

CENTURY
AUSTRALIA
INVESTMENTS LIMITED



**CENTURY AUSTRALIA
INVESTMENTS LIMITED**

Annual General Meeting

28 October 2004

AGENDA

1. Ordinary Business

- ❑ Chairman's Address
- ❑ Adoption of Reports and Accounts for year ended 30 June 2004
- ❑ Re-election of Director – Mr J Green
- ❑ Appointment of Auditors
- ❑ Closure of Formal Business

2. Investment Manager Presentation

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Century Australia

Unique Characteristics

- ❑ A strong separation of Board and Company from the activities of the Manager
- ❑ A Board comprised of a majority of independent directors
- ❑ A Manager who needs to substantially outperform its Benchmark in order to earn a performance fee
- ❑ A performance fee that is paid in shares of Century Australia and not cash

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Financial Highlights

- ❑ Net Profit before tax.....\$2.705 million
- ❑ Net Profit after tax.....\$1.757 million
- ❑ Earnings per Share.....\$0.01
- ❑ Franking credits.....\$699,000
- ❑ Net Tangible Assets that has grew from **\$0.969** at the time of listing to **\$1.01** by the 30th June 2004. Subsequent to the Financial Year end the NTA has grown further

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Investment Performance

8 April 2004 - 30 June 2004

- ❑ Century Australia.....+ 4.67 %
- ❑ Benchmark.....+ 3.04 %
- ❑ Outperformance.....+ 1.63 %

Performance measured before expenses. Benchmark is the S&P ASX 300 Accumulation Index



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Factors Affecting the Share Price

- The value and movement of the NTA
- The direction of the Sharemarket
- Expectations for future performance of both the NTA and the Sharemarket
- Buying and selling by investors

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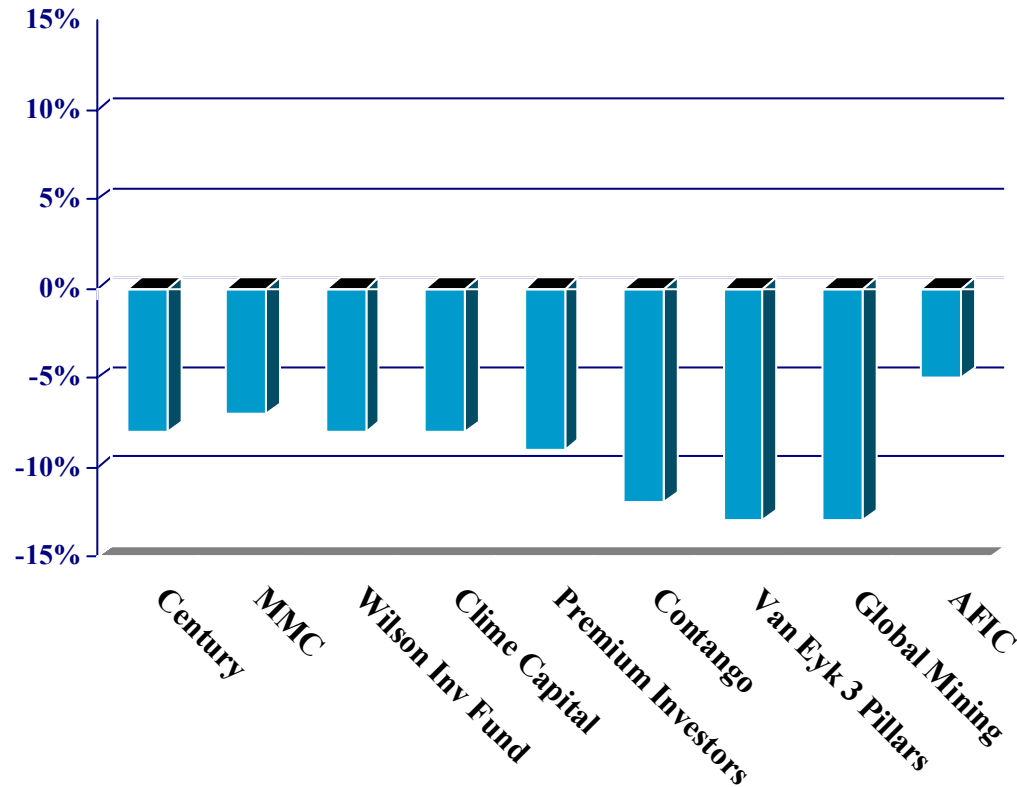
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Listed Investment Companies

Share Price Relative to NTA



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Proxy Voting Summary: Re-election of Director

Security Classes
Fully Paid Ordinary Shares

Resolution

1. Re-election of Mr James Green as Director

<u> Holders </u>	<u> % </u>	<u> For </u>	<u> Votes </u>	<u> % </u>
574	(81.31)		12,144,098	(81.63)

<u> Holders </u>	<u> % </u>	<u> Against </u>	<u> Votes </u>	<u> % </u>
8	(1.13)		134,000	(0.90)

<u> Holders </u>	<u> % </u>	<u> Open </u>	<u> Votes </u>	<u> % </u>
124	(17.56)		2,599,761	(17.47)

