

# CENTURY AUSTRALIA

INVESTMENTS LIMITED



ABN 11 107 772 761

## APPENDIX 4E

PRELIMINARY FINAL REPORT

FOR YEAR ENDED 30 JUNE 2006

Previous Corresponding Period - Year Ended 30 June 2005

# CENTURY AUSTRALIA INVESTMENTS LIMITED

## RESULTS FOR ANNOUNCEMENT TO THE MARKET

This preliminary final report is for the reporting period from 1 July 2005 to 30 June 2006. The previous corresponding full year period was 1 July 2004 to 30 June 2005.

### KEY RESULTS

<b>PROFIT AND LOSS</b>				
	<b>\$' 000</b>	<b>CHANGE</b>	<b>UP / DOWN</b>	
Revenue from ordinary activities	11,181	22%	Up	
Profit before income tax expense and realised gains on investment portfolio	7,968	23%	Up	
Realised gains on investment portfolio before tax <sup>1</sup>	7,817	N/A	N/A	
Profit before income tax	15,785	143%	Up	
Profit after tax and Net profit attributable to members	13,669	116%	Up	
<b>NET TANGIBLE ASSETS</b>				
	<b>\$ 30/06/06</b>	<b>\$ 30/06/05</b>	<b>CHANGE</b>	<b>UP / DOWN</b>
NTA (per share) before estimated tax on unrealised income & gains	\$1.28	\$1.18	8.5%	Up
NTA (per share) after estimated tax on unrealised income & gains	\$1.22	\$1.14	7%	Up

<sup>1</sup> Movement is a result of AIFRS Accounting

### Brief explanation of the results

Profit before income tax expense and before realised gains on the investment portfolio's ordinary activities, consists mainly of dividends and interest received less expenses associated with operations.

Under the Company's accounting policies adopted under the Australian equivalent to IFRS ("AIFRS"), realised gains on long-term investments (in relation to available-for-sale financial instruments) are now required to be reported in the income statement of the Company. Previously these gains were reflected in Capital Profits Reserve of the Balance Sheet. The Company has also elected not to restate comparative information in respect of financial instruments<sup>1</sup> and thus the increase on Profit after income tax and Net Profit attributable to Members over the corresponding period is influenced by this change in accounting practice. As a result, the Company has separately identified realised gains on investments of \$7.8 million before income tax.

More details of the results are included in the Directors' Statement and ASX Release contained on the following pages.

### DIVIDENDS

A final dividend of **4.5 cents per share**, fully franked, will be paid on **Friday 29 September 2006** to holders of ordinary shares on the register as at **Wednesday 6 September 2006**. Total dividend is \$8,068,042. This final dividend has not been provided for in the 30 June 2006 financial report.

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<sup>1</sup> The Company has elected to adopt AASB 132 Financial Instruments: Presentation and Disclosure and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005 and thus will not restate comparative information

The Dividend Reinvestment Plan ("DRP") will operate for the final dividend, under the same DRP terms and conditions as previously applied. Eligible shareholders may apply the proceeds of their dividend at a 5% discount to market price, as defined in the DRP rules.

Under its terms, the DRP automatically terminates in June 2007 and the Board has the discretion to extend the operation of the plan for a further three years. Currently the Board does not intend to extend the DRP, however this will be reviewed closer to the date of termination.

The last date for the receipt of an election notice for participation in the Dividend Reinvestment Plan is **Friday 15 September 2006**.

A fully franked interim dividend of 2.5 cents per share was paid to holders of ordinary shares on 4 April 2006 in respect of the half year to 31 December 2005. The final dividend takes the dividend paid for the full year to **7.0 cents per share**.

This report is based on accounts which have been audited by the Company's Auditors - Grant Thornton, NSW.



## DIRECTORS' STATEMENT AND ASX RELEASE

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### CENTURY AUSTRALIA DELIVERS STRONG RESULTS

Century Australia today announced its results for the full year ended 30 June 2006

#### Financial Highlights

- Profit before income tax expense and before realised gains on investment portfolio was \$8.0 million, up 23% (2005: \$6.5 million);
- Directors have declared a final fully franked dividend of 4.5 cents per share, up 50% – payable on 29 September 2006;
- Full year fully franked dividend of 7.0 cents per share declared for the financial year, up 40% ;
- Share price of \$1.20 at 30 June 2006, up 20% for the full year;
- Total return to shareholders of 26% for the twelve months to 30 June 2006 – as measured by change in share price and dividends paid during year;
- Net Tangible Asset (NTA) backing before tax of \$1.28 per share, up 8% for the full year and 3% since 31 December 2005;
- Share price discount to NTA of -6.6% at 30 June 2006, down from -16% on the prior period;
- Portfolio return of 16.34% for the full year compared to a return of 24.02% for the benchmark S&P / ASX 300 Accumulation Index;
- Total portfolio (including cash) at 30 June 2006, was \$232.2 million;
- Net profit after tax of \$13.7 million (2005: \$6.3 million) and earnings per share of 7.7 cents per share. These results include realised gains on the sale of investments for the full year for the first time, in accordance with the Company's accounting policies elected under AIFRS.

