



Annual Report 2005

CENTURY
AUSTRALIA
INVESTMENTS LIMITED



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Calendar

Annual General Meeting

Australian Stock Exchange Limited
Exchange Square
18-20 Bridge Street
Sydney NSW 2000
19 October 2005 at 10am

No more than 14 days after end of the month

Net tangible asset backing is
announced to ASX and posted
on the Company website

Century Australia Investments Limited

ABN 11 107 772 761

("Century Australia", "Century", "Company")

2005 Highlights

- Operating profit after tax of \$6.318 million (2004^(a): \$1.757 million)
- Earnings per share of 3.57 cents (2004^(a): 1.0 cent)
- Portfolio return of 21.67% for the year ended 30 June 2005 (2004^(a): 4.67%)
- Net tangible asset backing of \$1.18 per share before tax as at 30 June 2005 (2004^(a): \$1.01 before tax)
- Net tangible asset backing of \$1.14 per share after tax as at 30 June 2005 (2004^(a): \$1.00 after tax)
- Interim dividend paid for half year ended 31 December 2004 of 2.0 cents per share fully franked and declared a final dividend of 3.0 cents per share fully franked (2004^(a): nil)
- The investment holdings of the Company have increased by \$32.8 million from \$178.9 million as at 30 June 2004 to \$211.7 million as at 30 June 2005

(a) – refers to period 8 April to 30 June 2004

Company Profile

The investment objective of the Company is to provide long-term capital growth and income by investing in quality, under-valued Australian companies.

Century Australia is a Listed Investment Company (LIC) and was established to provide investors with access to the investment style and expertise of 452 Capital Pty Limited ("452 Capital", "the Manager"), one of Australia's leading boutique funds management companies.

452 Capital is an independent fund management company focused on management of assets invested in the Australian sharemarket. 452 Capital was founded in 2002 and is controlled by staff. On 28 May 2005 the Commonwealth Bank announced that its wholly owned subsidiary Colonial Mutual Life Assurance Society Limited had reached an agreement to acquire a 30% shareholding in 452 Capital and that Warwick Negus had been appointed Chief Executive Officer of Colonial First State Global Asset Management. This transaction was completed on 5 July 2005 at which time Warwick Negus ceased to have any executive involvement with 452 Capital and as a result became a Non-Executive Director of Century Australia.

The investment objective of the Company is to provide long-term capital growth and income by investing in quality, under-valued Australian companies. At 30 June 2005, Century Australia had over 6,000 shareholders. 452 Capital manages the portfolio of investments of the Company (portfolio) pursuant to an Investment Management Agreement.

452 Capital's strategy is to invest in high quality companies trading below their fair value. To warrant inclusion in the portfolio, companies must be financially sound, have superior management and a sustainable established business model, as well as be trading at share prices below their intrinsic value, or at least with low valuations compared to the industry in which they operate and compared to the market as a whole. The portfolio contains investments in no more than 50 companies and trusts listed on the Australian Stock Exchange representing a cross section of Australia's enterprises.

Century Australia has an experienced Board of Directors that provides appropriate business guidance, corporate governance and risk management which, along with the portfolio returns produced by 452 Capital, ensure the maximisation of shareholder value. The Board consists of three highly qualified Directors, two of whom were independent as at 30 June 2005.

We encourage investors to visit the Century Australia website at www.centuryaustralia.com.au to obtain further information on the Company including monthly net tangible asset announcements, interim and annual announcements.

Chairman's Review

Robert Turner
Chairman



Dear Shareholders,

It is with great pleasure that I present to you the Century Australia Annual Report for the financial year ended 30 June 2005. This is our first full financial year and it comes after the Australian sharemarket has risen to record levels.

The objective of Century Australia is, and remains, to provide investors with exposure to the Australian equities market and over time, to generate growth and income from the efforts and investment capabilities of our Investment Manager, 452 Capital. The returns of Century Australia therefore reflect the performance of the Manager.

There were a number of achievements during the year:

1. Century Australia generated an operating profit after tax of \$6.318 million which equates to 3.57 cents per share for the full financial year.
2. The Net Tangible Assets (NTA) increased from \$1.01 to \$1.18, an increase of 17%. (Shareholders should note that interim dividend of 2 cents has been deducted from the NTA.)
3. Century Australia paid a fully franked interim dividend of 2 cents for the period ended 31 December 2004 and has declared a final fully franked dividend of 3 cents for the period ended 30 June 2005 payable on 29 September 2005.

4. The Manager generated a positive return of 21.67% on the underlying investment portfolio during the financial year.

In this report Peter Morgan, Investment Director of 452 Capital, comments on the performance of the underlying portfolio. Whilst the performance has been very strong in an absolute sense, the portfolio has not achieved the same returns generated by the Australian sharemarket as a whole. This relative underperformance reflects our Manager, 452 Capital's focus on long-term investment.

During the financial year the Australian Tax Office (ATO) sought to clarify the tax status of Listed Investment Companies (LICs). Century Australia, as disclosed in the prospectus, was granted a tax concession that allows its shareholders to benefit from the discount of capital gains where shares are held for more than 12 months. This operates much the same way as the concessional rate of capital gains tax for individuals.

The ATO draft was meant to ensure that the LICs that benefit from the concession qualify as a result of a long-term strategy of capital growth rather than a trading or income strategy.

Century Australia has received advice that its strategy is consistent with the ATO review and that proper procedures are in place both in the Company and with its Manager to ensure that, to the fullest extent possible, this tax status is maintained.

Similarly, Century had to make elections at the end of the financial year as part of the move to Australian equivalents to International Reporting Standards. The effects of these are noted in more detail later in the report and whilst it is not significant, there is an effect that shareholders should understand. The Board received formal advice on the appropriate strategies and feel that the outcome has been positive for shareholders.

Century Australia's share price performance during the financial year has been disappointing. It has not tracked the growth in the NTA and we have received correspondence from investors wanting to know why this has been the case. There is no one reason for the lack of share price growth but we would like to make the following observations:

1. Many LICs have found that share price growth has been difficult to achieve in a rising sharemarket. The trading of the Century share price has been broadly in line with the sector. In a growth market environment LIC share prices have traded at a discount to NTA as many investors choose to invest directly in the market.
2. The real measure of value for shareholders of the net worth of the Company is measured (and reported monthly to the ASX) by the NTA. The NTA gives an accurate and timely indication of the after-tax value of the Company.
3. Century will continue to communicate with both shareholders and the broader market on its progress. If the Company can continue to record solid and consistent growth in NTA and dividends then the share price should respond accordingly.
4. As a result of the disparity between the share price and the NTA the Board is considering a share buy-back program that gives authorisation to repurchase up to 10% of its outstanding issued shares. However, it is important to point out to shareholders that the buy-back is not designed to improve the share price. It is designed to create value for remaining shareholders by improving earnings per share.

During the previous year, the Company introduced a Dividend Reinvestment Plan (DRP). It enabled shareholders to apply the proceeds of their dividend to purchasing additional shares in Century at a discount. Pleasingly, a large number of shareholders took up the option and feedback on the program has been positive. The Board has elected to keep the DRP in place for the coming year and do not expect to change any of the terms and conditions.

Your Board continues to review best practice in corporate governance. You will see the corporate governance section of the Annual Report outlines clearly our position on all key issues.

At the end of May 2005, the Commonwealth Bank of Australia announced that it had reached agreement to acquire a 30% interest in 452 Capital Pty Limited, the Investment Manager of the Century investment portfolio. It is important to note a few aspects of this transaction:

1. There has not been a change of control in the Investment Manager. It is still controlled by the staff of 452 Capital, and in particular, Peter Morgan.
2. The Executive Director of Century Australia, Warwick Negus, has since taken on a new role of Chief Executive Officer of Colonial First State Global Asset Management. He is a minority shareholder of 452 Capital but has no active involvement in the business. He is not an employee or a Director of 452 Capital and as a result, Warwick's status as a Director changed to Non-Executive Director effective from 5 July 2005.
3. 452 Capital retains the same investment discretion that it had prior to the announcement. Specifically, the terms of Century's Investment Management Agreement are unchanged and provide for not only an investment service but all other support services as well.

I would like to take the opportunity to thank Warwick Negus for the work that he has done with Century Australia since its inception in April 2004. Warwick was responsible for the establishment of the Company and continues to provide valuable input as a Director.

It is with great pleasure that we present this report and accounts for the financial year ended 30 June 2005.

Yours sincerely,



Robert Turner

Investment Manager's Review



“We will continue to invest Century Australia’s capital in a disciplined manner with a focus on both quality and value.”

Peter Morgan

Dear Investor,

The year to 30 June 2005 marked the first full year of investment for Century Australia. For the year the sharemarket produced an accumulated gain of 26% (as measured by the S&P/ASX 300 Accumulation Index) which added to a 22% accumulated gain for the year ended 30 June 2004.

The value of Century Australia’s portfolio increased by 21.67% during the year and whilst at first glance this gain looks impressive, the performance of the portfolio lagged the market by 4.36%. In analysing the underperformance of the portfolio for the year the main reasons were:

1. A large cash position. During the year Century held a large cash position (15-20%) in its portfolio. With the market up as much as it was during the year the cash position alone handicapped the portfolio’s performance by at least 3% relative to the market. Our reasoning for holding a high cash position during the year was based on our belief that the valuations of a number of companies we researched were too high to warrant investment on a medium- to long-term basis.
2. Century held none of the strongly performing Rinker, Wesfarmers, Woolworths or Woodside. Whilst these are very well managed excellent quality Australian companies we wrongly erred on the side of caution and were not prepared to pay what we thought were high valuations.
3. Century held positions in the underperforming Just Group, Pacifica and Pacific Brands. In any one year we will make some mistakes and

these were the three for 2005. Pleasingly, when one looks at the performance of many other companies within the portfolio during the year such as Metcash, Macquarie Bank and Suncorp their out performance more than made up for the mistakes.

