

12 November 2010



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>
	<b>A</b>	<b>B</b>	<b>C</b>
<b>31 October 2010</b>	<b>0.87</b>	<b>0.93</b>	<b>0.92</b>
<b>30 September 2010</b>	<b>0.86</b>	<b>0.92</b>	<b>0.92</b>

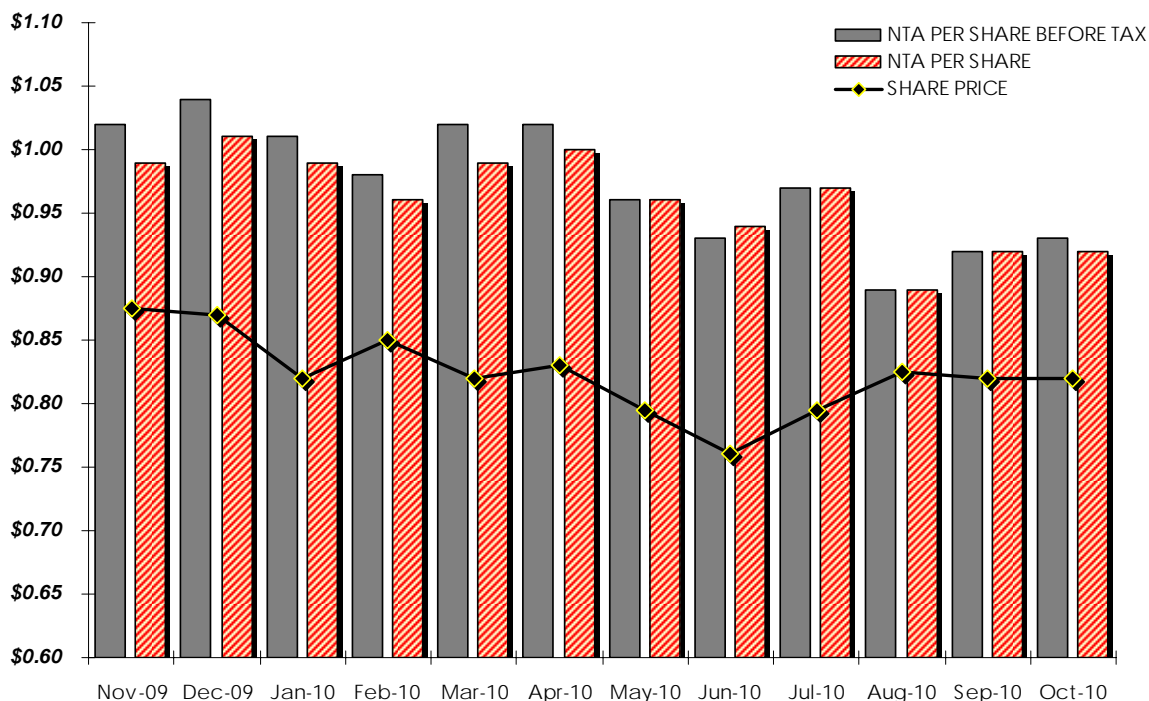
As at 31 October 2010 the Deferred Tax Balances of the company was comprised of the following components:

	<b>Amount</b>	<b>Amount per share</b>	
Tax liability on unrealised income & losses	\$(1,132,321)	\$(0.00663)	Excluded from A and B, included at C
Tax asset on realised capital losses	\$10,872,510	\$0.06363	Excluded from A, included at B and C
Tax asset on unused franking credits	\$20,584	\$0.00012	Excluded from A, included at B and C
<b>Total net Deferred Tax Asset</b>	<b>\$9,760,773</b>	<b>\$0.05712</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.



## **NTA PERFORMANCE**



## **PORTFOLIO COMMENTARY FOR OCTOBER 2010**

### **Market Review:**

The Australian market consolidated the gains made during September and the ASX300 Accumulation Index (the Index) finished up 1.8%. Global markets were generally positive during October with the S&P500 up 3.2%, the FTSE 100 up 1.5% and the Shanghai Composite up 12.2%. However, the Nikkei 225 fell 2.1%. The main drivers over the month were a solid US third quarter reporting season and the prospect that the US Federal Reserve would provide further monetary stimulus, if needed, to maintain growth and support asset prices.