**Profit Results**

Century Australia has delivered a strong underlying result from operations (before tax and realised capital gains) of \$8.0 million, up 23% on last year's result of \$6.5 million. This figure reflects the underlying revenue from dividends and interest income, less the costs of operation. It excludes realised capital gains.

For the first time, the Company has reported full year profits using AIFRS. Under its accounting policies, the Company has elected to include realised gains in reported profit. These realised gains on long-term investments (before tax) amount to \$7.8 million for the twelve months to 30 June 2006. AIFRS net profit after tax is \$ 13.6 million for the full year, which equates to 7.7 cents per share.

The Chairman, Mr Robert Turner, said that the underlying full year operating profit (before tax) was a result of the improvements in revenue from distributions received from the investment portfolio.

"Century Australia's full year operating result has been underpinned by a 22.5% increase in dividends and distributions received on the same period last year. This reflects improvements in distributions received from companies within the portfolio."

**Dividend Increases**

Century Australia has declared a fully franked final dividend of 4.5 cents as at 30 June 2006 payable on 29 September 2006. This dividend represents 50% increase on the same period last year. This final dividend has not been provided for in the 30 June 2006 financial report.

The final dividend reflects franking credits received from operating profit, and does not include any realised capital gains (LIC capital gains).

Mr Turner said that the increase in the fully franked final dividend declared reflected the Board's policy of returning gains from operating activities to shareholders. "The increase in the fully franked final dividend includes a distribution of the franking reserves resulting from the strong operational profit during the full year." he said

### **Solid Shareholder Returns**

Directors are pleased with the strong shareholder return of 26% (measured by the change in share price and dividends paid) for the twelve month period, which is above the benchmark S&P / ASX 300.

In October 2005, the Board announced a share buy-back program, as part of its capital management program, which is open until 15 November 2006. However, the Board is pleased that the discount of the share price to the net tangible assets per share before tax ("NTA") backing has narrowed since the announcement and to date no shares have been bought back.

The NTA (before tax on unrealised gains) at 30 June 2006 was \$1.28, up 8% from 30 June 2005 and 3% from 31 December 2005. Dividends paid out are deducted from the NTA. As a medium to long term investor, Century Australia intends to retain its core investment portfolio, unless circumstances warrant a revision. However, if estimated tax on unrealised portfolio gains were to be deducted, the NTA per share would be \$1.22 as at 30 June 2006, compared with \$1.14 as at 30 June 2005 and \$1.19 as at 31 December 2005.

## **Investment Portfolio Performance**

The financial year ended 30 June 2006 was another strong one for the Australian sharemarket. As measured by the S&P/ASX 300 Accumulation Index, the Australian sharemarket produced a 24.0% return in 2006. Century's investment portfolio produced an accumulated return of 16.3%. The best performing companies in the portfolio during the year were: RIO Tinto, AXA Asia Pacific, SFE Corporation, AMP Limited, Promina Group and Just Group. Whilst the performance has not achieved the same returns generated by the Australian share market as a whole over the past year, this relative underperformance can be largely attributable to holding an underweight position in a number of cyclical companies relative to the index. The portfolio also held cash levels up to 15% during the period which handicapped performance when viewed relative to the market. Overall the Manager remains cautious and disciplined in the adoption of its investment philosophy and style.

## **LIC Capital Gains**

In December 2005, the Australian Tax Office (ATO) issued Taxation Ruling 2005/23 to clarify the tax status of certain Listed Investment Companies (LICs). Century Australia received advice in respect of the ability of its shareholders to utilise the benefits of any LIC capital gains under Subdivision 115-D of the Income Tax Act.

This advice indicates that under the tax ruling, the "value" investment style applied to the Company's investment portfolio is likely to impact the ability of shareholders to utilise the benefit of the Company's LIC capital gains via a special tax deduction. This

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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tax ruling supersedes the tax concession received by Century Australia prior to listing that allowed certain shareholders to access these benefits.

In August 2006, the Board of Century Australia released a statement to the ASX noting that it continues to support the value style of its investment manager, 452 Capital and believes that it is not in the best interests of shareholders to alter the investment mandate of its portfolio at this time. The Board noted that it will continue to review the situation to determine whether changes to the investment mandate to maximise after tax returns to investors.

The Board believes that the tax ruling is inconsistent with the policy provisions of the tax law relating to listed investment companies which were designed to assist investors in accessing the benefits of portfolio diversification without adverse tax consequences. The Company has approached the Federal Government, with a number of other industry participants, seeking a change in the tax ruling to be consistent with the policy intent of the law.

However, until either the tax ruling or the investment mandate applying the Company's investment portfolio is changed, the Board will act prudently and not include any LIC capital gains in dividends declared by the Company.

Given the retrospective nature of the tax ruling, the impact of this advice is that Century Australia has allocated LIC capital gains of 0.46 cents per share in the final 2005 dividend, which can not be used by shareholders for the purposes claiming a tax deduction in accordance with Subdivision 115-D of the income Tax Act. The Company has advised shareholders of this impact in July 2006.

