

14 August 2006



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

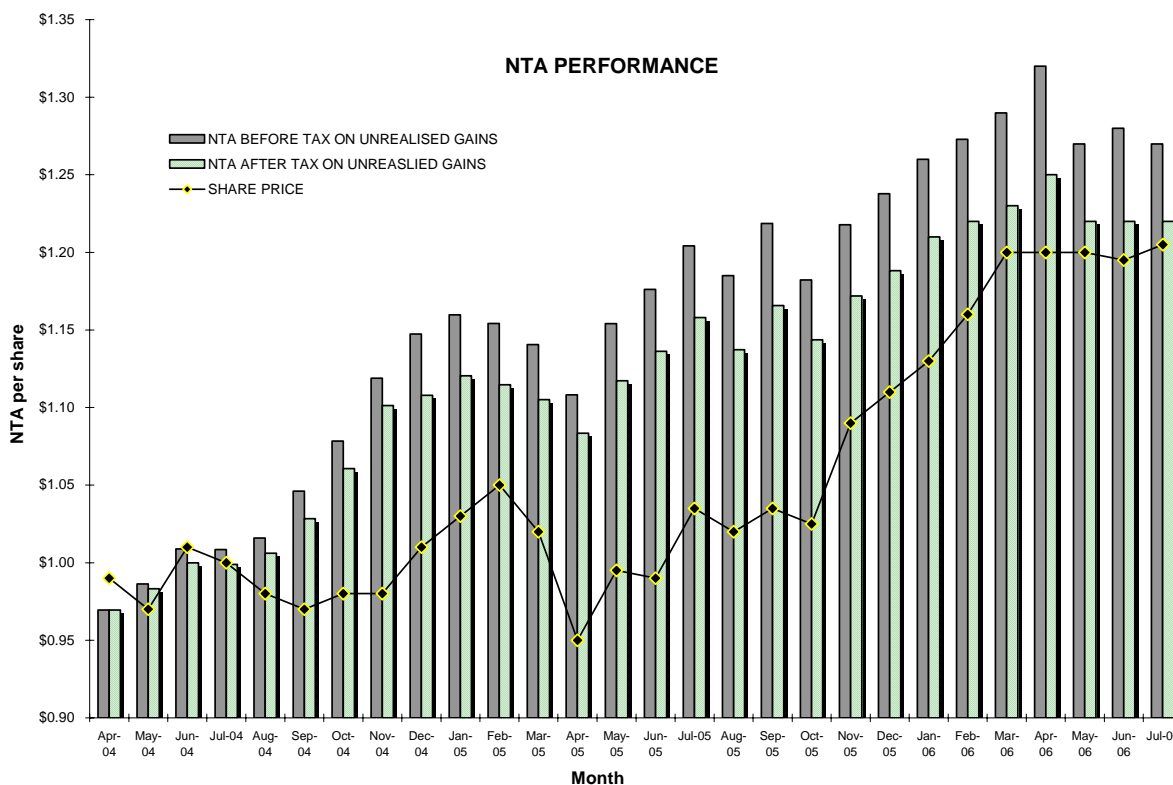
Dear Sir/Madam

**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 <sup>2</sup>	NTA per share after estimated tax on unrealised income & gains <sup>3</sup>
31 July 2006	1.27	1.22

**NTA Performance**



Century Australia’s NTA has now risen by more than 30 cents or 31% since the Initial Public Offering in April 2004 and 9 cents or 5% in the past 12 months to 31 July 2006.



## Market Review

The Australian sharemarket (as measured by the S&P/ASX 300 Accumulation Index) experienced another volatile period, before declining 1.7% in the month of July.

The domestic economic focus for July was the quarterly CPI figure which rose 1.6% quarter on quarter making it the largest quarterly rise in over 10 years. As such, expectations heightened for an interest rate rise in August (which subsequently occurred). In addition, global concerns persisted regarding high inflation, increasing interest rates and rising oil prices due to the escalating tensions in the Middle East.

Corporate activity continued with a cash takeover bid for Adsteam Marine (up 25.1%) by a Danish shipping company and a takeover bid for Colarado Group from a private equity firm. The proposed Barloworld bid for Watty! was blocked by the ACCC.