The Future

The Australian sharemarket has now produced two years of very strong returns. The market has not had a losing quarter since March 2003 and at the end of June stood almost 75% higher than the lows reached in March 2003 just prior to the war in Iraq. A strong domestic economy, a China-based minerals boom and more shareholder friendly companies (increased buy-backs and higher dividends) have all played their part in supporting the strong returns of the local sharemarket and made it one of the best performing in the world.

However, investors should not forget the excellent returns of the last few years are history and not a guarantee for returns of the future.

We have been and currently remain cautious due to:

1. *Excess liquidity.* Over the last quarter of the financial year it became increasingly evident that excess liquidity due to large cash takeovers, buy-backs, higher dividend payouts, ongoing superannuation inflows together with News Corporation leaving the local benchmark has played a large part in pushing valuations higher rather than improving fundamentals.



2. *Cyclical high operating profits.* A number of Australian companies are trading at high points in their operating cycles. Many mining companies are enjoying record prices for their commodities, banks are enjoying record low levels of bad debts and building companies have seen healthy conditions for a number of years. It would be unrealistic to expect these conditions to continue over the longer term.
3. *Consumer debt.* For many years the Australian, US and British consumers have enjoyed a “fairytale” environment of encouragement. Unemployment has fallen to very low levels (boosting confidence), interest rates have fallen to very low historic levels (encouraging accumulation of debt at the expense of saving), governments have provided tax cuts and in some countries handouts, all at a time when the price of consumer goods has been falling and property prices have been rising dramatically. To us, such stimulus and perhaps more importantly, the confidence surrounding such stimulus is not sustainable over the medium-term.
4. *Oil prices.* It has been well publicised that oil prices over the last year have risen markedly. What hasn't been publicised or measured is the impact of the expectation of higher oil prices on economies where a highly indebted consumer is the backbone of those economies. We are leaning towards a belief that a continuation of higher oil prices will slowly crimp the confidence of the highly indebted consumer.

5. *Excessive optimism with regards to China.* Without a doubt over the last few years China has emerged as a world economic powerhouse. However, let us not forget that the emergence of such a powerhouse that is still reasonably regulated, not fully transparent and still has at its foundation ‘communism’, will likely face some challenges over the medium term. Over the medium term we would not be surprised to see excess capacity and/or deterioration in banking conditions to perhaps cast some shadow over the Chinese miracle.

With this caution in mind we will continue to invest Century Australia's capital in a disciplined manner with a focus on both quality and value. Accordingly, we do not believe now (or for that matter any time) is the time to compromise our approach to risk and chase short-term returns.

Yours truly,

Peter Morgan
Investment Director
452 Capital Pty Limited

Investment Holdings

The investment holdings of the Company have increased by \$32.8 million from \$178.9 million as at 30 June 2004 to \$211.7 million as at 30 June 2005.

Portfolio Allocation by Market Value

MARKET SECTOR	% AS AT 30 JUNE 2005	% AS AT 30 JUNE 2004
Financial	36.8	29.8
Cash	18.4	26.3
Consumer Discretionary	18.9	17.3
Telecommunication Services & IT	10.7	10.5
Materials	11.0	10.2
Consumer Staples	3.9	3.8
Futures	0.0	1.4
Energy	0.1	0.6
Industrials	0.2	0.1
Total	100	100



Investment Holdings as at 30 June 2005

SECURITY NAME	PORTFOLIO VALUE \$'000	% OF TOTAL PORTFOLIO VALUE
Cash	38,988	18.4
Westpac Banking Corporation	15,220	7.2
Telstra Corporation Limited	15,121	7.1
National Australia Bank Limited	12,572	5.9
BHP Billiton Limited	11,213	5.3
St.George Bank Limited	7,844	3.7
Rio Tinto Limited	6,571	3.1
Commonwealth Bank of Australia	6,144	2.9
AXA Asia Pacific Holdings Limited	6,089	2.9
Ten Network Holdings Limited	6,021	2.9
Metcash Limited	5,682	2.7
Telecom Corporation of New Zealand – Australia	5,321	2.5
John Fairfax Holdings Limited	4,865	2.3
News Corporation Class B Voting Common Stock	4,775	2.2
Australia and New Zealand Banking Group Limited	4,661	2.2
Macquarie Bank Limited	4,451	2.1
Rural Press Limited	4,188	2.0
Publishing and Broadcasting Limited	4,142	2.0
News Corporation Preference Class A CDI	3,754	1.8
Fletcher Building Limited	3,222	1.6
Lend Lease Corporation Limited	3,201	1.5
Westfield Group Ordinary/Units Fully Paid	2,993	1.4
AMP Limited	2,964	1.4
Pacific Brands Limited	2,778	1.3
Southern Cross Broadcasting (Australia) Limited	2,747	1.3
Metcash Trading Limited CULS	2,701	1.3
STW Communications Group Limited	2,646	1.2
SFE Corporation Limited	2,640	1.2
Alumina Limited	2,442	1.1
Singapore Teleco Limited	2,134	1.0
Commonwealth Property Office Fund	1,897	0.9
Suncorp-Metway Limited	1,860	0.9
Tishman Speyer Office Fund	1,474	0.7
Insurance Australia Group Limited	1,359	0.6
Austereo Group Limited	1,241	0.6
Premier Investments Limited	988	0.5
Just Group Limited	915	0.4
Rural Press Limited – Preferred Ordinary	807	0.4
Pacifica Group Limited	647	0.3
Premium Investors	603	0.3
K and S Corp	443	0.2
CVC Limited	451	0.2
St.George Bank Converting Preference	416	0.2
Southern Cross Broadcasting Converting Preference	356	0.2
Magellan Petroleum Australia	145	0.1
K & S Corp Rights	5	0.0
Total before realisation costs	211,695	100.0



Investment Manager
Peter Morgan



Interview with Peter Morgan

Shareholder advocate and Crikey founder *Stephen Mayne* spent a couple of hours with Century Australia's Investment Manager *Peter Morgan* discussing corporate governance and the way ahead for investors.

Interview with Peter Morgan *Continued*



“With perfect hindsight I probably should have gone a bit harder on News Corp.”
Peter Morgan

I first saw Peter in action at the 2000 AMP annual meeting when he took to the microphone and challenged the then managing director for getting options at a knockdown price after the disastrous GIO takeover.

“I could not understand why on earth he was getting options when he had some responsibility for the falling share price,” Morgan says. “It was bizarre.”

But Peter professes not to be a convert to good corporate governance just for the sake of it. He passionately believes in speaking out to unlock value for investors. So where does the fund manager see the corporate governance debate going in Australia?

“Funds management is still a maturing industry in Australia and corporate governance is coming from a relatively low base,” he says. “The staid old life offices plus a group of long-established board networks meant that the system was ripe for change ten years ago.”

But like investing in companies, Morgan says sometimes 452 will make mistakes.

His support for News Corporation’s controversial move to America last year helped neutralise opposition but he now regrets that decision after News Corporation then introduced a so-called ‘poison pill’ provision.

“With perfect hindsight I probably should have gone a bit harder on News Corp.”

The important issue was to have the debate.

Morgan’s public prominence on corporate governance issues belies the fact that he is not a fan of the industry springing up around the debate and also passionately opposes a one-size-fits all approach.

“I’ve never been a great believer in prescriptive legislation. Warren Buffett is supposed to be the greatest investor of all time and yet his Berkshire Hathaway would fail on a number of the corporate governance tests in Australia.”

Morgan is passionate about the importance of voting but is not a big fan of delegating the vote to proxy advisory firms, believing voting should remain with the asset manager or the superannuation fund itself. 452 Capital retains voting control over 80% of the funds it manages.

“Voting is an important part of being a fund manager but there is still an enormous amount of lethargy out there; you will see it this coming AGM season.”

He believes activism is good up to a point, to work an investment or trigger some change and would support moves to make it easier for shareholders to put up resolutions for voting, despite such reservations that special interest groups could use this to hijack AGMs and attempt to destroy shareholder value.

Having voted his shares against dozens of resolutions whilst working at Perpetual and 452 Capital, Morgan is not happy with the way corporate elections are conducted.

“I have grave reservations with the voting system. There have been numerous occasions when we have voted ‘no’ and found the ‘yes’ vote magically rises.”

Proxy solicitation by boards on controversial resolutions are emerging as a feature of the Australian market and Morgan believes we should have an independent umpire running elections, such as the Australian Electoral Commission.

“There is no legal body for corporate elections and there should be. Why should the board control all the information on its own elections?”

“Similarly, you find the biographies for directors in annual reports and prospectuses are 99% skewed to the good stuff.”

The biggest single issue debated at AGMs relates to executive pay but Morgan is not a strong supporter of the new non-binding votes which will feature prominently during the forthcoming AGM season. “If shareholders are shaping overall remuneration policies, you run into the danger of where a minority shareholder is starting to play a very big role in running a company, he warns. At the end of the day the Board is elected to do a job and should do it without looking over their shoulder all the time.”

As a prominent fund manager, Morgan has met most of the CEOs and dozens of senior managers in the top 100 companies but company chairmen rarely take the time to introduce themselves, which is curious when you consider that the chairman is directly responsible to the shareholders.

Morgan is acutely aware of the new continuous disclosure laws in Australia which prohibit selective briefings of analysts or fund managers. However, he still does take the time to meet with many CEOs and divisional managers to get a feel for their competence in running the company and that can mean going out to spend a couple of hours with the CEO.

