") that were held by 452 Capital Management Nominees Pty Ltd as trustee for 452 Capital Management Trust. Detailed provisions relating to the rights attaching to the Deferred Ordinary Shares are set out in the Constitution. A copy of the Constitution can be inspected during office hours at the registered office of the Company.

On 30 June 2009 2.1 million Deferred Ordinary Shares vested with ordinary rights. Subsequent to year end, all other outstanding Deferred Ordinary Shares were bought back and cancelled in November 2009 (please refer to Note 18 for further information).

## Stock Exchange listing

Quotation has been granted for all ordinary shares of the Company on all member exchanges of the ASX.

## Unquoted Shares

There are no unquoted shares on issue.

## Transaction Summary

During the financial year, 775 transactions in securities were made by the Company. The total brokerage accrued during the year was \$460,570.

## Investment Management Agreement

The Investment Manager, 452 Capital Pty Ltd, receives a management fee from Century Australia of 1% of NTA backing (as defined in the ASX Listing Rules) of the Company per annum less a rebate, detailed as follows. Up until 31 March 2009 a rebate of \$250,000 (inclusive of GST) per annum was deducted from the management fee to offset the accounting, administration and management expenses incurred by Century Australia. Under agreed terms between the Investment Manager and the Company, the rebate was to reduce to nil in any quarter where the value of the portfolio fell below \$230million after adding back falls in the All Ordinaries Index since the rebate commenced. From 1 April 2009 the Investment Manager agreed to proportionately reduce the rebate (based on the average month end portfolio value divided by \$230 million). The management fee is payable at the end of each quarter, in arrears. The Investment Manager may also be entitled to a performance fee.

From 1 July 2009 performance fees is payable each 30 June if the investment performance of the portfolio exceeds the S&P/ASX 300 Accumulation Index plus margin of 3% over the previous 12 months. The performance fee will be equal to 10% of the excess performance.

The term of the agreement is 25 years and it will expire on 2 April 2029. The Company has a right to terminate the agreement if the portfolio underperforms the S&P/ASX 300 Accumulation Index by more than 5% for two consecutive years subject to prior approval at a shareholders meeting.

## Securities subject to voluntary escrow

There are no shares issued to voluntary escrow.

## Share Allotment History

Date of Issue	Type	Price
Listing – 8 April 2004	Initial Allotment	\$ 1.0000
24-Mar-05	DRP	\$ 0.9850
29-Sep-05	DRP	\$ 1.0054
04-Apr-06	DRP	\$ 1.1016
29-Sep-06	DRP	\$ 1.1167
26-Mar-07	DRP	\$ 1.2444
28-Sep-07	DRP	\$ 1.3203
28-Mar-08	DRP	\$ 1.1262
29-Sept-08	DRP	\$ 0.9137