In terms of sectors, the strongest outperformers during July were Utilities (AGL up 8.6%), Telecommunications (Telstra up 3.8%) and Property Trusts indicating the defensive stance taken by investors ahead of reporting season. The largest underperforming sectors were Materials and Healthcare.

The Consumer Discretionary sector performed slightly better than the market with the major focus being the media sector. The government announced that the proposed reforms to the media industry had received Federal Cabinet approval and would now pass onto the Senate with the changes expected to be passed in 2007, which is earlier than what the market had been expecting. As a result, the stocks considered to be the main beneficiaries of the changes posted strong performances including John Fairfax (up 6.7%), Ten Network (up 7.2%) and Southern Cross Broadcasting (up 9.9%). The overall sector was held back by Publishing and Broadcasting (down 6.1%) on the back of concerns regarding its Macau investment and the Nine Network's performance.

The Materials sector was again an underperformer during the month driven by building material stocks. Rinker (down 16.7%) and James Hardie (down 9.1%) continued to retrace like their US peers, over concerns about the US housing sector. Bluescope Steel (down 13.8%) again downgraded profit expectations, while both BHP Billiton and RIO Tinto underperformed the market.

Healthcare's underperformance was largely driven by earnings downgrades from Ansell (down 13.2%), DCA Group (down 14.0%) and Sonic Healthcare (down 11.1%).

Consumer Staples also underperformed with Woolworths (down 5.5%) reporting slightly disappointing 4Q06 sales figures. Coles Myer performed well (up 0.1%) after completing its off market buy back during the month, however the stock retraced somewhat on the last day of the month following the release of the company's strategic update.

## Portfolio Review

Century's underlying investment portfolio outperformed the Australian sharemarket during the month by 1.0%. Positive contributors to the performance of the underlying investment portfolio for the month included the portfolio's cash holding (as at the 31<sup>st</sup> July the portfolio held 11.0% in cash) and overweight positions in John Fairfax Holdings, Ten Network Holdings and Southern Cross Broadcasting which outperformed the market over the month. Detractors from performance for the month included an underweight position in Westfield Group and not owning QBE Insurance.



## Investment Outlook

The Investment Manager remains cautious on the outlook for the Australian equity market with the pullback over the last three months only minor in the context of a market that is still up 19% on a one year basis to 31 July 2006 and more than 80% on a three year basis. The extreme volatility that we have seen in the Australian market during the last few months only reinforces the Manager's concerns with the main reasons for continued caution being:

- Inflation fears are rising globally and the Manager is increasingly concerned about the impact of tightening liquidity on growth and equity market performance. Excess liquidity, which has provided the fuel for speculation in housing and more recently commodities, is being drained from the system.
- China is somewhat dependant on a highly indebted US consumer; its banking system still lacks strong credit controls; many companies are unprofitable; and in some industries it is evident that risk is being privatised whilst much of the reward is still socialised.
- Despite the overall Australian sharemarket's valuation being reasonably high at around 15.5x earnings, a number of Australian companies are trading at or near cyclical high points in their operating cycles. For many companies, operating margins (earnings before interest and tax as percentage of sales) have expanded strongly over recent years. It is hard for the Manager to see this continuing - especially with cost bases rising because of higher oil prices, higher input commodity prices and labour shortages.
- Higher oil prices are starting to impact consumer sentiment both here and in the US.
- New South Wales, Australia's largest state economy, is feeling the effects of a softer housing market and subdued confidence.

Given the Manager's focus on long term investment, the portfolio will continue to be invested in a disciplined manner with a focus on both quality and value.



The top equity holdings of the Company as at the 31 July 2006 were as follows:

Security Name	% of Portfolio
Westpac Banking Corporation	7.23
BHP Billiton Limited	6.96
Insurance Australia Group	6.50
National Australia Bank	6.37
Promina Group	4.04
Rio Tinto Limited	3.49
AMP Limited	3.44
Telstra Corporation Limited	3.36
Commonwealth Bank of Australia	3.15
Coles Myer Limited	3.15

As at the 31 July 2006, the portfolio held 11.0% in cash.

Century Australia Investments Limited

M Hart  
Chief Executive Officer

#### Footnotes

<sup>1</sup> The calculation is based on the Company's interpretation of law relating to ASX Listing Rule 4.12.

<sup>2</sup> 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 unrealized gains on its long term investments.

<sup>3</sup> 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.