“I never want to be privy to information that has not been released, but I do sometimes let my concerns be known privately before going public.”

Executive Pay

Fund managers often find themselves in a tricky situation when it comes to the executive pay debate because many of them are paid very well. The Corporations Law also doesn't deem a fund manager to be an executive, so their salaries are usually excluded from the list of the five highest paid executives in the annual report.

“I see no logical or consistent reason why fund managers should be treated any differently from the executives of the companies they invest in. To that end I feel the remuneration of senior executives and fund managers of investment funds should be disclosed.”

Morgan believes that whilst pay levels have risen with increased disclosure, it is a ‘healthy debate’ that should continue. High pay for poor performance is the issue to be avoided.

“If you contrast Australia with the US, Australia's executive greed is nowhere near as bad as the US but the important point is that it should never be allowed to get there.

“Warren Buffett was right when he said that a former high profile US Chief Executive was worth everything he was paid but he had a moral obligation to at some point say ‘no, enough is enough.’”

In terms of how executives should be rewarded, Morgan doesn't have a problem with either cash bonuses or options that have appropriate hurdles.

“When you move towards the territory of free shares and the dividends that flow from that, then you start getting onto thin ice,” he says.

Whilst corporate governance is still all the rage in Australia, Morgan believes there are some ethical questions in financial markets that deserve greater scrutiny.

“The question of how floats and placements are allocated is a real sleeper issue in Australia. It's been a big scandal in the US but barely rates a mention here.

“When you start getting major investment banks backing hedge funds and senior executives of listed corporations on broker allocation lists, you really need to watch where the share allocations in placements and floats are going and why.”

Morgan also remains amazed at how the US has gone through this remarkable cleanout with regards to stock broking research and its independence. Yet Australia thinks it is lily white.

Board Composition

As a critic of the ‘old boy’ networks that some believe still exists in corporate boardrooms today, Morgan advocates deepening the gene pool of directors who run Australia's 200 largest companies.

“There are not enough women on boards and there is not enough youth,” he says bluntly. “I don't want a system where directors are absolutely slaughtered if things go wrong, but I do think the better directors should be paid more.

“I'd also like to see more directors having ownership of companies but it's important to keep it simple and not have complicated options schemes for directors.”

Short Termism

The funds management industry as a whole gets criticised for taking a short-term view but Morgan says this is often driven by clients, some of whom “want to know our performance on a daily basis”.

“The funds management gatekeepers should not be evaluating performance on a minute by minute basis,” he warns.

Critics who say that institutions too readily accept opportunistic takeover offers are also given short shrift. “How many years do you give companies like MIM and WMC Resources to perform?”

Whilst the current bull market rages, Morgan also issues a note of caution about relying too much on regulation for protection.

“I'm not 100% convinced that the regulators can possibly keep up with or know what's going on.

“For example, there are over 8,000 unregulated or semi-regulated highly leveraged hedge funds operating in the world, some are players in the Australian market and no one knows at any point in time how much they own or have shorted of an Australian company.

“Additionally, there is so much more sophistication and leverage in investment products and markets today which has to raise the chance of large losses when the good times end.”

452 Capital is studiously retaining its conservative approach to investing. The top 220 companies are assessed for their earnings quality and management competence. Then about 50 stocks are selected based on a simple value proposition.

If the boards of those companies need to be prodded into action or encouraged to make changes, then Morgan will be rolling up his sleeves and putting on the pressure.

Board of Directors

Robert Turner
James Green
Warwick Negus

Robert Turner – Non-Executive Chairman
B.Comm, FAICD

Robert Turner was Managing Director of IOOF Holdings Ltd and a Director of a number of IOOF Group subsidiaries for eight years until April 2004. During this period, IOOF successfully underwent a major strategic change, demutualised and listed on ASX in December 2003. The success of these programs established IOOF as a leading financial services group. IOOF Perennial won the coveted Morningstar Fund Manager of the year award in 2002. IOOF is part of the Standard & Poor's Top 200 company index.

He has a strong finance and marketing background and 30 years' experience in corporate management, both in Australia and overseas. Prior to joining IOOF as Group Managing Director, he has held general management positions in the services and manufacturing industries.

Previous Directorships include Managing Director of IOOF Holdings Ltd, Managing Director of SICPA Australia, and Chairman of Emhart Australia. He is currently also a Director of IWL Limited, an ASX listed company.

James Green – Non-Executive Director
B.A, LLB, LLM London, FAICD

Jamie Green has over 23 years' experience in commercial and corporate law both in private practice and commerce. He has studied and worked in both London and Belgium.

Prior to joining the corporate advisory firm of Beerworth & Partners Limited as Executive Director in 1995, he was a partner of the commercial and business division of a major national law firm.

He specialises in providing corporate and strategic advice to both private and public companies especially in relation to takeovers, mergers, acquisitions and divestments, venture capital, capital management, including debt and equity raisings, IPOs and MBOs.

He has been involved in a wide range of local and international transactions and acts as a Director of and Australian advisor to both domestic and multinational companies.

Jamie works in a wide variety of industry sectors including financial services, technology, transport, food, media, mining, and manufacturing.

He is President of the NSW Division of the Australian Institute of Company Directors, a Director of the Australian Institute of Company Directors and Chairman of its Audit Committee and a Director of Hayward Pool Products (Australia) Pty Ltd, a wholly owned subsidiary of the US Hayward Pool Group. He is currently a Director of Heggies Bulkhaul Limited, an ASX listed company.



Warwick Negus – Executive Director

B.Bus, M.Comm, ASIA, MAICD

Warwick has had a long and distinguished career in the funds management industry working both in Australia and overseas, encompassing a range of different types of equity management. He began his working career in 1981 when he was recruited by BHP as a graduate trainee in their Sydney office. For the following four years he participated in the development of a number of different projects including most importantly, the Steel Industry Plan which was formally approved by the then Federal Government. In 1986, whilst completing his postgraduate studies he worked with the Commonwealth Bank of Australia in their International Lending Division reviewing the bank's international portfolio.

In 1987, upon graduation, he moved into the Investment Management group of BT Australia Limited, where he assumed responsibility for investment in the South East Asian markets. Warwick's success was measured by investment performance as well as his ability to attract new clients both within Australia and globally.

In 1993, he was recruited by Goldman Sachs with a mandate to establish an investment team based in Hong Kong, focused on the Asian markets. He later moved this team to Singapore where he was also responsible for the establishment of Goldman Sachs' Global Emerging Markets team. In 1996, he was promoted to Managing Director and assumed the role of Chief Investment Officer of Global Emerging Markets.

He later moved to London where he assumed the additional responsibility of Global Equities, overseeing the investment of over US\$50 billion with clients based around the world. In 1999, Warwick moved back to Australia as Managing Director in the firm's Sydney based Investment Banking Division where he worked until September 2002.

In 2002, Warwick co-founded 452 Capital Pty Limited, an independent fund management company focusing upon investment in the Australian sharemarket. 452 Capital manages the investment portfolio of Century Australia Investments Limited.

On 1 June 2005, he joined the Commonwealth Bank as Chief Executive Officer of CFS Global Asset Management, Australia's largest fund manager. Warwick is no longer a Director or Employee of 452 Capital Pty Limited but remains a minority shareholder.

He is also the Chairman of the Board of Advisors for the Faculty of Commerce and Economics at UNSW, Chairman of the Investment Committee for the Salvation Army and a Member of its Sydney Advisory Board. Warwick is also an Associate of the Securities Institute of Australia and a Member of the Australian Institute of Company Directors.



Corporate Governance Statement

The Board of Directors of Century Australia is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Century Australia on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company uses the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations to ensure the highest standards of Corporate Governance.

Century Australia's corporate governance principles were in place throughout the year ended 30 June 2005 and to the extent applicable fully compliant with the Council's best practice recommendation. The following table illustrates that the Company has addressed each of the Council's recommendations for the financial year ended 30 June 2005 and cross references each recommendation to the relevant section of this Statement. The table does not provide a full text of each recommendation but rather the topic covered. Full details of ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations are listed on the Council's website, <http://www.asx.com.au/supervision/governance/index.htm>.

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1. BOARD COMPOSITION

1.1 Role and responsibilities of the Board

The Board's primary role is to ensure the long-term health and prosperity of the Company which is accomplished by:

- setting objectives, goals and strategic direction with a view to maximising shareholder value;
- adopting an annual budget and monitoring financial performance;
- ensuring adequate internal controls exist and are appropriately monitored for compliance;
- ensuring significant business risks are identified and appropriately managed;
- approving the interim and final financial accounts and related reports to ASX and shareholder;
- monitoring and reviewing the performance of the Investment Manager, 452 Capital Pty Limited; and
- setting the highest business standards and code for ethical behaviour.

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. However, prior approval of the Chairman is required which would not be unreasonably withheld.

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.

1.2 Composition of the Board

The Board as at 30 June 2005 comprised two Non-Executive Directors who are independent as defined by the ASX Corporate Governance Council's Principles, and the Executive Director. It is the policy of the Board that there be a majority of non-executive, independent Directors and that there is a separation of the roles of Chairman and Executive Director.

The names of independent Directors of the Company are:

R Turner (Chairman)

J Green

The Executive Director, W Negus became a Non-Executive Director on 5 July 2005.

When determining whether a Non-Executive Director is independent the Director must not fail any of the following materiality thresholds:

1. less than 10% of Company shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
2. no sales are made to or purchases made from any entity or individual directly or indirectly associated with the Director; and
3. none of the Directors' income or the income of an individual or entity directly or indirectly associated with the Director is derived from a contract with any member of the economic entity other than income derived as a Director of the entity.