30 August 2006



Robert Turner



Stephen Menzies



Warwick Negus

**Enquiries:**

**Michelene Hart**

**Chief Executive Officer, Century  
Australia**

Tel: 02 8524 9920, 0417 340 142

**About Century Australia**

Century Australia is a listed investment company that has been established to provide investors with access to the investment style and expertise of 452 Capital, a boutique funds management company. The investment objective of the Company is to provide long-term capital growth and income by investing in quality, undervalued Australian companies.

## Calendar

### **Year End**

- 30 June 2006

### **Ex-Date**

- 1 September 2006

### **Record Date**

- 5 September 2006

Final day for receipt of election to participate in DRP for 2006 final dividend

- 15 September 2006

### **Annual Report**

- mid September 2006

### **Annual Report**

- mid September 2006

### **Final Dividend - payment date**

- 29 September 2006

### **Annual General Meeting**

- 17 October 2006

### **Half year end**

- 31 December 2006

### **Half year result announced**

- February 2007

### **Interim Dividend - payment date**

- March 2007

### **Annual General Meeting**

AGL Theatre,

Museum of Sydney

Corner Bridge and Phillip Street, Sydney, NSW, 2000

Tuesday 17 October 2006 at 10am

Not later than **14 Days after Month End** Net Tangible Asset backing is announced to the ASX and posted on the Company website

**CENTURY  
AUSTRALIA**  
INVESTMENTS LIMITED



**ABN 11 107 772 761**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2006**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Directors' Report</b>	14
<b>Financial Report for the year ended 30 June 2006</b>	
<b>Income Statement</b>	24
<b>Balance Sheet</b>	25
<b>Statement of Changes in Equity</b>	26
<b>Cash Flow Statement</b>	27
<b>Notes to the Financial Statements</b>	28
<b>Directors' Declaration</b>	43
<b>Auditor's Independence Declaration</b>	44
<b>Independent Audit Report</b>	45

### DIRECTORS' REPORT

Your Directors present their report on the Company for the financial year ended 30 June 2006.

### 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)**

Mr Turner is Chairman of the Company and also serves on the Audit Committee. He has been a Non-Executive Director since 10 February 2004. Mr Turner has a strong finance and marketing background and 30 years experience in corporate management, both in Australia and overseas. He has experience in the financial services industry and has held general management positions in the services and manufacturing industries. During the past three years Mr Turner also served as a Director of IWL Limited, an ASX listed company.

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

Mr Menzies is Chairman of the Audit Committee and became a Non-Executive Director on the 16 January 2006. Mr Menzies is a corporate lawyer with a broad policy and regulatory background. He specialises in securities issues, product development, funds management, corporate finance and new technologies. Stephen brings a wealth of experience in corporate structuring and corporate finance. During the past three years Mr Menzies has not served as a Director of any other ASX listed companies.

##### **Warwick Negus B.Bus, M.Comm, ASIA, MAICD (Non-Executive Director)**

Mr Negus has been a Director of the Company since its inception on 28 January 2004. He served as Executive Director until he became a Non-Executive Director on the 5 July 2005. He also serves on the Audit Committee of the Company. Mr Negus 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 worked for number of blue chip companies such as BHP, Commonwealth Bank and BT Australia and Goldman Sachs. During the past three years Mr Negus has not served as a Director of any other ASX listed companies.

## **CENTURY AUSTRALIA INVESTMENTS LIMITED**

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### **DIRECTORS' REPORT (cont'd)**

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

J Green resigned as Chairman of the Audit Committee of the Company and as a Non-Executive Director of the Company on the 16 January 2006. He has specialised 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, IPO's and MBO's. He was involved in a wide range of local and international transactions and acted as a Director of and Australian advisor to both domestic and multinational companies. He was a Non-Executive Director from 10 February 2004.

### **CHIEF EXECUTIVE OFFICER AND COMPANY SECRETARY**

#### **Michelene Hart B Ec, CPA, ASIA, EMBA (UTS)**

M Hart was appointed Chief Executive Officer and Company Secretary of the Company on 1 February 2006. Michelene has broad general management experience gained over a period of 20 years in public companies in the financial services industry. She has held a range of senior executive roles across governance, strategy, risk management, finance and change management in both the Commonwealth Bank of Australia and the Colonial Group.

#### **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:

	<b>Ordinary Shares</b>
R. Turner	153,739
S. Menzies	-
W. Negus	236,619

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### DIRECTORS' REPORT (cont'd)

#### DIVIDENDS PAID

Dividends paid in the year:	Cents	\$'000
<i>Final for the 2005 year</i>		
o on ordinary shares fully franked	3.0	5,302
<i>Interim for the 2006 year</i>		
o on ordinary shares fully franked	2.5	4,454

#### 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 2006 (2005: nil). The CEO and Company Secretary is engaged on a contractual basis.

#### OPERATING AND FINANCIAL REVIEW

The net profit of the Company for the financial year was \$13.669 million after providing for income tax (2005: \$6.318 million).

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### DIRECTORS' REPORT (cont'd)

The net assets of the Company have increased by \$17.3 million from \$201.3 million for the year ended 30 June 2005 to \$218.6 million for the year ended 30 June 2006.

The investment portfolio has increased in value by \$20.5 million from \$211.7 million as at 30 June 2005 to \$232.2 million as at 30 June 2006, this is net of dividends of \$ 9.8 million paid during the year.