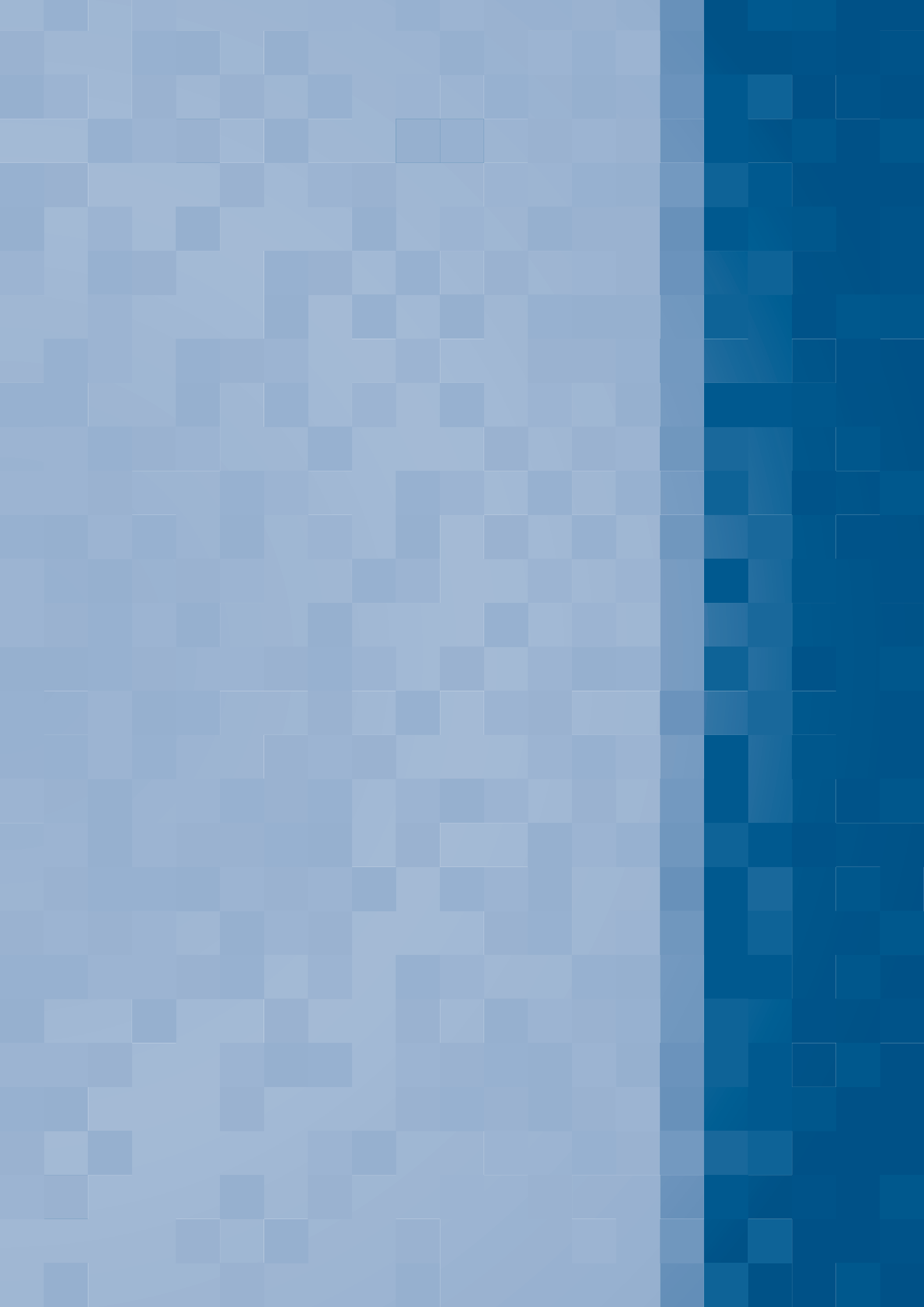
## 20 Largest Shareholders as at 15 September 2010

Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Shares
QUESTOR FINANCIAL SERVICES LIMITED <TPS RF A/C>	26,549,260	15.54%
QUESTOR FINANCIAL SERVICES LIMITED <TPS PIP A/C>	4,495,264	2.63%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,254,848	2.49%
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	3,014,768	1.76%
ANZ NOMINEES LIMITED <CASH INCOME A/C>	2,926,032	1.71%
DE LA SALLE BROTHERS	2,172,663	1.27%
452 CAPITAL MANAGEMENT NOMINEES PTY LTD <452 CAPITAL MANAGEMENT A/C>	2,118,986	1.24%
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C>	1,910,782	1.12%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,843,813	1.08%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	1,754,653	1.03%
AUST EXECUTOR TRUSTEES LTD <LIC FUND A/C>	1,383,951	0.81%
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,253,407	0.73%
ALBERT INVESTMENTS PTY LTD	1,000,000	0.59%
COUNT FINANCIAL LIMITED	1,000,000	0.59%
ITTA DEVELOPMENTS PTY LTD	1,000,000	0.59%
MR BARRY MARTIN LAMBERT & MRS JOY WILMA LILLIAN LAMBERT <LAMBERT SUPER FUND A/C>	1,000,000	0.59%
RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <NMSMT A/C>	997,244	0.58%
EMSDALE HOLDINGS PTY LTD	913,000	0.53%
AVANTEOS INVESTMENTS LIMITED <AVANTEOS SUPER FUND NO 2 A/C>	892,469	0.52%
J P MORGAN NOMINEES AUSTRALIA LIMITED	703,340	0.41%
	<b>61,184,480</b>	<b>35.81%</b>









CENTURY  
AUSTRALIA  
INVESTMENTS LIMITED