The Executive Director status of Warwick Negus changed to Non-Executive on 5 July 2005 as a result of his ceasing to be an Executive of 452 Capital Pty Limited.

Operation and development of the Company, consistent with the directions and standards set by the Board, was during the financial year delegated to the Executive Director, and to the various Board Committees.

The monthly financial and performance reports make the Board aware of current and forthcoming issues relevant to the Company's operations and performance.

1.3 Directors' Remuneration

Non-Executive Directors are remunerated by fees within the aggregate amount of \$105,000. All Non-Executive Directors payments are inclusive of committee fees. The Non-Executive Directors also have entitlements to Superannuation up to the statutory limit.

For details on the breakdown of Directors' remuneration, refer to page 24. Further, the amount of remuneration for all Directors, including all monetary and non-monetary components, are detailed in Note 20 to the financial report.

All remuneration paid to Directors is valued at the cost to the Company and expensed. Presently, only the Non-Executive Directors receive any remuneration. The Executive Director is remunerated for his services through the management fee charged under an Investment Management Agreement and detailed in Note 25 to the financial report.

It is not the intention of the Board to establish a Remuneration Committee at this stage. In the event that the Board deems it necessary, one will be established.

1.4 Performance Evaluation

An annual performance evaluation of the Board and all Board members was not conducted for the financial period ended 30 June 2005. However, the Chairman speaks to each Director from time to time and recommendations may be tabled to improve performance. The Board will then develop an action plan to implement the recommendations and set the performance criteria and goals for the next period.

Further details of the Board's role and responsibilities are contained in the Board of Directors Charter which is posted on the Company's website, http://www.centuryaustralia.com.au/board_of_directors_charter.pdf.

2. NOMINATION COMMITTEE

The Board, as a whole, serves as a Nomination Committee. 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.

3. AUDIT COMMITTEE

Below is a summary of the roles, responsibilities and composition of the Audit Committee. Further details of the Board's role and responsibilities are contained in the Audit Committee Charter which is posted on the Company's website, http://www.centuryaustralia.com.au/audit_committee_charter.pdf.

3.1 Role and Responsibilities of the Audit Committee

The Committee formally reports to the Board after each of its meetings. The role of the Committee is to consider matters relating to the financial affairs, internal control policies and external audit of the Company and any other matters referred to it by the Board. Since incorporation, the Company has utilised the services of Grant Thornton (Chartered Accountants). The audit engagement partner is required to be changed at regular intervals.

Andrew Rigele, a year partner of Grant Thornton is responsible for the external audit of the Company for the 30 June 2005 financial period. Century Australia Investments Limited has requested the external auditor to attend the Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit, and preparation and content of the auditor's report.

3.2 Composition of the Audit Committee

The Audit Committee of the Board as at 30 June 2005, comprised two Non-Executive Directors all of whom are independent as defined by the ASX Corporate Governance Council's Principles, worked to defined terms of reference in compliance with all the regulatory requirements. In addition, the Executive Director as at 30 June was also a member of the Audit Committee. The external audit firm partner responsible for the Company audit attends by invitation.

Members of the Audit Committee during the period were:

R Turner
J Green (Chairman)
W Negus

The Audit Committee Chairmanship was rotated from R Turner to J Green during the year ended 30 June 2005.

For details on the number of meetings of the Audit Committee held during the period and the attendance at those meetings, refer to the Directors' Report.

4. CONTINUOUS DISCLOSURE

In accordance with the ASX Listing Rules, the Company immediately notifies ASX of any information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from ASX, the Company posts all information on the Company's website,

<http://www.centuryaustralia.com.au/announcements.htm>;

http://www.centuryaustralia.com.au/monthly_report.htm;

http://www.centuryaustralia.com.au/annual_report.htm.

5. COMMUNICATION WITH SHAREHOLDERS AND THE MARKET

The Company acknowledges the shareholders' rights and recognises the importance of facilitating the effective communication to shareholders. The Company provides this by:

- communicating openly and effectively with them;
- providing readily relevant available information about Century Australia Investments Limited on its corporate website; and
- facilitating shareholder participation in Annual General Meetings.

Further details of communication policy are contained in the Shareholder Communication Policy which is posted on the Company's website,

http://www.centuryaustralia.com.au/shareholder_communication_policy.pdf.

6. ETHICS AND CODES OF CONDUCT

The Company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity.

The Company intends to maintain a reputation for integrity. The Board has adopted a Code of Ethics which sets out the principles and standards with which all Officers and employees are expected to comply in performance of their respective functions.

The Company's Code of Ethics:

- states the Company's value and principles;
- sets the framework in which the Company manages the business, its employees and relationships with all stakeholders, including the community in which it operates; and
- establishes the foundation on which all the Company's policies are determined.

Officers and employees of the Company are required to act in accordance with the law and with the highest standards of propriety.

Further details of the Ethics and Code of Conduct are contained in the Code of Ethics which is posted on the Company's website, http://www.centuryaustralia.com.au/code_of_ethics.pdf.

7. ATTESTATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

A written statement for the year ended 30 June 2005 has been given to the Board by the Executive Director in both capacities stating that the Company's financial report presents a true and fair view, in all material aspects, of the Company's financial position and operational results and is in accordance with relevant accounting standards.

8. DIRECTORS' SHAREHOLDINGS AND TRADING POLICY

Directors are not required to hold a minimum number of shares pursuant to the Company's Constitution. However, their current shareholdings are shown in the Directors' Report.

The Board has adopted a policy for dealings in the Company's shares by Directors and entities controlled by Directors. The policy permits the purchase or sale of shares in the Company in the following periods:

1. a period of six weeks commencing on the day following the announcement of the half-yearly results;
2. a period of six weeks commencing on the day following the announcement of the annual results; and
3. a period of six weeks commencing on the day following the Annual General Meeting.

The policy restricts Directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

A Director or an entity controlled by Directors is not permitted to purchase or sell shares in the Company at other times without prior consent of the Board. This policy does not preclude a Director or an entity controlled by a Director from taking up or renouncing an entitlement to the Company's shares or participating in the Company's Share Purchase Plan or the Dividend Reinvestment Plan.

Further details of the Trading Policy are contained in the Securities Trading Policy which is posted on the Company's website, http://www.centuryaustralia.com.au/securities_trading_policy.pdf.

9. RISK MANAGEMENT POLICY

The Board, as a whole, is responsible for overseeing the risk management function, in accordance with the risk management system outlined in the Risk Management Statement between the Investment Manager and the Company. This was adopted by the Board in May 2004. The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a risk management committee, at present.

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Company's vision, mission and strategy statements designed to meet stakeholder's needs and manage business risk;
- implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both financial and non-financial nature; and
- the establishment of committees to report on specific business risks.

As part of the Company's risk management strategy the records and systems of the Company's custodian, BNP Paribas Security Services are independently audited by PricewaterhouseCoopers. The PricewaterhouseCoopers audit report was unqualified.

Further details of the Risk Management Policy of the Company are contained in the Compliance & Risk Management Policy which is posted on the Company's website, http://www.centuryaustralia.com.au/compliance_&_risk_management_policy.pdf.

10. OTHER INFORMATION

The Company's corporate governance practices and policies are publicly available at the Company's Registered Office and they are posted on the Company's website, www.centuryaustralia.com.au.

Directors' Report

Your Directors present their report on the Company for the financial year ended 30 June 2005.

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.Comm, FAICD (Non-Executive Director and Chairman)

R Turner is Chairman of the Company and also serves on the Audit Committee. He has been a Non-Executive Director from 10 February 2004. During the past three years Mr Turner also served as a Director of IWL Limited, an ASX listed company.

James Green B.A, LLB, LLM London, FAICD (Non-Executive Director)

J Green is Chairman of the Audit Committee of the Company. He combines his work as a practising corporate advisor with his role as a Non-Executive Director of the Company. He has been a Non-Executive Director from 10 February 2004. During the past three years Mr Green has served as a Director of Heggies Bulkhaul Limited, an ASX listed company.

Warwick Negus B.Bus, M.Comm, ASIA, MAICD (Executive Director)

W Negus was Executive Director as at 30 June 2005 and has been since the inception of the Company on 28 January 2004. He became Non-Executive Director from 5 July 2005. He also serves on the Audit Committee of the Company. During the past three years Mr Negus has not served as a Director of any other listed companies.

COMPANY SECRETARY

Rebecca O'Donnell B.Bus, CA

R O'Donnell has been Secretary of the Company from 10 February 2004. She has over 16 years' experience in the finance industry having worked in the chartered accountant industry in Australia and in the investment banking industry overseas. For the past two and a half years she has been working at 452 Capital Pty Limited as Chief Financial Officer.

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	DEFERRED ORDINARY SHARES
R Turner	50,994	–
J Green	10,198	–
W Negus	127,486	–
	1*	10,000,000*

* Held by 452 Capital Management Nominees Pty Limited as trustee for 452 Capital Management Trust. The disclosing Director was a class of beneficiary of the 452 Capital Management Trust (which directly holds the shares) and W Negus was a Director of its trustee company. On 5 July 2005, W Negus ceased to be a beneficiary of the Deferred Ordinary Shares. He resigned as a Director of the trustee company on the same date.

DIVIDENDS

Dividends paid in the year:

	CENTS	\$'000
<i>Interim for the year</i>		
• on ordinary shares fully franked	2.0	3,520,000

Directors' Report

continued

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.

Nature of operations and principal activities

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

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

Employees

The Company has nil employees as at 30 June 2005 (2004^(a): nil).