The Board monitors the Company's overall performance, from the implementation of its 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 on a monthly basis 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.

	2006	2005
Basic earnings per share (cents)	7.70 <sup>1</sup>	3.57
Diluted earnings per share (cents)	7.70 <sup>1</sup>	3.57
Available franking credits (\$'000)	8,253	4,057

The relative performance of the investment portfolio and the Company's share price performance during the year have improved and 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 purchased at a discount of 5% to the market price.

Under its terms, the DRP automatically terminates in June 2007 and the Board has the discretion to extend the operation of the plan for a further three years. Currently the Board does not intend to extend the DRP, however this will be reviewed closer to the date of termination.

<sup>1</sup> Reflects realised investment income included in earnings as a result of adoption of AIFRS.

## **CENTURY AUSTRALIA INVESTMENTS LIMITED**

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### **DIRECTORS' REPORT (cont'd)**

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

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

		<b>2006</b>
		<b>\$'000</b>
29 September 2005 -	Dividend Reinvestment of 1,465,040 shares at \$0.985 per share	1,444
4 April 2006 -	Dividend Reinvestment of 1,106,788 shares at \$1.1014 per share	1,220

#### **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 2006 payable on 29 September 2006. The total amount of the dividend is \$8,068,042 which represents a fully franked dividend of 4.5 cents per share. The dividend has not been provided for in the 30 June 2006 financial statements.

#### **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 & Officers Insurance and has put in place Deeds of Access and Indemnity for each Director.

### DIRECTORS' REPORT (cont'd)

During the financial year, the Company paid premiums in respect of Director's and Officer's liability and for professional indemnity insurance contracts, for all Directors of the Company named in this report, as well as other officers of the Company.

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

### 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 2006 to Non-Executive Directors is fixed at \$200,000 (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.

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### DIRECTORS' REPORT (cont'd)

### REMUNERATION REPORT (cont'd)

#### Details of Remuneration for Year Ended 30 June 2006

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

	<b>Salary, Fees, Commission</b>	<b>Superannuation Contributions</b>	<b>Cash Bonus</b>	<b>Non Cash Benefits</b>	<b>Options</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
R Turner	55,046	4,954	-	-	-	60,000
S Menzies	19,078	1,717	-	-	-	20,795
W Negus	41,284	3,716	-	-	-	45,000
J Green <sup>@</sup>	26,920	-	-	-	-	26,920
M Hart <sup>^</sup>	42,937	-	-	-	-	42,937
<b>Total</b>	<b>185,265</b>	<b>10,387</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195,652</b>

#### Details of Remuneration for Year Ended 30 June 2006 (cont'd)

<sup>@</sup> J Green was a Director of Beerworth & Partners Limited and which invoices Century Australia Investments Limited for the provision of his services as a Director of Century Australia Investments Limited.

<sup>^</sup> M Hart is a Director of Wanaka Dreaming Pty Limited which invoices Century Australia Investments Limited for the provision of her services as Chief Executive Officer and Company Secretary of Century Australia Investments Limited.

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### DIRECTORS' REPORT (cont'd)

#### 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	4	4
S Menzies*	3	3	1	1
W Negus	7	6	4	4
J Green#	4	4	3	3

\* S Menzies was appointed as Director (Non-Executive) 16 January 2006

# J Green resigned as Director (Non-Executive) 16 January 2006

#### 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)

S Menzies (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 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.

## **CENTURY AUSTRALIA INVESTMENTS LIMITED**

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### **DIRECTORS' REPORT (cont'd)**

#### **ADOPTION OF AUSTRALIAN EQUIVALENTS TO IFRS**

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to AIFRS is included in Note 2 to this report.

#### **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 2006.

#### **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 44 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.

**CENTURY AUSTRALIA INVESTMENTS LIMITED**

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**DIRECTORS' REPORT (cont'd)**

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



.....  
R Turner  
Chairman



.....  
W Negus  
Non-Executive Director

Dated this 30<sup>th</sup> day of August 2006

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	30 June 2006 \$'000	30 June 2005 \$'000
Revenues	3	11,181	9,128
Directors' benefits expense		(153)	(110)
Management fees		(2,273)	(2,000)
Professional expenses		(159)	(74)
Other expenses		(628)	(457)
		<hr/>	<hr/>
Profit before income tax expense and realised gains on investment portfolio		7,968	6,487
Realised gains on investment portfolio before income tax		7,817	-
		<hr/>	<hr/>
Profit before income tax expense		15,785	6,487
Income tax expense	4	(2,116)	(169)
		<hr/>	<hr/>
Net profit attributable to members of Century Australia Investments Limited		13,669	6,318
		<hr/>	<hr/>
Basic earnings per share (cents per share)	15	7.70	3.57
Diluted earnings per share (cents per share)	15	7.70	3.57
Dividends per share (cents per share)	5	5.50	2.00

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

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### BALANCE SHEET AS AT 30 JUNE 2006

