

14 February 2008

# CENTURY AUSTRALIA

INVESTMENTS LIMITED

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

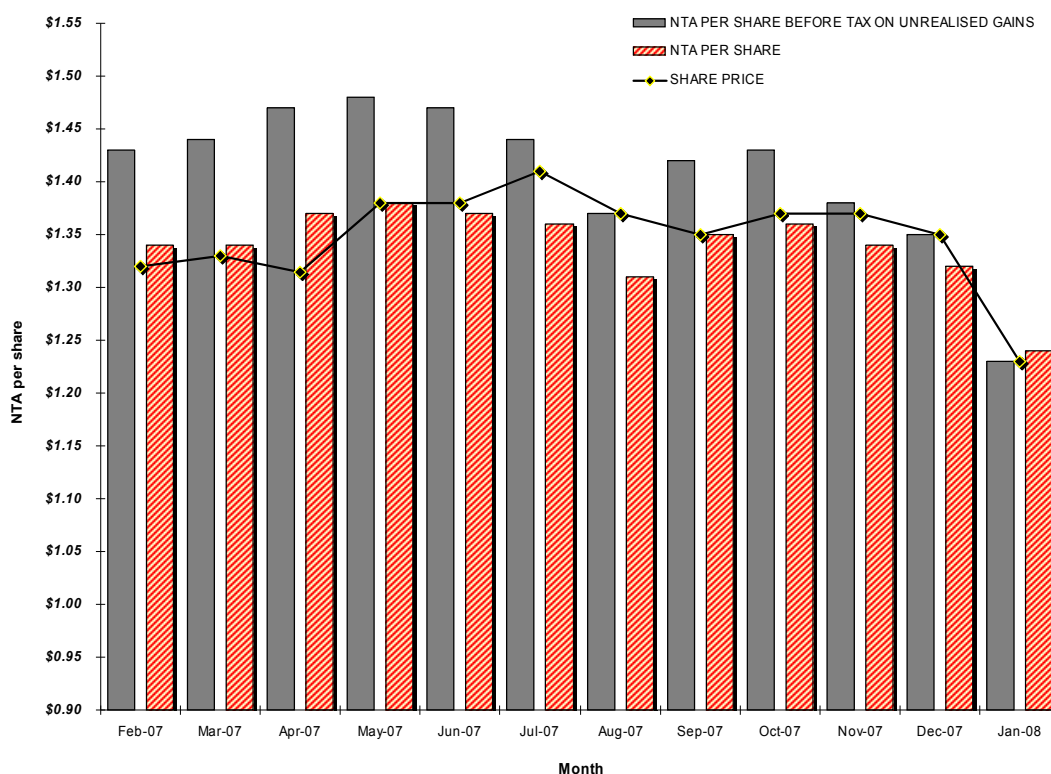
Dear Sir/Madam

## 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>
31 January 2008	1.23	1.24
31 December 2007	1.35	1.32

## NTA Performance



## **Market Review – January 2008**

The Australian equity market (as measured by the S&P/ASX 300 Accumulation Index) ended the month of January 2008 down 11.0%. Volatility was prevalent throughout the month with the market at one point reaching a low of -18.3%.

The US S&P 500 Index fell 6.1% in January due to mounting fears of the US entering into recession. The US Federal Reserve called an emergency meeting and cut interest rates by 75 bps. In addition, at the subsequent scheduled meeting a further 50 bps cut was announced with the official federal funds rate now at 3%.

On the domestic economic front, headline CPI data for the December Quarter rose to 3.0% annualised and core inflation rose to 3.6% which is the top of the RBA targeted range. The Reserve Bank meeting at the beginning of February determined a 25 bps increase to the official interest rate taking it to 7%. The Australian Dollar gained against the US closing at US89.5 cents.

The best performing sectors during the month included Healthcare (down 6.3%), Materials (down 7.1%) and Telecoms (down 8.8%).

The weakest sectors during January were Information Technology (down 20.4%), Property Trusts (down 14.3%) and the Financials sector (down 13.0%). Property Trusts compounded December declines due to high gearing and potentially overstated asset values. Centro Retail Group (down 51.1%) and Centro Properties (down 34.7%) were again the worst performers.

## **Portfolio Review – January 2008**

Century Australia's underlying investment portfolio outperformed the benchmark S&P/ASX 300 Accumulation Index by 2.6% in January. The portfolio returned -8.4% versus the benchmark's return of -11.0%. Positive contributors to performance during January included the portfolio's overweight positions in Amcor and Tabcorp Holdings, an underweight position in Commonwealth Bank and not owning Woolworths, which underperformed the market during the month. Detractors from performance for the month relative to the index came from overweight positions in AMP and Foster's Group, an underweight position in BHP Billiton and not owning Newcrest Mining.

## **Investment Outlook**

The Investment Manager notes that sharemarkets, which up until six months ago were extremely bullish and optimistic, have turned bearish and cautious in recent months. The Investment Manager expects the heightened equity market volatility to continue over the medium term and retains its cautious outlook.

Global risks continue to rise as a result of the downturn in the US housing market and problems in the sub prime mortgage market, which have subsequently resulted in a global credit crisis (in the Investment Manager's view, there is probably more pain to come). The slowdown in US consumer spending and job growth may lead to a slowing of the economy which is far greater than the market is currently anticipating. A US recession is a real risk. Inflation is rising in the US, which can ultimately only be controlled by lifting interest rates at a time when the consumer is already under pressure, being highly leveraged as housing prices fall and unemployment rises.

Domestically, some conservatively geared industrial company valuations are looking somewhat more attractive following the market decline in January, and the Investment Manager has been selectively adding to positions in the portfolio as opportunities arise. As a result, the cash level in the portfolio has lowered. Resource company share prices, however, are being boosted on a short term basis, in the Investment Manager's view, by takeover activity in the sector.



As risk is becoming more appropriately priced, the Investment Manager believes companies that are highly leveraged or with complex financing arrangements will continue to come under pressure (the Century portfolio has not held stocks such as Rams, Centro, MFS or Allco Finance Group). The credit crisis has overflowed into other areas previously viewed as defensive, including Property Trusts and Infrastructure stocks, which now may be required to refinance their debt obligations in less favorable terms.

The Investment Manager's disciplined approach continues to focus on quality, undervalued companies with good cash flows, low gearing, sound management and attractive underlying assets at a reasonable valuation through the cycle.

Century Australia is a listed investment company and will always have a material exposure to the Australian sharemarket. If the Australian sharemarket falls markedly, it is likely the value of the portfolio will fall as well.

### Top Equity Holdings – January 2008

The top ten equity holdings of the Century Australia portfolio as at 31 January 2008 were as follows:

Security Name	% of Portfolio
National Australia Bank Limited	9.3
BHP Billiton Limited	7.2
Telstra Corporation Limited	6.1
Australia and New Zealand Banking Group Limited	5.9
Insurance Australia Group Limited	5.3
AMP Limited	5.1
Tabcorp Holdings Limited	4.4
Foster's Group Limited	4.2
Alumina Limited	4.1
Amcor Limited	4.0

As at 31 January 2008, the portfolio held 4.1% 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 as at 31 January 2008.

<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.