OPERATING AND FINANCIAL REVIEW

The net profit of the Company for the financial year was \$6.318 million after providing for income tax (2004^(a): \$1.757 million).

The net assets of the Company have increased by \$24 million from \$177.3 million for the year ended 30 June 2004 to \$201.3 million for the year ended 30 June 2005. This increase is largely a result of effective investment fund management by the Manager.

The investment portfolio has also performed well having increased in value by \$32.8 million from \$178.9 million as at 30 June 2004 to \$211.7 million as at 30 June 2005.

The Board monitors the Company's overall performance, from its implementation of strategic plan through to the performance of the Company's Investment Manager. The Board receives attribution, risk and performance reports in regards to the investment portfolio for review prior to each Board meeting allowing the Directors to monitor the Investment Manager's performance.

Shareholder returns

The Company is pleased to report that the return to shareholders through capital growth has increased. This is reflected in the financial measures listed below.

	2005	2004
Basic earnings per share (cents)	3.57	1.00
Diluted earnings per share (cents)	3.57	1.00
Available franking credits (\$'000)	4,057	699

While the relative performance of the investment Portfolio and the Company's share price performance during the year have been disappointing, we are confident that the Manager's disciplined approach to investment will enable the Company to achieve its objectives over time.

A dividend reinvestment plan was established in June 2004, allowing shareholders to have dividends fully or partly contribute to the purchase of new ordinary shares. The shares issued under the plan are at a discount of 5% to the market price.

(a) - refers to period 8 April 2004 to 30 June 2004

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the Company's state of affairs during the financial year were as follows:

	2005 \$'000
24 March 2005 – Dividend Reinvestment of 717,997 shares at \$1.0054 per share to provide additional capital of \$723,149	723

SIGNIFICANT EVENTS AFTER BALANCE DATE

The Directors of Century Australia Investments Limited have declared a final fully franked dividend on ordinary shares in respect of the financial year to 30 June 2005 payable on 29 September 2005. The total amount of the dividend is \$5,301,540 which represents a fully franked dividend of 3.0 cents per share. The dividend has not been provided for in the 30 June 2005 financial statements.

On 5 July 2005 the Commonwealth Bank of Australia, through its wholly owned subsidiary, CMLA, purchased a 30% interest in 452 Capital Pty Limited from Warwick Negus and several employee shareholders. The staff of 452 Capital Pty Limited maintain majority ownership and effective control.

Mr Negus resigned as a Director, employee and Responsible Officer (under the AFS Licence held by 452 Capital Pty Limited) of 452 Capital Pty Limited on the same date. He is no longer a beneficiary of the deferred ordinary shares noted above or to any benefits associated with the payment of performance fees as a result of 452 Capital's Investment Management Agreement with Century Australia. His status changed from Executive Director to Non-Executive Director as a result.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Directors have no comment on the likely developments in the operations of the Company and expected results because it would be likely to result in unreasonable prejudice to the Company.

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 OF OFFICERS OR AUDITOR

The Company has entered into Directors and Officers insurance and has put in place Deeds of Access and Indemnity for each Director.

During the financial year, the Company paid premiums in respect of Directors' and Officers' 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 Directors' and Officers' liability insurance contract, as such disclosure is prohibited under the terms of the contract.

REMUNERATION REPORT

This report details the nature and amount of remuneration for each Director of Century Australia Investments Limited, and for the executives receiving the highest remuneration.

Remuneration policy

Remuneration as at 30 June 2005 to Non-Executive Directors is fixed at \$105,000 (inclusive of Superannuation) until shareholders, by ordinary resolution approves another fixed sum amount. This remuneration is to be divided amongst the Non-Executive Directors as they may determine. 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.

Entitled Directors and Executives receive a Superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. All remuneration paid to Directors and Executives 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 or executives.

At present, no Director receives any performance based remuneration.

There were no retirement allowances provided for the retirement of Non-Executive Directors.

Directors' Report continued

REMUNERATION REPORT continued

Details of remuneration for year ended 30 June 2005

The remuneration for each Director and each of the five executive officers receiving the highest remuneration during the year was as follows:

	SALARY, FEES, COMMISSIONS \$	SUPERANNUATION CONTRIBUTIONS \$	CASH BONUS \$	NON-CASH BENEFITS \$	OPTIONS \$	TOTAL \$
R Turner	55,046	4,954	–	–	–	60,000
J Green*	49,500	–	–	–	–	49,500
W Negus [#]	–	–	–	–	–	–

* J Green is a Director of Beerworth & Partners Limited which invoices Century Australia Investments Limited for the provision of his services as a Director of Century Australia Investments Limited.

During the financial year, W Negus services were provided to the Company by 452 Capital Pty Limited under its Investment Management Agreement. (Details of the Management Fees that was paid are detailed in Note 25 to the financial report). Under the Investment Management Agreement, the Executive Director may be entitled to a portion of 10,000,000 deferred ordinary shares, if the Investment Manager outperforms the benchmark. These are held by 452 Capital Management Nominees Pty Limited as trustee of the 452 Capital Management Trust. He was a beneficiary of the 452 Capital Management Trust (which directly holds the shares) as at 30 June 2005. If the Investment Manager outperforms the benchmark by more than 3% in any financial year, the deferred ordinary shares are entitled to be exercised into ordinary shares to the value of the out performance. The Executive Director is entitled to a portion of these to be nominated by trustee of the 452 Capital Management Trust. Mr. Negus' entitlements ceased on 5 July 2005 as a result of his departure from 452 Capital Pty Limited.

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	7	7	6	6
J Green	7	7	6	6
W Negus	7	7	6	6

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:

- R Turner (Board Chairman)
- J Green (Audit Committee Chairman)
- W Negus

OPTIONS

There were no options that were granted over unissued shares or interest during or since the financial year by the Company or controlled entity to Directors or any of the five most highly remunerated Officers as part of their remuneration.

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 adhered to the extent applicable the principles of corporate governance.

NON-AUDIT SERVICES

No non-audit services were performed by the auditors during the year ended 30 June 2005.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307 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



W Negus
Non-Executive Director

Dated this 25th day of August 2005

Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	30 JUNE 2005 \$'000	PERIOD ENDED 30 JUNE 2004 ^(a) \$'000
Revenues from ordinary activities	2	82,444	9,751
Cost of listed securities sold		(73,316)	(6,459)
Directors' benefits expense		(110)	(56)
Management fees		(2,000)	(394)
Professional expenses		(74)	(56)
Other expenses from ordinary activities		(457)	(81)
Profit from ordinary activities before income tax expense	3	6,487	2,705
Income tax expense relating to ordinary activities	4	(169)	(948)
Net profit attributable to members of Century Australia Investments Limited		6,318	1,757
Increase in asset revaluation reserve	15	13,376	3,214
Increase in capital profits reserve	15	7,114	-
Total revenues, expenses and valuation adjustments attributable to members of Century Australia Investments Limited and recognised directly in equity		20,490	3,214
Total changes in equity other than those relating from transactions with owners as owners attributable to members of Century Australia Investments Limited		26,808	4,971
Basic earnings per share (cents per share)	18	3.57	1.00
Diluted earnings per share (cents per share)	18	3.57	1.00
Dividends per share (cents per share)	5	2.00	-

(a) - refers to period 8 April 2004 to 30 June 2004

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

Statement of Financial Position

AS AT 30 JUNE 2005

	NOTES	30 JUNE 2005 \$'000	30 JUNE 2004 \$'000
<i>CURRENT ASSETS</i>			
Cash assets	6	37,446	47,823
Receivables	7	1,685	2,981
Other	8	67	67
TOTAL CURRENT ASSETS		39,198	50,871
<i>NON-CURRENT ASSETS</i>			
Deferred tax assets	9	1,085	1,566
Other financial assets	10	172,121	128,974
TOTAL NON-CURRENT ASSETS		173,206	130,540
TOTAL ASSETS		212,404	181,411
<i>CURRENT LIABILITIES</i>			
Payables	11	544	1,747
Tax liabilities	12	2,905	257
Provisions	13	–	2
TOTAL CURRENT LIABILITIES		3,449	2,006
<i>NON-CURRENT LIABILITIES</i>			
Deferred tax liabilities	12	7,656	2,075
TOTAL NON-CURRENT LIABILITIES		7,656	2,075
TOTAL LIABILITIES		11,105	4,081
NET ASSETS		201,299	177,330
<i>EQUITY</i>			
Contributed equity	14	173,040	172,359
Reserves	15	23,704	3,214
Retained profits	16	4,555	1,757
TOTAL EQUITY		201,299	177,330

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2005

	NOTES	30 JUNE 2005 S'000	PERIOD ENDED 30 JUNE 2004 ^(a) S'000
<i>CASH FLOWS FROM OPERATING ACTIVITIES</i>			
Dividends received		6,866	129
Interest received		1,901	1,295
Investment expenses paid		(7,748)	(589)
Income tax paid		(239)	-
Net cash provided by operating activities	17(b)	780	835
<i>CASH FLOWS FROM INVESTING ACTIVITIES</i>			
Proceeds from sale of investments		73,316	7,031
Purchase of investments		(81,634)	(130,841)
Net cash used in investing activities		(8,318)	(123,810)
<i>CASH FLOW FROM FINANCING ACTIVITIES</i>			
Proceeds from issues of ordinary shares		-	176,000
Payment of share issue costs		(42)	(5,202)
Dividends paid		(2,797)	-
Net cash provided by financing activities		(2,839)	170,798
Net (decrease)/increase in cash held		(10,377)	47,823
Add: Opening cash brought forward		47,823	-
Cash as at end of the reporting year	17(a)	37,446	47,823

(a) - refers to period 8 April 2004 to 30 June 2004

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2005

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, Urgent Issues Group Consensus Views and 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 has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

(A) INCOME TAX

Current income tax assets and/or liabilities comprise those obligations to or claims from fiscal authorities relating to the current or prior reporting period and are unpaid at the statement of financial position date. They are calculated at tax rates and tax laws applicable to the fiscal periods they relate to, based on taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the statement of financial performance.