	Notes	30 June 2006 \$'000	30 June 2005 \$'000
CURRENT ASSETS			
Cash and cash equivalents	6	24,155	37,446
Trade and other receivables	7	2,809	1,685
Other current assets	8	53	63
Deferred tax assets	11	173	152
TOTAL CURRENT ASSETS		27,190	39,346
NON-CURRENT ASSETS			
Deferred tax assets	11	619	937
Available-for-sale financial assets	9	207,315	172,121
TOTAL NON-CURRENT ASSETS		207,934	173,058
TOTAL ASSETS		235,124	212,404
CURRENT LIABILITIES			
Trade and other payables	10	2,583	544
Current tax liabilities	11	2,227	2,905
TOTAL CURRENT LIABILITIES		4,810	3,449
NON-CURRENT LIABILITIES			
Deferred tax liabilities	11	11,741	7,656
TOTAL NON-CURRENT LIABILITIES		11,741	7,656
TOTAL LIABILITIES		16,551	11,105
NET ASSETS		218,573	201,299
EQUITY			
Issued capital	12	175,704	173,040
Reserves	13	27,287	23,704
Retained earnings		15,582	4,555
TOTAL EQUITY		218,573	201,299

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

## CENTURY AUSTRALIA INVESTMENTS LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2006

	Note	Share Capital Ordinary \$'000	Retained Earnings \$'000	Revaluation Reserves \$'000	Total Equity \$'000
<b>Balance at 1.07.2004</b>		<b>172,359</b>	<b>1,757</b>	<b>3,214</b>	<b>177,330</b>
Available-for-sale financial assets:					
- gains recognised in equity		-	-	29,271	29,271
Income tax relating to items charged or credited to equity		-	-	(8,781)	(8,781)
Net income recognised directly in equity		-	-	20,490	20,490
Profit attributable to members		-	6,318	-	6,318
Total recognised income and expense for the period		-	6,318	20,490	26,808
Adjustment GST unclaimable		(42)	-	-	(42)
Shares issued during the year		723	-	-	723
Dividends paid	5	-	(3,520)	-	(3,520)
<b>Balance at 30.06.05</b>		<b>173,040</b>	<b>4,555</b>	<b>23,704</b>	<b>201,299</b>
<b>Balance at 1.7.2005</b>	2	<b>173,040</b>	<b>4,555</b>	<b>23,704</b>	<b>201,299</b>
Available-for-sale financial assets:					
- gains recognised in equity		-	-	15,281	15,281
- Transfer of capital profit reserve to retained earnings		-	10,163	(10,163)	-
Income tax relating to items charged or credited to equity		-	(3,049)	(1,535)	(4,584)
Net income recognised directly in equity		-	7,114	3,583	10,697
Profit attributable to members		-	13,669	-	13,669
Total recognised income and expense for the period		-	20,783	3,583	24,366
Shares issued during the year		2,664	-	-	2,664
Dividends paid	5	-	(9,756)	-	(9,756)
<b>Balance at 30.06.06</b>		<b>175,704</b>	<b>15,582</b>	<b>27,287</b>	<b>218,573</b>

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

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Notes	30 June 2006 \$'000	30 June 2005 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Dividends received		9,800	6,866
Interest received		1,724	1,901
Investment expenses paid		(3,215)	(7,748)
Income tax paid		(3,000)	(239)
		<hr/>	<hr/>
Net cash provided by operating activities	14(a)	5,309	780
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		35,210	73,316
Purchase of investments		(46,857)	(81,634)
		<hr/>	<hr/>
Net cash used in investing activities		(11,647)	(8,318)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of share issue costs		-	(42)
Dividends paid		(7,092)	(2,797)
		<hr/>	<hr/>
Net cash used in financing activities		(7,092)	(2,839)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents held		(13,291)	(10,377)
		<hr/>	<hr/>
Add: Cash at 1 July 2005		37,446	47,823
		<hr/>	<hr/>
Cash and cash equivalents at 30 June 2006	6	<b>24,155</b>	<b>37,446</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

### 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 Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report is for the entity Century Australia Investments Limited as an individual entity. Century Australia Investments Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The financial report of Century Australia Investments Limited complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards (IFRS) in their entirety.

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

#### **Basis of Preparation**

##### *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*

Century Australia Investments Limited has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of Century Australia Investments Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented. The Company has however elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement. Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

##### *Reporting Basis and Conventions*

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Accounting Policies**

**(a) Rounding of Amounts**

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

**(b) Cash and Cash Equivalents**

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

**(c) 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.

**(d) 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 balance sheet 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 income statement.

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 realization, 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 income statement. 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.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(e) Revenue**

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 Income Statement by transferring this amount from the Revaluation Reserve.

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 balance sheet are shown inclusive of GST.

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

**(g) Financial Instruments**

**Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as available-for-sale financial assets under AASB 139 Financial Instruments: Recognition and Measurement and will continue to be recognised in the Balance Sheet at fair value. During the period changes in fair value for investment securities will be recognised in equity. Unrealised gains and losses arising from changes in fair value are taken directly to equity. 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 Income Statement by transferring this amount from the Revaluation Reserve.

**Fair Value**

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

**Impairment**

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. A prolonged decline is assessed in terms of the company's investment strategy. Impairment losses are recognised in the Income Statement.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(h) 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.

**(i) 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. Movements in fair value are recorded in the Income Statement.

