

CENTURY AUSTRALIA

INVESTMENTS LIMITED



CHAIRMAN'S ADDRESS

Annual General Meeting of Shareholders
Wednesday 17 October 2007

The Year in Review

As shareholders would be aware the year to 30 June 2007 was another strong year for the Australian share market and continued the positive trend of the past four years. However since the end of the 2007 financial year the market has been quite volatile due to the sub prime mortgage crisis in the U.S. I will leave this subject for discussion by Peter Morgan during his presentation.

As I have mentioned in previous years the Company's investment objective is to deliver regular income and long-term growth to investors through a focused and disciplined investment strategy. The Board is satisfied that over the past 12 months our manager has continued to maintain a portfolio that will deliver these investment objectives.

In a very bullish environment our manager has continued to focus on stocks that are inherently non-cyclical and to focus on investments that represented long-term value.

Investment Performance

Our portfolio investment return for the 12 months ended 30 June 2007 was 26.7% compared to a 29.2% return for the S&P/ASX 300 accumulation index.

The portfolio underperformance was due principally to the managers' conservative investment view that resulted in an average cash position of just over 14% during the year.

Our investment manager, 452 Capital has followed a cautious and disciplined approach to investment.



I am pleased to report that in the last 3 months to the end of September, 452 has significantly outperformed their peer value managers and for the 12 months the performance is comparable to other value managers.

Century will focus on longer-term performance, which can produce in the short to medium term a degree of underperformance.

The Board will continue to work with the investment manager to ensure post tax shareholder returns are maximised whilst not requiring the manager to alter the cautious approach to investing which is to produce income and long-term growth.

The Board believes it is on track to deliver the Company's investment objectives.

Peter Morgan, Investment Director 452 Capital will discuss in more detail, his strategy and outlook at the close of this meeting.

The total portfolio value at the 30 June 2007 was \$274.7m (which was after the payment of dividends during the year of \$13.5m), up from \$232.2m at the end of the previous year.

Financial Performance

I am pleased to report for the year ended 30th June 2007, a strong profit result with an operating profit of almost \$8m which is comparable to last year.

The operating profit is a good measure of performance as it reflects the earnings ie dividends and interest income received on our portfolio less the management expenses. It does not include realised capital gains and tax on investments sold during the year.

Net profit after tax was \$28.3m and included realised gains on investments before tax of \$29.8m. In 2006, realised gains before tax were \$13.6m. The net profit after tax of \$28.3m is substantially above the \$13.6m net profit after tax for the 2006 financial year.

Total shareholder return was 23% for the 12month period as measured by the change in share price and dividends paid for the 12month period.



All in all I think shareholders would agree that the financial performance for the year was indeed very satisfactory.

Dividends

Dividends declared for the year were 9 cents per share an increase of 28.6% on the previous year.

Subject to market conditions, it is the Board's policy to provide dividends at sustainable levels. The Board is confident that the dividend for the current financial year will be maintained, or may exceed, the 9 cents per share attributable to the 2007 financial year.

Share price

A common question we receive from shareholders relates to the share price and at times its discount to Net Tangible Assets.

I am pleased to report this year that our share price has improved and was \$1.38 at 30 June 2007 a slight premium to NTA after tax which was 1.37 at 30th June 2007.

Over the past 12 months we have seen the Australian share market continue its strong growth with many retail investors directly entering the market. This is typical of a bull market environment and history indicates that Listed Investment Company share prices often suffer when the market is running hard. Again history indicates that in a bear market environment Listed Investment Companies come more into favour as investors retreat to the safety of an LIC with a corresponding strengthening of the share price and a narrowing in the gap between NTA and share price.

Market sentiment can drive a company's share price to a premium or a discount to asset backing depending on whether the sentiment is positive or negative. I'm sure you will appreciate the factors surrounding investor sentiments are somewhat beyond our control.

The real issue for shareholders in the longer term is total shareholder return and the Board believes that if Century can maintain strong investment performance and



sustainable attractive dividend payments any discount between share price and NTA will be of less consequence.

Century has a Dividend Re-investment Plan whereby eligible shareholders may apply the proceeds of their dividend to acquire shares at a discount to market price. The original plan terminated in June 2007 however the Board has extended the plan for a further 3 years but reduced the discount from 5% to a 2% discount to the prevailing share price.

Administration

A number of administration changes occurred during the year. As mentioned at the AGM last year, Century and 452 Capital were planning to transfer the administration and accounting services provided by 452 Capital to an independent third party to strengthen the separation of responsibilities between the Century Board and the Investment Manager.

I am pleased to report that on 1 March 2007 White Outsourcing commenced providing the accounting, administration and management services previous provided by 452 Capital.

The cost of services provided by 452 Capital were included in the management fee paid to 452 Capital. The new arrangement provides for a \$250,000 rebate by 452 Capital from its annual investment management fee to offset the accounting, administration and management expenses now incurred by Century Australia.

Whilst discussing Century Administration, I wish to draw attention to a letter received by shareholders advising that the Annual Report will only be mailed to those shareholders who request a copy. This is part of our ongoing drive to reduce costs. We also strongly encourage shareholders to receive dividend payments by electronic funds transfer to bank accounts.

Both of these measures will reduce costs and benefit all shareholders.



To enhance disclosure to shareholders we have updated the website and encourage shareholders to register their email address with the company via our website to obtain an email of all announcements made to the ASX.

Robert Turner

Chairman



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