

12 August 2011

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 July 2011	74.8 cents	84.8 cents	87.1 cents
30 June 2011	78.4 cents	91.9 cents	93.1 cents

As at 31 July 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	\$1,776,211	2.25 cents	Excluded from A and B, included at C
Tax asset on realised capital losses <sup>5</sup>	\$7,842,609	9.91 cents	Excluded from A, included at B and C
Tax assets on accrued expenses	\$42,706	0.05 cents	Excluded from A, included at B and C
Tax asset on unused franking credits	\$43,226	0.05 cents	Excluded from A, included at B and C
<b>Total net Deferred Tax Asset</b>	<b>\$9,704,752</b>	<b>12.26 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.



## PORTFOLIO COMMENTARY FOR JULY 2011

### Market Review:

The Australian equities market was driven lower in July, with the ASX300 Accumulation Index (the Index) down 3.8%. Macroeconomic data impacted markets negatively both here and abroad. Offshore, concerns mounted over the European sovereign debt issues as well as the lack of agreement on lifting the debt ceiling in the US. Domestically, economic data continued to show deterioration in the non resources sectors of the economy, with uncertainty around the impacts of the carbon tax adding to the negative sentiment. The Reserve Bank of Australia left interest rates unchanged at 4.75%. Despite this, the Australian Dollar rose to finish the month close to USD1.10 after the June quarter CPI came in higher than expected.

With the exception of telecommunications (up 3.5%), all sectors delivered negative returns during the month. Resources (down 1.9%) outperformed industrials (down 4.7%) and several traditionally defensive sectors underperformed including REITs (down 6.4%), healthcare (down 4.8%) and consumer staples (down 4.6%). Financials (down 6.2%) were also weaker due to concerns about global credit markets. Consumer discretionary (down 7.2%) was the worst performing sector.

### Portfolio Review:

The Century Australia Investment Portfolio (the Portfolio) finished the month down 4.6%, underperforming the Index by 0.8%.

During the month, the Portfolio's most significant change was selling out of its holding in News Corp. The decision to exit this stock was based on the belief that the repercussions of the phone hacking scandal had the potential to cause significant damage to the company and loss of shareholder value, above and beyond the failure of the BSkyB takeover. Regardless of the final outcome, the Team expects that this uncertainty may hang over the stock for a prolonged period of time, limiting outperformance. Perennial Value had trimmed its exposure to News Corp prior to the scandal at an average price of \$17.17, then subsequently sold out the remainder of its holding on the announcement at an average price of \$15.20. The stock finished the month lower at \$14.94.

The best performing stocks in the Portfolio were Whitehaven Coal (up 12.9%) and Gloucester Coal (up 9.5%), driven by intensifying corporate activity in the resources sector. The Team had sold out of its holding in Whitehaven Coal in March at an average price of \$6.75 per share to lock in profits while the stock was subject to takeover speculation. The stock subsequently fell after this failed to come to fruition and it was reintroduced to the Portfolio in June at an average price of \$5.46 per share. Gloucester Coal was added to the Portfolio in May as the Team are attracted to its growing production of metallurgical coal. Telstra (up 3.5%) was a strong performer due to its defensive qualities as well as the fact that the market is becoming increasingly comfortable that the cash flows from the NBN deal will underpin the very attractive gross dividend yield of 13.4%, based on the month end share price of \$2.99. Other strong performers included Amalgamated Holdings (up 3.6%) and Treasury Wine Estates (up 1.2%), which rose on takeover speculation. This is a stock which the Team believes has significant operational upside following its demerger from Foster's Group. Aristocrat Leisure (up 0.8%) rose after one of its major competitors in the US upgraded earnings guidance. Qantas (up 0.3%) rose as it stands to benefit from the grounding of Tiger Airways, a low cost competitor in the domestic market.

Stocks which detracted from performance included Harvey Norman (down 12.4%), Macquarie Group (down 11.8%) and Seven West Media (down 11.6%). These more cyclical stocks have continued to be sold down on the back of ongoing weakness in the non resources sectors of the domestic economy.



While there is no question that these businesses currently face very challenging operating conditions, the Team remains confident that their respective market positions and strong management teams will see them weather the current conditions better than their competitors and emerge all the stronger. Sentiment towards these types of stocks is very negative at present and this has led to their share prices having been sold down to extreme levels. As a result, they offer compelling value and represent an excellent opportunity for investors willing to take a medium-term view.

### Investment Outlook:

There has been a recent slowing in economic activity both domestically and offshore and this has caused the Team to temper its view on the short-term economic outlook. However, Perennial Value continues 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 July 2011:

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

Security Name	% of Portfolio
BHP Billiton	10.9
Commonwealth Bank of Australia	7.7
National Australia Bank	7.0
ANZ Banking Group	6.8
Telstra	6.0
Rio Tinto	5.0
Westpac	4.4
Amcor	2.9
Foster's Group	2.6
Woodside Petroleum	2.3

As at 31 July 2011, stock numbers stood at 50 with cash at 2.2%.

### 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).