Deferred income taxes are calculated using the liability method on temporary differences, i.e. by comparing carrying amounts of assets and liabilities in the financial statements with their respective tax bases. In addition tax loss carry forwards as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised at those amounts that can probably be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of financial performance. Only changes in assets or liabilities that affect temporary differences are recognised in the Company's equity directly, such as the revaluation of investments, the related change in deferred tax assets or liabilities is charged against the same line item of equity.

(B) ROUNDING

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 in accordance with that Class Order, unless otherwise stated.

(C) CASH

For the purposes of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investments in money market instruments maturing within less than two months, net of bank overdrafts.

(D) INVESTMENTS

Investments classified as Non-Current Assets comprise holdings of long-term securities and are measured using the fair value basis.

ASX listed shares and securities are valued at market value as quoted on ASX less allowances for realisation costs. Non-ASX listed shares and securities are valued at their estimated market value. Investments including shares and securities are valued continuously. Accordingly, cost of sales equals sales revenue when investments are sold. Revaluations are credited directly to the Asset Revaluation Reserve after deducting a provision for potential deferred capital gains tax. When shares and securities are disposed of, the balance in the Asset Revaluation Reserve, relating to the disposed shares and securities is transferred to the Capital Profits Reserve.

Downward movements in the value of investments are taken to the statement of financial performance unless this downward movement reverses the previous upward movement to the asset revaluation reserve, whereupon it is debited to the applicable Asset Revaluation Reserve.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(E) REVENUE

Realised gains or losses on the sale of investments are calculated as the difference between sales proceeds and the fair value of the investments.

Dividends and distributions are brought to account on the date that the shares or units are traded "ex-dividend" or "ex-distribution". Interest income is brought to account on an accruals basis, as it is earned. Income due and receivable at balance date is carried as a receivable.

(F) 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 statement of financial position are shown inclusive of GST.

(G) EARNINGS PER SHARE

Basic EPS is calculated as net profit attributable to members divided by the weighted average number of ordinary shares.

As there are no dilutive potential ordinary shares, diluted EPS is calculated using the same methodology.

(H) DERIVATIVE FINANCIAL INSTRUMENTS

Exchange traded options are recorded at their market value as determined by reference to the last available price of the security on its primary exchange on the day of valuation.

(I) DIVIDENDS

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

(J) ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Australian Accounting Standards Board (AASB) is adopting Australian Equivalents to International Reporting Standards (AIFRS), for application for reporting periods beginning on or after 1 January 2005. The adoption of AIFRS will be first reflected in the Company's financial statements for the half year ended 31 December 2005 and the year ending 30 June 2006. AIFRS require that entities complying with AIFRS for the first time also restate their comparative financial statements using AIFRS except for AASB132 Financial Instruments: Disclosure and Presentation, AASB139 Financial Instruments: Recognition and Measurement.

The Company has analysed and quantified below what effects of the changes in accounting standards would be to the statement of financial performance and statement of financial position that are reported at 30 June 2005 under current Australian Accounting Standards (AGAAP). Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004. Whilst there may be changes to these figures as a result of future pronouncements or clarifications from the AASB, based on work-to-date, the Directors are of the opinion that the following key impacts as at the date of preparing the 30 June 2005 financial report have been identified:

(i) Realised gains of investment portfolio included in profit from ordinary activities

Under AIFRS, the realised gains of the investment portfolio (net of tax) will be included in profit from ordinary activities rather than treated as a direct equity adjustment. Consequently, the Capital Profit Reserve will cease to exist. The net realised gains (after tax) of \$3.2 million as disclosed in Note 15 would have been included in statement of financial performance.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

(J) ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS continued

(ii) Recognition of deferred tax on investment portfolio

Under AIFRS, the Company must recognise as additional deferred tax liability amount for the tax payable on unrealised gains in the investment portfolio. This additional deferred tax liability is offset against the unrealised gains on the investment portfolio recognised in the Asset Revaluation Reserve of the Company. The Company has already adopted this policy in preparation of these accounts by the early adoption of AASB1020 Income Taxes, and hence there is no impact on the addition of AIFRS (refer Note 1).

(iii) Financial assets

Financial assets will be classified as “available for sale securities” under AASB139 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. The fair value of financial assets will be measured at bid price and will exclude disposal costs. Previously, under AGAAP the fair value of financial assets were measured at last price including disposal costs. The impact to the value of the portfolio was a net increase to the valuation of \$270,816 as at 1 July 2005.

Under AASB1 First Time Adoption of Australian Equivalents to International Reporting Standards, companies can elect not to apply the requirements of AASB139 Financial Instruments: Recognition and Measurement & AASB132 Financial Instruments: Disclosure and Measurement to the comparative financial period on first time adoption. Hence there will be no impact on the 30 June 2005 figures.

The gains or losses on realised investments calculated by deducting the historical cost from the net proceeds on sale and associated taxation shall be brought to account in the statement of financial performance.

(iv) Share Based Payments

Under AASB2 Share based Payments, the Company will be required to determine the fair value of all forms of equity based payments. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. Estimation of the future financial effects of this change in accounting policy is that there is no impact on the results for 2005 or the Company’s financial position as at 30 June 2005.

(v) Proforma impact on the 2005 results

If the financial reports had been prepared using AIFRS, the best estimate of the quantitative impact of the changes would be as follows:

As the Company has elected to adopt AASB132 and AASB139 from 1 July 2005, the 30 June 2005 results and Statement of Financial Position will not be restated. However, as at 1 July 2005 the equity of the Company will change as detailed below:

Reconciliation of equity as presented under AGAAP to that under AIFRS

	AS AT 1 JULY 2005 S'000
Total equity under AGAAP	201,299
Key transitional adjustments	
– adjustment to retained earnings (net of tax)	270
Total equity under AIFRS	201,569

The capital profits reserve totaling \$7,114,000 as at 1 July 2005 will be transferred to retained profits.

Notes to the Financial Statements FOR THE YEAR ENDED 30 JUNE 2005
continued

	30 JUNE 2005 S'000	PERIOD ENDED 30 JUNE 2004 ^(a) S'000
NOTE 2: REVENUE FROM ORDINARY ACTIVITIES		
Revenues from operating activities		
– dividends and distribution	7,274	1,207
– proceeds on disposal of financial assets	73,316	7,031
Total revenue from operating activities	80,590	8,238
Revenues from non-operating activities		
– interest	1,854	1,513
Total revenue from non-operating activities	1,854	1,513
Total revenue	82,444	9,751
<i>(a) Dividend and distributions revenue from</i>		
– other entities	7,274	1,207
<i>(b) Interest revenue from</i>		
– other persons	1,854	1,513

NOTE 3: PROFIT FROM ORDINARY ACTIVITIES

Profit from ordinary activities before income tax expense has been determined after:

(a) Expenses

– net loss on disposal of financial assets

(540)

(16)

(b) Revenue and net gains

– net gain on disposal of financial assets

10,702

588

(a) – refers to period 8 April 2004 to 30 June 2004

	30 JUNE 2005 S'000	PERIOD ENDED 30 JUNE 2004 ^(a) S'000
NOTE 4: INCOME TAX EXPENSE		
<i>(a) The prima facie income tax on the profit from ordinary activities differs from the income tax provided in the accounts and is reconciled as follows:</i>		
Prima facie tax on profit from ordinary activities before income tax at 30%	1,946	812
Add tax effect of:		
– imputation gross-up on dividends received	724	133
– withholding gross-up on dividends received	21	3
– non-deductible expenses	3	–
– credits	(2,472)	–
– under/(over) provision from prior year	(53)	–
Income tax attributable to operating profit	169	948

NOTE 5: DIVIDENDS PAID

Dividends paid during the year:

(a) Dividend paid during the year

Interim fully franked dividend of 2.00 (2004: nil) cents per share
franked at tax rate of 30% (2004: nil)

3,520

–

(b) 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

4,057

699

(a) – refers to period 8 April 2004 to 30 June 2004

Notes to the Financial Statements FOR THE YEAR ENDED 30 JUNE 2005
continued

	30 JUNE 2005 \$'000	30 JUNE 2004 \$'000
NOTE 6: CASH ASSETS		
Cash at bank	103	33
11am account	36,399	47,119
Futures margin	724	671
Options margin	220	–
	37,446	47,823

NOTE 7: RECEIVABLES

CURRENT

Outstanding settlements receivable	–	1,549
Interest receivable	156	218
Dividends receivable	1,486	1,079
Other receivables	43	135
	1,685	2,981

(a) Terms and conditions

– Outstanding settlements receivable relate to sale of financial assets and will be settled within three days.

NOTE 8: OTHER ASSETS

CURRENT

Prepayments	67	67
-------------	----	----

NOTE 9: DEFERRED TAX ASSETS

NON-CURRENT

Future income tax benefit	1,085	1,566
---------------------------	-------	-------

	NOTES	30 JUNE 2005 \$'000	30 JUNE 2004 \$'000
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NOTE 10: OTHER FINANCIAL ASSETS

NON-CURRENT

Listed securities at net market value	10(a)	172,121	128,974
---------------------------------------	-------	---------	---------

(a) Terms and conditions

– Listed securities are readily saleable with no fixed terms. However, it is the Directors' intention to hold the investment for the long term.