Domestically, economic indicators were mixed. Employment growth remained robust. However, credit growth and retail sale trends were more muted. The RBA left rates steady at 4.5% and reiterated that it had a tightening bias. The Australian Dollar (AUD) continued its march higher finishing the month at 98.0 US cents, after having briefly reached parity during the month.

The Resources sector was overwhelmingly the best performing sector for the month (up 5.2%). REITs were the worst performing sector (down 0.4%). There was an increase in corporate activity during the month, including a merger proposal between the ASX and the Singapore Stock Exchange. In addition, Perpetual announced that it had received an approach from KKR.



## Portfolio Review:

The Century Australia Investment Portfolio (the Portfolio) finished the month up 1.6%, underperforming the Index return by 0.2%. A key reason for this underperformance was the continued strong performance of the Resources sector, with smaller resources performing particularly well. This is an area of the market which Perennial Value avoids, as many of these companies are highly speculative and are yet to generate any actual profits. For instance, Lynas Corporation (rare earths explorer) rose 7.3% and 92.7% over the month and quarter respectively. Sundance Resources (iron ore explorer) rose 16.0% and 100.0% over the same periods.

Better performing stocks in the Portfolio over the month included Ten Network Holdings (up 11.8%), following corporate moves on its share register; News Corp Non-voting shares (up 8.4%); and Tabcorp (up 6.7%), following the announcement of a demerger of its casino and gaming businesses into two separate entities. Tabcorp also undertook a capital raising at \$6.25 per share. The Portfolio took up its full entitlement in the raising and profited, as the stock finished the month higher at \$7.38.

Overweight Portfolio holdings which detracted from performance included Korvest (down 7.4%); Ruralco Holdings (down 5.7%) and Lend Lease (down 5.3%). The Portfolio was also impacted by its underweight positions in BHP (up 7.7%) and RIO (up 7.7%), which both outperformed the market during the month.

During the month Perennial Value sold out of its holding in Woolworths. While this is a very good company, it is trading on an expensive valuation and is facing intensifying competition from a reinvigorated Coles as well as new entrants Aldi and Costco. This is likely to put pressure on future earnings growth. The Team exited the holding at \$29.80 and the stock finished the month at \$28.35, some 5.0% below the Team's selling price.

In recent months, the Team has broadly aligned the Portfolio holdings with those of the Perennial Value Management Model Portfolio. To date, this has involved the following actions:

1. Increasing holdings of ANZ, CBA, BHP and Amcor;
2. Reducing the overweight positions in Brambles and AMP;
3. Selling out of Woolworths; and
4. Beginning the process of exiting some of the more illiquid small holdings which Perennial Value do not hold in its Model Portfolio. At 31 October the Team had completely sold out of its holdings in Primary Healthcare, Bunnings Warehouse Property Trust, Dulux Group, Carindale Property Trust, Reef Casino Trust, K&S Corporation and Guinness Peat Group. Perennial Value had also reduced holdings in Ruralco Holdings and Korvest.

## Investment Outlook:

Economic conditions remain challenging in many developed markets. However, growth in emerging markets is strong and overall global growth is recovering. The Australian economy in particular is performing well; benefitting from its resource exposure to these emerging economies, falling unemployment, a strong financial system and stable asset prices. As a result of the current uncertainty, the market is currently trading at a very attractive level relative to long term valuations. This offers investors very good opportunities over the medium term.



### Top Equity Holdings – 31 October 2010:

The top ten equity holdings of the Century Australia Portfolio as at 31 October 2010 were as follows:

Security Name	% of Portfolio
BHP Billiton Limited	8.93%
Westpac Banking Corp	7.77%
National Aust. Bank	6.70%
Commonwealth Bank.	5.70%
Telstra Corporation.	5.62%
ANZ Banking Grp Ltd	5.40%
Fairfax Media Ltd	3.44%
Insurance Australia	3.38%
Lend Lease Group	3.12%
Amcor Limited	2.80%

As at 31 October 2010, stock numbers stood at 31 with cash at 15.2%.

#### 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 liability 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.

