

14 May 2008

**CENTURY AUSTRALIA**  
INVESTMENTS LIMITED

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

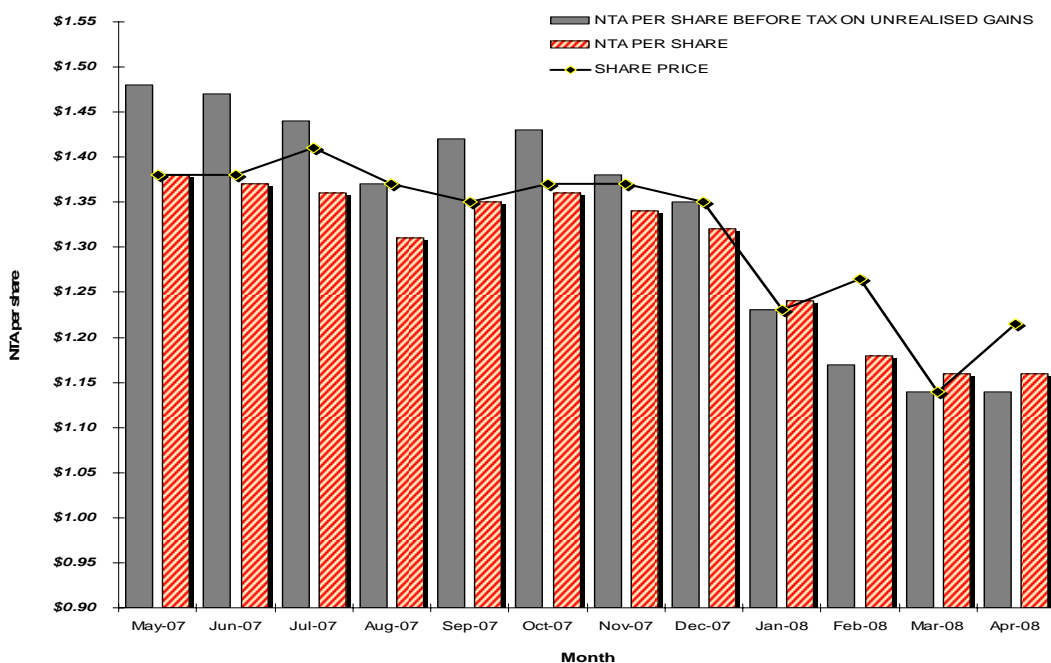
Dear Sir/Madam

**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> |
|---------------|--|---|
| 30 April 2008 | 1.14   | 1.16  |
| 31 March 2008 | 1.14   | 1.16  |

**NTA Performance**



**Market Review – April 2008**

The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) delivered a very strong return, ending the month of April 2008 up 4.5%. April was the first positive month since October 2007. The gains in the market were concentrated with just two stocks, BHP Billiton and Rio Tinto, accounting for 50% of the market's gain.



The US S&P 500 Index rose 4.8% in April due to improving sentiment as investors appeared to be cautiously optimistic that the worst of the credit crunch may be over. The Australian Dollar rose 3.3% against the US Dollar closing at US94.38 cents as domestic interest rates were left on hold at the same time as US rates were reduced another 25 basis points to 2.0%. On the domestic economic front, the Reserve Bank left rates unchanged at 7.25%, despite inflation continuing to surprise on the upside. Conversely, consumer confidence numbers fell to record lows. Employment numbers stayed strong, whereas as expected building activity continued to weaken further.

The best performing sectors during the month were Energy (up 10.3%), and Materials (up 9.3%) due to strong gains in commodity prices (the US dollar weakness a contributor) with a 200% increase in some coking coal price negotiations and a record oil price. The WTI spot oil price closed the month up 12% at US\$113.70 a barrel. UK company British Gas made a takeover proposal for Origin Energy (up 52.3%) offering \$14.70 cash per share, a 40% premium to the previous closing share price. The Materials sector benefited from strong performances by BHP Billiton (up 18.0%) and Rio Tinto (up 11.1%). Quarterly production reports from both companies were generally in line with market expectations.

The weakest sectors during April were Consumer Discretionary (down 6.4%), Industrials (down 2.4%) and Consumer Staples (down 1.1%). Wesfarmers (down 4.2%) announced a 1 for 8 rights issue at \$29 (a 22% discount) to raise \$2.5 billion in order to pay down debt.