(b) Included in listed securities are the following material investments:

(i) Westpac Banking Corporation (WBC)

WBC is a provider of banking and financial services in Australia and New Zealand. It has five main business divisions, Business and Consumer Banking, Wealth Management, Westpac Institutional Bank, New Zealand Retail and Pacific Banking.

Century Australia Investments Limited holds 0.04085% in WBC		15,220	10,767
---	--	--------	--------

(ii) Telstra Corporation Limited (TLS)

TLS is a provider of telecommunications and information products and services. The principal activities are provision of telephone lines; national local and long distance, and international telephone calls, mobile telecommunications, data, internet and on-line, wholesale, telephone directories and pay TV.

Century Australia Investments Limited holds 0.04983% in TLS		15,121	14,313
---	--	--------	--------

(iii) National Australia Bank Limited (NAB)

NAB is a financial services group providing a comprehensive and integrated range of financial products and services throughout Australia, New Zealand and parts of the United Kingdom.

Century Australia Investments Limited holds 0.0261% in NAB		12,572	–
--	--	--------	---

(iv) BHP Billiton Limited (BHP)

BHP is a major international resources company with a global portfolio of high quality assets. Core activities comprise the production and distribution of minerals, mineral products and petroleum.

Century Australia Investments Limited holds 0.01722% in BHP		11,213	–
---	--	--------	---

NOTE 11: PAYABLES

CURRENT

Trade creditors		7	481
Sundry creditors and accruals		537	68
Equities purchased		–	1,198
		544	1,747

(a) Terms and conditions

- Trade accounts payable are normally settled within 30 days.
- Other creditors are non-interest bearing.
- Equities purchased relate to the purchase of financial assets and will be settled within three days.

Notes to the Financial Statements FOR THE YEAR ENDED 30 JUNE 2005
continued

	NOTES	30 JUNE 2005 \$'000	30 JUNE 2004 \$'000
NOTE 12: TAX LIABILITIES			
<i>CURRENT</i>			
Provision for income tax		2,905	257
<i>NON-CURRENT</i>			
Provision for deferred income tax		7,656	2,075

Provision for deferred income tax includes tax applicable to the unrealised gains. The tax is only payable upon the realisation of long term investments and only to the extent that such realised capital gains cannot be offset by realised capital losses.

NOTE 13: PROVISIONS

CURRENT

Provision for employee benefits	13(a)	-	2
(a) Aggregate employee benefits liability		-	2
(b) Number of employees at year end		-	-

Movements in each class of provision are set out below:

Provision for employee benefits			
Carrying amount at the beginning of year		2	-
Additional provisions		-	2
Write back to provisions		(2)	-
Carrying amount at end of year		-	2

	30 JUNE 2005 \$'000	30 JUNE 2004 \$'000
NOTE 14: CONTRIBUTED EQUITY		
<i>(a) Issued and paid up capital</i>		
176,717,998 ordinary shares fully paid (2004: 176,000,001)	173,040	172,359
10,000,000 deferred ordinary shares fully paid (2004: 10,000,000)	–	–
	173,040	172,359
<i>(b) Movements in ordinary shares on issue</i>		
Beginning of financial year	172,359	–
Issued during the year		
– dividend reinvestment plan issue		
717,997 ordinary shares fully paid (2004: nil)	723	–
– public equity raising on 16 February 2004		
Ordinary (2004: 176,000,001)	–	176,000
Deferred ordinary (2004: 10,000,000)	–	–
Transactions costs relating to share issue	(42)	(5,202)
Taxation benefit of transaction costs relating to share issue	–	1,561
End of the financial year	173,040	172,359

(c) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Deferred ordinary shares have no rights to vote at general meetings of shareholders, to receive dividends or to receive any Company property in a winding up.

Notes to the Financial Statements FOR THE YEAR ENDED 30 JUNE 2005
continued

	NOTES	30 JUNE 2005 \$'000	30 JUNE 2004 \$'000
NOTE 15: RESERVES			
<i>CURRENT</i>			
Asset revaluation reserve	15 (a)	16,590	3,214
Capital profits reserve	15 (b)	7,114	–
		23,704	3,214

(a) Asset revaluation reserve

Movement during the year			
Opening balance		3,214	–
Revaluation of investments		29,271	4,591
Deferred taxation on unrealised gains		(8,781)	(1,377)
Transfer to capital profit reserve on sale of investments		(7,114)	–
Closing balance		16,590	3,214

The asset revaluation reserve records revaluations of non-current assets.

(b) Capital profit reserve

Movement during the year			
Opening balance		–	–
Transfer from asset revaluation reserve on sale of investments		7,114	–
Closing balance		7,114	–

The capital profit reserve records the gains or losses arising from disposal of non-current assets.

NOTE 16: RETAINED PROFITS

Retained profits at the beginning of the financial year		1,757	–
Dividends paid (interim dividend of 2 cents per share)		(3,520)	–
Net profit attributable to members of Century Australia Investments Limited		6,318	1,757
Retained profits at the end of the financial year		4,555	1,757

30 JUNE 2005	30 JUNE 2004
\$'000	\$'000

NOTE 17: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related in the items statement of financial position as follows:

Net cash provided by operating activities	37,446	47,823
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(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax

Profit from ordinary activities after income tax	6,318	1,757
Non-cash flows in profit from ordinary activities:		
Gain on disposal of non-current assets	(10,162)	(572)
Changes in assets and liabilities:		
Increase in dividends receivable	407	(1,079)
Decrease/(Increase) in receivables	1,611	(1,767)
Decrease/(Increase) in other assets	-	(67)
Increase in deferred tax liability	3,237	955
(Decrease)/Increase in payables	(1,203)	1,747
Increase/(Decrease) in goods and services tax receivable	92	(135)
(Decrease)/Increase in provisions	(2)	2
Decrease/(Increase) in deferred tax assets	482	(6)
Net cash provided by operating activities	780	835

(c) Non-cash financing and investing activities

(i) Dividend reinvestment plan

Under the terms of the dividend reinvestment plan, \$723,149 (2004: nil) of dividends were paid via issue of 717,997 fully paid ordinary shares.

(d) Facilities

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

(e) Credit stand by arrangements

The Company does not have any credit stand by arrangements at year end.

NOTES	30 JUNE 2005	30 JUNE 2004
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NOTE 18: EARNINGS PER SHARE

Basic earnings per share based on operating profit after income tax	cents	3.57	1.00
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	shares	176,717,998	176,000,001
Earnings used in calculating basic earnings per share	\$'000	6,318	1,757
A diluted earnings per share is the same as the basic earnings per share	cents	3.57	1.00

	NOTES	30 JUNE 2005	30 JUNE 2004
NOTE 19: AUDITORS' REMUNERATION			
Amounts receivable or due and receivable by Grant Thornton			
- Audit and review of the financial report of the entity	\$	28,900	13,500

NOTE 20: DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Names and positions held of Company Directors and specified executives in office at any one time during the financial year are:

R Turner	Chairman (Non-Executive) appointed 10 February 2004
J Green	Director (Non-Executive) appointed 10 February 2004
W Negus	Director (Executive) appointed 28 January 2004 (became a Non-Executive Director on 5 July 2005)

(b) Remuneration of Directors

(i) Remuneration policy

It is not the intention of the Board to establish a Remuneration Committee at this stage. In the event that the Board deems it necessary, one will be established.

Aggregate of income received or due and receivable by Executive and Non-Executive Directors of the Company or related body corporate:

		PRIMARY SALARY AND FEES \$	SUPERANNUATION \$	TOTAL \$
R Turner	2005	55,046	4,954	60,000
	2004 ^(a)	27,936	2,064	30,000
J Green	2005	49,500	-	49,500
	2004 ^(a)	26,125	-	26,125
W Negus[#]	2005	-	-	-
	2004 ^(a)	-	-	-
Total	2005	104,546	4,954	109,500
	2004 ^(a)	54,061	2,064	56,125

	OPENING BALANCE	NET CHANGE OTHER	CLOSING BALANCE
SHAREHOLDINGS OF DIRECTORS:			
R Turner	50,000	994	50,994
J Green	10,000	198	10,198
W Negus	25,000	102,486	127,486
Total	85,000	103,678	188,678

All share transactions with Directors were notified to the Board and were entered into under terms and conditions no more favourable than those the entity would have adopted at arm's length. All three Directors participated in the dividend reinvestment plan and one Director bought shares in Century Australia on market.

[#] During the financial year, no remuneration was paid to W Negus. His services were provided for by 452 Capital Pty Limited under its Investment Management Agreement. (Details of the Management Fee that was paid is detailed in Note 25 to the financial report).

(a) - refers to period 8 April 2004 to 30 June 2004

NOTE 23: FINANCIAL INSTRUMENTS continued

(c) Net fair values

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

(d) Derivative financial instruments

A derivative financial instrument is a contract, the price or value of which is derived from the price or value of an underlying asset, liability or index. Investments in derivatives such as futures and options are authorised investments, which are used to manage financial risks associated with the Company's investment transactions, and as a means of effecting a change in the asset mix.

Investments in derivatives are not used to gear the Company's investment portfolio and they are limited to the benchmark limits as provided for in the Investment Management Agreement.

The share price index futures and options are due to mature within the next financial year. Future positions are cleared daily. They are closed and reopened at the discretion of the Manager. Futures and exchange traded options contracts have little credit risk as organised exchanges are the counterparties.

NOTE 24: SEGMENT REPORTING

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

NOTE 25: RELATED PARTY TRANSACTIONS

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:

(i) Associated companies

452 Capital Pty Limited in which W Negus has a beneficial interest is Century Australia Investments Limited's investment manager.