<u> Holders </u>	<u> ,Totals </u>	<u> Eligible Votes </u>
706		14,877,859

<u> Holders </u>	<u> Abstain </u>	<u> Eligible Votes </u>
15		566,300

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Peter Morgan
Investment Director
452 Capital



INVESTMENT PHILOSOPHY

*"To Invest In
Undervalued, Quality
Companies"*

AGENDA

- ❑ Portfolio Positioning
- ❑ Company Examples
- ❑ Sharemarket Outlook
- ❑ Questions

Portfolio Positioning

30 September 2004

- ❑ **Number of Securities - 45**
- ❑ **Cash Weighting – 16.8%**
- ❑ **Number of Securities not in benchmark - 9**
- ❑ **Non-benchmark weight - 8.1%**

Ten Largest Holdings

30 September 2004

1.	Westpac	8 %
2.	Telstra	7 %
3.	ANZ	6 %
4.	BHP	5 %
5.	NewsCorp	5 %
6.	St George Bank	4 %
7.	Suncorp	3 %
8.	NAB	3 %
9.	AXA	3 %
10.	CBA	3 %

Investment Examples

*THESE ARE NOT INVESTMENT
RECOMMENDATIONS THEY ARE EXAMPLES OF
HOW CENTURY HAS INVESTED OVER THE LAST
6 MONTHS*

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TELSTRA CORPORATION LIMITED

- ❑ Generating \$7 billion of cash each year from operations
- ❑ \$1.5 billion to be returned to shareholders each year for next 3 years
- ❑ Expect approximately 32 cents a share in dividends per annum for the next 3 years – fully franked
- ❑ Current price earnings ratio 13 times earnings

NEWS CORPORATION LIMITED

- ❑ Significant selling driven by index changes and US incorporation –
 - **NOT DRIVEN BY FUNDAMENTALS**
- ❑ We are supportive of US incorporation
- ❑ Our current valuation is around \$ 13 per share

AXA ASIA PACIFIC LIMITED

- ❑ We viewed the Parent bid as being very opportunistic
- ❑ Indications are that the underlying business is operating very well
- ❑ China / Asia provides a significant growth opportunity

ZINIFEX LIMITED

- ❑ Extremely leveraged to zinc and currency fluctuations
- ❑ Current A\$ zinc price remains well below historical long term average
- ❑ Reasonable chance zinc metal markets will move into deficit soon
- ❑ Strong cashflow from operations
- ❑ Low debt levels – excess capital could be returned to shareholders
- ❑ Century's entry price below \$ 1.85

TEN NETWORK HOLDINGS LIMITED

- ❑ Has made tremendous gains in programming and audience share
- ❑ Benefited from the poor performance of Seven
- ❑ Strong results / cashflow has been distributed to shareholders
- ❑ Century's entry price well below current share price
- ❑ Approaching full valuation but any media law changes may create opportunity

COMPANIES NOT CURRENTLY HELD IN THE PORTFOLIO INCLUDE :

- WESFARMERS
- WOOLWORTHS
- BRAMBLES
- COLES MYER
- FOSTERS
- BRAMBLES
- CSL
- SOUTHCORP
- TABCORP

MOST ARE GOOD QUALITY COMPANIES BUT WE BELIEVE THEIR SHARE PRICES ARE TOO EXPENSIVE

SHAREMARKET OUTLOOK

**THE AUSTRALIAN SHAREMARKET IS
NOW AT ALL TIME HIGHS**

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A GREAT DEAL OF OPTIMISM IS PRICED INTO THE SHARMARKET

- ❑ Compelling value opportunities are hard to find
- ❑ Liquidity is abundant
- ❑ New issues / capital raisings are keenly sort after
- ❑ Turnaround stocks are turning around their share prices well ahead of any signs of earnings turnaround

THERE APPEARS TO BE VERY LITTLE CAUTION BUILT INTO THE SHAREMARKET

- ❑ Oil
- ❑ Raw material prices
- ❑ Slowing domestic housing sector
- ❑ Serious economic imbalances in USA

US ECONOMY HAS SOME SERIOUS ISSUES

- ❑ Budget deficit
- ❑ Trade deficit
- ❑ Historically low savings rates
- ❑ Extremely high consumer debt
- ❑ US consumer represents 70% of US GDP and 30% of world GDP

NOT MUCH LEFT TO HELP THE USA IF TIMES GET TOUGH

- ❑ The tax cuts have already occurred
- ❑ Interest rates are already historically low

US ELECTION

- ❑ The Dow Jones has risen 15 times and fallen 14 times in the 29 post election calendar years since 1889
- ❑ Of the 29 elections, Republicans have won 16 and the Democrats 13
- ❑ In the following year of an election the Dow Jones averaged a gain of 5.5% where a Republican was re-elected and 4.3% where a Democrat was elected

US ELECTION

- ❑ In the previous 5 post election calendar years ending in 5 (1905, 1925, 1945, 1965 and 1985) the sitting President has been returned and the market has gained
- ❑ But no Presidential incumbent has been re-elected when the Dow was down over 0.5% during the month before the election !

CONCLUSION

- ❑ CAUTION
- ❑ DISCIPLINE
- ❑ FOCUSED ON QUALITY
- ❑ FOCUSED ON RETURNS

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