The Consumer Discretionary sector was negatively impacted by concerns regarding consumer sentiment which weighed on retail stocks including Billabong (down 7.7%), Harvey Norman (down 5.9%) and Pacific Brands (down 2.2%). Gaming stocks Tatts Group (down 21.6%) and Tabcorp (down 19.3%) declined following a surprise announcement from the Victorian Government changing the gaming structure in Victoria. The new policy enables hotels and clubs to bid for poker machine licenses directly, and furthermore did not provide any compensation for Tabcorp or Tatts Group as a result of the new structure, which both companies intend to contest through the legal system.

The Financials sector (up 4.2%) benefited from strong gains in Insurance stocks. QBE (up 13.9%) offered a proposal to merge with Insurance Australia Group (up 18.9%), however the terms of the offer were rejected by the Insurance Australia Group Board. The negotiation process is continuing. Amongst the Banks, Commonwealth Bank of Australia (up 7.3%) outperformed the market.

#### **Portfolio Review – April 2008**

Century Australia's underlying investment portfolio returned 0.2%, underperforming the benchmark S&P/ASX 300 Accumulation Index which returned 4.5%.

Positive contributors to performance during April included the portfolio's overweight position in Insurance Australia Group as well as not owning Newcrest Mining, Woolworths or Lihir Gold which underperformed the market in April. The leading detractors from performance came from significant positions in Tabcorp Holdings and Tatts Group which were negatively impacted during the month following the adverse licence ruling in Victoria. The portfolio's underweight position in resources, particularly BHP Billiton and Rio held back returns as these two companies alone contributed 50% of the market's gain during the month.

#### **Investment Outlook**

The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) rose 4.5% during April after experiencing significant volatility. The Investment Manager continues to expect heightened volatility in the equity market over the medium term and retains its cautious outlook.

In the Investment Manager's view, the prospect of a prolonged recession in the US is a real risk and therefore the Investment Manager remains cautious about the growth outlook for the global economy as risks continue to rise as a result of the downturn in the US housing market and the global credit crisis. The Investment Manager remains sceptical of the argument for China's decoupling from the



US downturn as the Chinese economy is heavily reliant on the US (and European) consumer. It is pertinent to note that China now accounts for more than 25% of the demand for most commodities and resources, and whilst China is growing, its pace of growth is slowing and inflation is becoming a real issue.

The Investment Manager continues to remain underweight resources on a through-the-cycle view with the following concerns;

- most commodity prices remain near record highs in USD terms despite the global economic downturn,
- some commodities are experiencing an asset price type bubble due to speculative buying from investment funds (mutual funds and hedge funds have increased their exposures significantly over the last few years);
- costs are rising and,
- large transactional sized merger activity, often seen at the top of a cycle, is supporting sector share prices as some investors focus on the splendour of takeover rather the underlying long term value of the transaction.

Whilst some opportunities are presenting themselves in select industrial companies, the Investment Manager remains cautious that equity markets may have recovered too quickly, not making enough allowance for the continued impacts of deteriorating credit markets and slowing global growth.

The Investment Manager reiterates its conservative investment style with a focus on companies that have strong balance sheets, good cash flows, sound management and an attractive underlying business, at a reasonable valuation. The biggest overweight positions in the portfolio are media, telecommunications, insurance and gaming, whilst the portfolio is significantly underweight resource companies and to a lesser extent banks.

#### Top Equity Holdings – April 2008

The top ten equity holdings of the Century Australia portfolio as at 30 April 2008 were as follows:

| Security Name                              | % of Portfolio |
|--|----------------|
| National Australia Bank Limited            | 7.8            |
| BHP Billiton Limited                       | 6.8            |
| AMP Limited                                | 6.1            |
| Telstra Corporation Limited                | 5.6            |
| Fairfax Media Limited                      | 4.8            |
| News Corporation                           | 4.5            |
| Telecom Corporation of New Zealand Limited | 4.4            |
| Insurance Australia Group Limited          | 3.9            |
| Foster's Group Limited                     | 3.8            |
| Brambles Limited                           | 3.6            |

As at 30 April 2008, the portfolio held 13.2% in cash.

Peter Roberts  
Company Secretary

#### 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 unrealised gains on its long term investments. Deferred tax on unrealised gains was a deferred tax asset during the period from 31 January 08 until the current reporting date.

<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.