10,000,000 deferred ordinary shares and one ordinary share are held by 452 Capital Management Nominees Pty Limited as trustee of the 452 Capital Management Trust. W Negus was a beneficiary of the 452 Capital Management Trust (which directly holds the shares).

W Negus ceased his employment with 452 Capital Pty Limited on 5 July 2005. As a result he ceased to be a beneficiary of any related party transactions.

(ii) Director-related entities

The Investment Manager, 452 Capital Pty Limited (ACN 101 924 430) receives a management fee from the Company based on 1.00% of net tangible asset backing (as defined in the ASX Listing Rules) of the Company per annum. The management fee is payable at the end of each quarter, and in arrears.

\$2,000,104 in management fees were paid to 452 Capital Pty Limited. W Negus was a Director and a substantial shareholder of 452 Capital Pty Limited.

10,000,000 deferred ordinary shares and one ordinary share are held by 452 Capital Management Nominees Pty Limited as trustee of the 452 Capital Management Trust. W Negus was a Director of its trustee company.

W Negus ceased his employment with 452 Capital Pty Limited on 5 July 2005. As a result he ceased to be a beneficiary of any related party transactions.

NOTE 26: COMPANY DETAILS

The registered office and principal place of business of the Company is:

Century Australia Investments Limited
Level 26 Australia Square
264-278 George Street
SYDNEY NSW 2000

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 26 to 42, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Accounting Standards and the Corporations Regulations 2001; and
 - (b) giving a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the Company.
2. the Executive Director in both the capacity of Chief Executive Officer and Chief Finance Officer has declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - (b) the financial statements and notes for the financial year comply with 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.

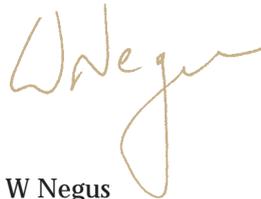
This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



R Turner
Chairman

Dated this 25th day of August 2005



W Negus
Non-Executive Director

Auditor's Independence Declaration

under S307C of the Corporations Act 2001 for the year ended 30 June 2005

Chartered Accountants
Business Advisers and Consultants

Grant Thornton 

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 2005, 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.



A G RIGELE
Partner
Grant Thornton NSW

Sydney

25 August 2005

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Independent Audit Report

to the Members of Century Australia Investments Limited

Chartered Accountants
Business Advisers and Consultants

Grant Thornton 

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CENTURY AUSTRALIA INVESTMENTS LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Century Australia Investments Limited (the company), for the period ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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Independent Audit Report

to the Members of Century Australia Investments Limited continued

Grant Thornton 

Chartered Accountants
Business Advisers and Consultants

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CENTURY AUSTRALIA INVESTMENTS LIMITED (cont)

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration of the financial report has not changed as at the date of providing our audit opinion.

Audit opinion

In our opinion, the financial report of Century Australia Investments Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Grant Thornton NSW

GRANT THORNTON NSW
Chartered Accountants



A G RIGELE
Partner

Sydney

25 August 2005

Shareholder Information

as at 1 August 2005

a. Distribution of Shareholders Number as at 1 August 2005:

CATEGORY (SIZE OF HOLDING)	ORDINARY	DEFERRED ORDINARY
1 – 1,000	120	–
1,001 – 5,000	1,058	–
5,001 – 10,000	1,489	–
10,001 – 100,000	3,609	–
100,001 and over	156	1
	6,432	1

b. The number of shareholdings held in less than marketable parcels as at 1 August 2005 is 44.

c. There are no substantial shareholders listed in the holding Company's register as at 1 August 2005.

d. Voting Rights

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

Ordinary shares

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 are 10 million Deferred Ordinary Shares that are not quoted on ASX.

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.

General Rights

Carry no right:

- (a) to vote at a general meeting of shareholders;
- (b) to receive dividends; or
- (c) to receive the whole or any part of the Company's property in a winding up.

Deferred Ordinary Shares carry no other special or preferential rights.

Vesting Rights

The rights of the Deferred Ordinary Shares shall only vest on the terms, and at such times, as determined in accordance with the Constitution. The number of Deferred Ordinary Shares in which rights shall vest, will be determined according to the performance of the Portfolio. Once the rights have vested, the Deferred Ordinary Shares will rank *pari passu* with all other ordinary shares on issue. The Company will seek the quotation on ASX of the Deferred Ordinary Shares, as ordinary shares, within a reasonable time after the rights of those shares have vested. These shares will still be subject to escrow as described in the Prospectus dated 16 February 2004.

Shareholder Information as at 1 August 2005 continued

e. 20 Largest Shareholders as at 1 August 2005

NAME	NUMBER OF DEFERRED ORDINARY FULLY PAID SHARES HELD	NUMBER OF ORDINARY FULLY PAID SHARES HELD	% HELD OF ISSUED ORDINARY CAPITAL
1. 452 Capital Management Nominees Pty Limited	10,000,000	1	5.356
2. Cogent Nominees Pty Limited	–	8,307,128	4.449
3. Australian Executor Trustees Limited	–	2,997,315	1.605
4. RBC Global Services Australia Nominees Pty Limited (MLCI A/C)	–	2,854,637	1.529
5. Questor Financial Services Limited (TPS RF A/C)	–	2,637,577	1.413
6. UBS Nominees Pty Limited	–	2,114,498	1.132
7. RBC Global Services Australia Nominees Pty Limited (BKCUST A/C)	–	1,762,932	0.944
8. UBS Private Clients Australia Nominees Pty Limited	–	1,646,486	0.882
9. Mr Harold Douglas Ring & Mrs Susan Miriam Ring (QLD Biochemics S/Fund A/c)	–	1,350,000	0.723
10. National Nominees Limited	–	1,274,153	0.682
11. Bio-Greene Pty Limited (Ring Family A/c)	–	1,100,000	0.589
12. Avanteos Investments Limited (Avanteos Super Fund No 2 A/c)	–	1,036,365	0.555
13. Count Financial Limited	–	1,000,000	0.536
14. Albert Investments Pty Limited	–	1,000,000	0.536
15. Mr Barry Martin Lambert & Mrs Joy Lillian Lambert (Lambert S/Fund A/c)	–	1,000,000	0.536
16. Mr Richard Anthony Rydge	–	800,000	0.428
17. De La Salle brothers (De La Salle Long Term A/c)	–	760,600	0.407
18. Perpetual Custodians Limited	–	681,989	0.365
19. Invia Custodian Pty Limited (Hofbauer S/Fund A/c)	–	630,000	0.337
20. Questor Financial Services Limited (TPS PIP A/C)	–	614,758	0.329
	10,000,000	43,568,439	23.334

f. The name of the Company Secretary is
Rebecca O'Donnell.

g. The address of the principal registered office in
Australia is Level 26, Australia Square,
264 -278 George Street, Sydney, NSW 2000.

h. Registers of securities etc. are held at the
following address:
Registries Limited, Level 2,
28 Margaret Street, Sydney, NSW 2000.

i. Stock exchange listing
Quotation has been granted for all ordinary
shares of the Company on all member exchanges
of the Australian Stock Exchange Limited.

j. Unquoted securities
Deferred ordinary shares
10,000,000 deferred ordinary shares are on issue.
All deferred ordinary shares are held by 452
Capital Management Nominees Pty Limited as
trustee for 452 Capital Management Trust.

k. Transaction summary
During the year 1,024 transactions in securities
were made by the Company and the total
brokerage paid or accrued during the year
was \$412,125.93.

l. Investment Management Agreement

The Investment Manager, 452 Capital Pty
Limited (ACN 101 924 430) receives a
management fee from Century Australia
Investments Limited of 1.00% of net tangible
asset backing (as defined in the ASX Listing
Rules) of the Company per annum. The
management fee is payable at the end of each
quarter, and in arrears. The Manager may also
be entitled to a performance fee.

m. Securities subject to voluntary escrow

There are no issued securities subject to
voluntary escrow.

n. Current on-market buy-back

There was no on-market buy-back as at
1 August 2005.

o. Century Australia Investments Limited used the
cash and assets readily convertible to cash that
it had at the time of its admission to the
Australian Stock Exchange in a way consistent
with its business objectives for the entire
financial reporting period to 30 June 2005.

Directory

Century Australia Investments Limited
ABN 11 107 772 761
("Century Australia", "Century", "the Company")

Directors

Robert Turner, Chairman
James Green, Non-Executive Director
Warwick Negus, Executive Director
(Non-Executive Director 5 July 2005)

Company Secretary

Rebecca O'Donnell

Registered Office

Level 26 Australia Square
264-278 George Street
Sydney NSW 2000

Share Registry

Registries Limited
Level 2
28 Margaret Street
Sydney NSW 2000
Telephone: (02) 9290 9600
Facsimile: (02) 9279 0664

Investment Manager

452 Capital Pty Limited
Level 26 Australia Square
264-278 George Street
Sydney NSW 2000
Telephone: (02) 9256 0700
Facsimile: (02) 9247 6583
Internet Website: www.452.com.au

Legal

Gilbert & Tobin
2 Park Street
Sydney NSW 2000

Bankers

Commonwealth Bank of Australia
Corner Pitt Street and Martin Place
Sydney NSW 2000

Contact Details

Mail Address:
Level 26 Australia Square
264-278 George Street
Sydney NSW 2000
Telephone: (02) 9256 0700
Facsimile: (02) 9247 6583
Email: contact@centuryaustralia.com.au
Website: www.centuryaustralia.com.au

Auditors

Grant Thornton NSW
Level 17
383 Kent Street
Sydney NSW 2000

Stock Exchange

Australian Stock Exchange (ASX)
The home exchange is Sydney
ASX Code: CYA