**(j) Critical Accounting Estimates and Judgements**

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

**Key Estimates – Impairment**

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)

#### NOTE 2: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

An explanation of how the transition from previous AGAAP to AIFRS has affected the Company's financial position, financial performance and cash flow statement is set out below:

(a) Reconciliation of total equity as presented under previous AGAAP to that under AIFRS	Date of transition to AIFRS
	<b>1 Jul 05</b>
	<b>\$'000</b>
Total equity under AGAAP	201,299
Adjustments to equity:	
Increase in value of investments by valuing using bid price rather than sale price less disposal costs (net of tax)	270
Total equity under AIFRS	<u>201,569</u>

(b) As the Company has elected to adopt AASB 132 Financial Instruments: Presentation and Disclosure and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005, the 30 June 2005 results and Balance Sheet will not be restated as there are no differences between the figures presented under AIFRS (taking the transitional exemption for AASB 132 & 139) and those under previous AGAAP.

(c) There are no material differences between the cash flow statement presented under AIFRS and those presented under previous AGAAP.

(d) There are no effects on the transition from AGAAP to AIFRS on the reported 2005 results.

	30 June 2006 \$'000	30 June 2005 \$'000
<b>NOTE 3: REVENUE</b>		
Operating activities		
- dividends & distribution from other entities	9,506	7,274
Non-operating activities		
- interest from other persons	<u>1,675</u>	<u>1,854</u>
Total revenue	<u>11,181</u>	<u>9,128</u>

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)

	30 June 2006 \$'000	30 June 2005 \$'000
<b>NOTE 4: INCOME TAX EXPENSE</b>		
(a) The components of tax expense comprise:		
Current tax	1,929	(2,501)
Deferred tax	11 202	2,723
Over provision in respect of prior years	(15)	(53)
	<u>2,116</u>	<u>169</u>
(b) The prima facie tax on the profit from ordinary activities before income is reconciled to the income tax as follows:		
Prima facie tax payable on profit before ordinary activities before income tax at 30% (2005: 30%)	4,736	1,946
Add tax effect of:		
- imputation gross-up on dividends received	1,028	724
- withholding gross-up on dividends received	50	21
- non deductible expenses	-	3
- credits	(3,683)	(2,472)
- over provision from prior year	(15)	(53)
Income tax attributable to entity	<u>2,116</u>	<u>169</u>
The applicable weighted average effective tax rates are as follows:	13%	3%
The increase in the weighted average effective tax rate for 2006 is a result of the realised gains on investment portfolio as a result of the adoption of AIFRS.		

# CENTURY AUSTRALIA INVESTMENTS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)

	30 June 2006 \$'000	30 June 2005 \$'000
<b>NOTE 5: DIVIDENDS PAID</b>		
Dividends paid during the year:		
(a) Dividend paid at year end Final fully franked dividend of 3.0 (2005: nil) cents per share franked at tax rate of 30% (2005: nil)	5,302	-
(b) Dividend paid during the year Interim fully franked dividend of 2.5 (2005: 2.0) cents per share franked at tax rate of 30% (2005: 30%)	<u>4,454</u>	<u>3,520</u>
Total dividend paid	<u>9,756</u>	<u>3,520</u>
(c) Franking credit balance The amount of franking credits available for the subsequent financial year are: Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debts arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years	<u>8,253</u>	<u>4,057</u>
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
Cash at bank	100	103
11am account	24,031	36,399
Futures margin	24	724
Options margin	<u>-</u>	<u>220</u>
	<u>24,155</u>	<u>37,446</u>
The effective interest rate on bank deposits was 5.64% (2005: 5.15%).		
<b>Reconciliation of cash</b> Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	<u>24,155</u>	<u>37,446</u>

# CENTURY AUSTRALIA INVESTMENTS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)

	30 June 2006 \$'000	30 June 2005 \$'000
<b>NOTE 7: TRADE AND OTHER RECEIVABLES</b>		
CURRENT		
Outstanding settlements receivable	1,463	-
Interest receivable	106	156
Dividends receivable	1,192	1,486
Other receivables	48	43
	<u>2,809</u>	<u>1,685</u>

(a) Terms and conditions

- Outstanding settlements receivable relate to sale of financial assets and will be settled within 3 days

## NOTE 8: OTHER CURRENT ASSETS

Prepayments	<u>53</u>	<u>63</u>
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## NOTE 9: AVAILABLE-FOR-SALE FINANCIAL ASSETS

NON CURRENT

Listed securities at fair value	9(a) <u>207,315</u>	<u>172,121</u>
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(a) Terms and conditions

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

## NOTE 10: TRADE AND OTHER PAYABLES

CURRENT

Unsecured liabilities		
Trade payables	7	7
Sundry payables and accrued expenses	664	537
Equities purchased	1,912	-
	<u>2,583</u>	<u>544</u>

(a) Terms and conditions

- Trade accounts payable are normally settled within 30 days

- Other payables are non interest bearing

- Equities purchased relate to the purchase of financial assets and will be settled within 3 days

