

14 September 2011

**CENTURY  
AUSTRALIA**  
INVESTMENTS LIMITED



Company Announcements Office  
Australian Stock Exchange Limited  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**MONTHLY NET TANGIBLE ASSETS PER SHARE<sup>1</sup>**

The unaudited Net Tangible Asset Backing for Century Australia Investments Limited ("Century Australia") is as follows:

Month	NTA per share before estimated tax on unrealised income & gains and before Deferred Tax Asset on realised capital losses and unused franking credits from prior period(s) <sup>2</sup>	NTA per share before estimated tax on unrealised income & gains <sup>3</sup>	NTA per share after estimated tax on unrealised income & gains <sup>4</sup>
	A	B	C
31 August 2011	72.5 cents	82.6 cents	85.6 cents
31 July 2011	74.8 cents	84.8 cents	87.1 cents

As at 31 August 2011 the Deferred Tax Balances of the company was comprised of the following components:

	Total amount	Amount per share	Comment
Tax asset on unrealised income & losses	\$2,361,489	2.99 cents	Excluded from A and B, included at C
Tax asset on realised capital losses <sup>5</sup>	\$7,876,735	9.96 cents	Excluded from A, included at B and C
Tax assets on accrued expenses	\$44,659	0.06 cents	Excluded from A, included at B and C
Tax asset on unused franking credits	\$105,601	0.13 cents	Excluded from A, included at B and C
<b>Total net Deferred Tax Asset</b>	<b>\$10,388,484</b>	<b>13.14 cents</b>	

We note that the Deferred Tax Asset may or may not be an asset of the company if Century Australia does not continue at its current scale and in its current form.

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## PORTFOLIO COMMENTARY FOR AUGUST 2011

### Market Review:

The Australian equities market collapsed 10% in the first week of the month then, following some remarkable intraday volatility, the S&P/ASX300 Accumulation Index (the Index) recovered to close down 2.0% for the month.

Domestic economic data releases in August continued to highlight emerging softness in the non-mining segments of the economy. House prices, credit growth and retail sales remained soft while building approvals, employment and consumer sentiment fell further. The Reserve Bank of Australia left rates on hold at 4.75%, but removed the tightening bias in its commentary. Consistent with the significant volatility across asset classes, the Australian dollar traded in a wide range, hitting an intra-month high of USD1.106, touching a low of USD0.993, before rallying to finish the month at USD1.068.

### Portfolio Review:

The Century Australia Investment Portfolio finished the month down 2.7%, underperforming the benchmark ASX300 Accumulation Index by 0.7%. It was interesting to note the intra-month performance of the portfolio's cyclical industrial stocks. Over a number of months, the share prices of this group of stocks have been hit hard on the back of short term, macroeconomic, momentum-driven factors. A number of these holdings rebounded from intra-month lows. Whilst it is difficult to say whether these stocks have bottomed out, the rebounds have shown that share prices can recover very sharply indeed once sentiment turns more positive.

The August profit reporting season reflected our two tiered market where a higher currency and slowing consumer spending impacted negatively on a number of industrial stocks, such as Harvey Norman and Bluescope Steel. The continued strength of commodity prices, underpinned by the resilience of China's growing economy, saw growth in resources earnings, highlighted by the strong results from BHP Billiton Limited and RIO Tinto Limited. The Commonwealth Bank of Australia delivered a record profit, once again demonstrating the resilience of the Australian banking sector. Telstra Corporation Limited's (Telstra) profit result demonstrated improving operating trends. Overall, the Portfolio fared well from the reporting season.

We took advantage of relative outperformance in Fosters Group and Telstra to trim these holdings and also sold out of a small holding in Tabcorp inherited from the demerger. Proceeds were reinvested into a number of existing holdings, including Brambles, Bluescope Steel, Echo Entertainment, Fairfax, Myer, Qantas, Sims Group, Tatts Group and Whitehaven Coal.

The best performing stocks in the Portfolio included AGL (up 9.1%), which reported a solid profit result; Anglogold Ashanti (up 8.4%), on increasing gold prices and an unhedged gold book; Telstra (up 6.0%); and, Treasury Wine Estate (up 3.5%). In recent months, the Portfolio had built up both the Telstra and Treasury Wine Estate exposures to be amongst the largest overweights.

Stocks which detracted from performance included Qantas (down 14.2%), FKP Property (down 11.8%), Rio Tinto (down 8.7%), Amalgamated Holdings (down 7.7%), Harvey Norman (down 5.0%) and Fairfax (down 4.0%). Further to the comments referred to above, it was interesting to note a glimpse of positive sentiment return to a number of the cyclical holdings. For example, Harvey Norman, Fairfax and Seven West Media rebounded in the range of 15% to 40% off mid-month lows.

### Investment Outlook:

There has been a recent slowing in economic activity both domestically and offshore and this has caused us to temper our view on the short-term economic outlook. However, we continue to be of the view that market valuations remain attractive relative to their historical averages and this presents good opportunities for investors over the medium-term.

### Top Equity Holdings – 31 August 2011:

The top ten equity holdings of the Century Australia portfolio as at 31 August 2011 were as follows:

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Security Name	% of Portfolio
BHP Billiton	10.6
Commonwealth Bank of Australia	7.7
National Australia Bank	7.2
ANZ Banking Group	6.8
Telstra	5.6
Rio Tinto	4.7
Westpac	4.6
<b>Amcor</b>	<b>2.7</b>
Foster's Group	2.4
AMP	2.3

As at 31 August 2011, stock numbers were 50 and cash stood at 1.9%.

#### Footnotes

1. The calculation is based on the Company's interpretation of law relating to ASX Listing Rule 4.12.
2. The Net Asset Backing is based on investments at market value and is after provision for tax on net realised gains and before providing for all deferred taxes.
3. The Net Asset Backing is based on investments at market value and is after provision for tax on net realised gains and before providing for deferred tax on unrealised gains on its long term investments. Deferred tax on unrealised gains was a deferred tax asset at the current reporting date.
4. Century Australia is a medium to long term investor and does not intend disposing of its total portfolio. However, under AIFRS the Company is required to provide for estimated tax on gains that would arise on such a disposal.
5. Upon review of the current annual long term average return of Perennial Value Management and the market outlook, the Directors reviewed the deferred tax asset (DTA) and made the decision to write off \$2.85m as at the 30 June 2011. The decision to write off this amount does not impact the ability of the company to carry the full quantum of the tax losses forward for tax purposes. The write down is the result of conservatively reviewing the period over which the losses are expected to be recovered (further details will be available in the Financial statements that will be released later this month).