# CENTURY AUSTRALIA INVESTMENTS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)

	30 June 2006 \$'000	30 June 2005 \$'000
<b>NOTE 11: DEFERRED TAX ASSETS AND LIABILITIES</b>		
(a) Asset		
CURRENT		
Deferred tax assets	<u>173</u>	<u>152</u>
Deferred tax assets comprises other accruals that are not allowable		
NON CURRENT		
Deferred tax assets	<u>619</u>	<u>937</u>
Deferred tax assets comprises write off of listing costs		
(b) Liabilities		
CURRENT		
Income tax	<u>2,227</u>	<u>2,905</u>
NON CURRENT		
Deferred tax liabilities	<u>11,741</u>	<u>7,656</u>
Deferred tax liabilities comprises:		
- revaluation of available-for-sale financial assets at 30%	11,694	7,110
- interest and dividend accruals	47	546
Deferred tax liabilities	<u>11,741</u>	<u>7,656</u>
(c) Reconciliations		
(i) Gross movements		
The overall movement in the deferred tax account is as follows:		
Opening balance	(6,567)	(509)
Charge to income statement	202	2,723
Charge to equity	4,584	8,781
Closing balance	<u>(10,949)</u>	<u>(6,567)</u>
(ii) Deferred tax liabilities		
The movement in the deferred tax liabilities account for each temporary difference during the year is as follows:		
Opening balance	7,656	2,075
Charge to income statement	(499)	(3,200)
Charge to equity	4,584	8,781
Closing balance	<u>11,741</u>	<u>7,656</u>

# CENTURY AUSTRALIA INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)

	30 June 2006 \$'000	30 June 2005 \$'000
<b>NOTE 11: DEFERRED TAX ASSETS AND LIABILITIES (cont'd)</b>		
(iii) Deferred tax assets		
The movement in the deferred tax assets for each temporary difference during the year is as follows:		
Opening balance	1,089	1,566
Charge to income statement	(297)	(477)
Closing balance	<u>792</u>	<u>1,089</u>

## NOTE 12: ISSUED CAPITAL

179,289,826 ordinary shares fully paid (2005: 176,717,998)	175,704	173,040
10,000,000 deferred ordinary shares fully paid (2005: 10,000,000)	<u>-</u>	<u>-</u>
	<u>175,704</u>	<u>173,040</u>
	<b>30 June 2006 No.</b>	<b>30 June 2005 No.</b>
(a) Ordinary shares		
At the beginning of financial year	176,717,998	176,000,001
Shares issued during the year		
- 24 March 2005	-	717,997
- 29 September 2005	1,465,040	-
- 4 April 2006	<u>1,106,788</u>	<u>-</u>
At reporting date	<u>179,289,826</u>	<u>176,717,998</u>
(b) Deferred ordinary shares		
At the beginning of financial year	10,000,000	10,000,000
Shares issued during the year	<u>-</u>	<u>-</u>
At reporting date	<u>10,000,000</u>	<u>10,000,000</u>

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

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

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)

	30 June 2006 \$'000	30 June 2005 \$'000
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#### NOTE 13: RESERVES

(a) Asset revaluation reserve

The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

#### NOTE 14: CASH FLOW INFORMATION

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

Profit after income tax	13,669	6,318
Non-cash flows in profit:		
Gain on disposal of non-current assets	(7,817)	(10,162)
Changes in assets and liabilities:		
(Decrease)/Increase in dividends receivable	(294)	407
Decrease/(Increase) in receivables	(1,413)	1,611
Decrease/(Increase) in other assets	(11)	-
(Decrease)/Increase in provision income tax payable	(678)	589
(Decrease)/Increase in deferred tax liability	(499)	2,648
(Decrease)/Increase in payables	2,039	(1,203)
Increase in goods and services tax receivable	(5)	92
(Decrease)/Increase in provisions	-	(2)
Decrease/(Increase) in deferred tax assets	318	482
	<hr/>	<hr/>
Net cash provided by operating activities	<u>5,309</u>	<u>780</u>

(b) Non cash financing and investing activities:

(i) Dividend reinvestment plan

Under the terms of the dividend reinvestment plan, \$2,664,243 (2005: \$723,149) of dividends were paid via issue of 2,571,828 (2005: 717,997) fully paid ordinary shares.

(c) Facilities:

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

(d) Credit stand by arrangements:

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

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)

		30 June 2006	30 June 2005
<b>NOTE 15: EARNINGS PER SHARE</b>			
Basic earnings per share based on operating profit after income tax	cents	7.70	3.57
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	shares	177,565,385	176,717,998
Earnings used in calculating basic earnings per share	\$'000	13,669	6,318
A diluted earnings per share is the same as the basic earnings per share	cents	7.70	3.57

### NOTE 16: AUDITORS' REMUNERATION

Amounts receivable or due and receivable by Grant Thornton - audit and review of the financial reports of the entity	\$	27,700	28,900
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### NOTE 17: SEGMENT REPORTING

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

### NOTE 18: 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) 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. The annual management fees of \$2,273,208 (2005: \$2,000,104) were paid to 452 Capital Pty Limited. As at balance date there was \$577,253 (2005: \$504,966) management fees payable. W Negus is a substantial shareholder of 452 Capital Pty Limited.

10,000,000 deferred ordinary shares and 1 ordinary share are held by 452 Capital Management Nominees Pty Limited as trustee of the 452 Capital Management Trust.

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)

#### NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

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

R Turner	Chairman (Non-Executive)
W Negus	Director (Non-Executive)
S Menzies	Director (Non-Executive) appointed 16 January 2006
J Green	Director (Non-Executive) appointed 10 February 2004 resigned 16 January 2006
M Hart	Company Secretary and Chief Executive Officer appointed 1 February 2006

(b) Compensation practices

The current amount fixed by the Company as the maximum aggregate remuneration for non-executive Directors of the Company for a financial year is \$200,000 as agreed at the 2006 Annual General Meeting to shareholder approval. This is a flat rate with no direct correlation to performance. All Non-Executive Directors payments are inclusive of committee fees. The Non-Executive Directors also have entitlements to Superannuation up to the statutory limit of 9%. No options have been granted as part of compensation.

The employment of the Company Secretary and Chief Executive Officer, Michelene Hart is formalised in a contract of employment. Ms Hart works on a part-time consultancy basis for 1-2 days a week. Ms Hart's appointment is on a part-time basis which the Board believes is appropriate for the nature and scale of Century Australia's operations, whilst providing flexibility to change if and when the circumstances of the Company change. The Board of Directors determines the compensation for the Company Secretary and Chief Executive Officer.

(c) Key management personnel compensation

		Short-term benefits	Post employment benefits	Total
		Primary Salary & Fees	Superannuation	Total
		\$	\$	\$
<b>R Turner</b>	<b>2006</b>	<b>55,046</b>	<b>4,954</b>	<b>60,000</b>
	2005	55,046	4,954	60,000
<b>S Menzies</b>	<b>2006</b>	<b>19,078</b>	<b>1,717</b>	<b>20,795</b>
	2005	-	-	-
<b>W Negus</b>	<b>2006</b>	<b>41,284</b>	<b>3,716</b>	<b>45,000</b>
	2005	-	-	-
<b>J Green</b>	<b>2006</b>	<b>26,920</b>	-	<b>26,920</b>
	2005	49,500	-	49,500
<b>M Hart</b>	<b>2006</b>	<b>42,937</b>	-	<b>42,937</b>
	2005	-	-	-
<b>Total</b>	<b>2006</b>	<b>185,265</b>	<b>10,387</b>	<b>195,652</b>
	2005	104,546	4,954	109,500

Key management personnel have nil option and rights holdings.

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)

#### NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

(d) Shareholdings

Number of shares held by key management personnel

	Balance 1.7.2005	Net Change Other*	Balance 30.6.2006
R Turner	50,994	102,745	153,739
S Menzies	-	-	-
W Negus	127,486	109,133	236,619
J Green	10,198	(10,198)	-
M Hart	-	-	-
<b>Total</b>	<b>187,678</b>	<b>201,680</b>	<b>390,358</b>

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

#### NOTE 20: FINANCIAL INSTRUMENTS

(a) Financial risk management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, listed securities and derivatives.

Derivatives 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. Such instruments include futures and options. 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.

(i) Financial risks

The main risks the Company is exposed to through its financial instruments are interest rate risk and credit risk

*Interest rate risk*

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates on those financial assets and liabilities.

*Credit risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

## **CENTURY AUSTRALIA INVESTMENTS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006 (cont'd)**

#### **NOTE 20: FINANCIAL INSTRUMENTS (cont'd)**

##### (b) Financial instruments

###### (i) 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 authorized 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.

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

The carrying value is the same as the net fair value for all financial assets and liabilities of the Company.

#### **NOTE 21: 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 2006 payable on 29 September 2006. The total amount of the dividend is \$8,068,042 which represents a fully franked dividend of 4.5 cents per share. The dividend has not been provided for in the 30 June 2006 financial report.

#### **NOTE 22: CONTINGENT LIABILITIES**

At balance date, the Company had no contingent liabilities. No contingent liabilities existed at 30 June 2005.

#### **NOTE 23: 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

#### **NOTE 24: NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS**

There have been new Australian Accounting Standards and UIG Interpretations issued or amended and are applicable to the Company but are not yet effective. The Company's assessment of the impact of these new standards and interpretations have been completed with no material affect on the Company's financial report. They have not been adopted in the preparation of the financial report at reporting date.

## CENTURY AUSTRALIA INVESTMENTS LIMITED

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### DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 24 to 42 , are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) giving a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the Company.
2. the Chief Executive Officer 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



.....  
W Negus  
Non-Executive Director

Dated this 30<sup>th</sup> day of August 2006

**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 2006, I declare that, to the best of my knowledge and belief, there have been:

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

*Grant Thornton NSW*

GRANT THORNTON NSW  
Chartered Accountants

*G S Layland*

G S LAYLAND  
Partner

Sydney

30 August 2006

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**INDEPENDENT AUDIT REPORT  
TO THE MEMBERS OF CENTURY AUSTRALIA INVESTMENTS LIMITED**

**Scope**

*The financial report and directors' responsibility*

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Century Australia Investments Limited (the company), for the year ended 30 June 2006.

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 (cont)**

**Independence**

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

**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 2006 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



G S LAYLAND  
Partner

Sydney

30 August 2006