

Century Australia Investments Limited

ABN 11 107 772 761

Appendix 4D Preliminary report for the half-year ended 31 December 2016

Half-year report

This half-year report is for the reporting period from 1 July 2016 to 31 December 2016. The previous corresponding half-year period was 1 July 2015 to 31 December 2015.

		31 December 2016 \$'000	31 December 2015 \$'000
Revenue from ordinary activities	Down 14.3%	1,500	1,750
Profit before tax attributable to members	Down 17.5%	1,101	1,334
Net profit after tax benefit (from ordinary activities) attributable to members	Down 14.0%	1,176	1,367

Dividends

	Cents per share	Total Amount \$'000	Record Date	Date of Payment	Percentage Franked
2016 final	1.6	1,310	16/09/2016	30/09/2016	100

The dividend reinvestment plan did not apply to the above dividends.

Net tangible assets

	31 December 2016 Cents	31 December 2015 Cents
NTA (per share) after all estimated tax balances	99.7	93.1
NTA (per share) before all deferred taxes	94.0	89.7

Brief explanation of results

Financial Results

Operating profit before tax, and before realised and unrealised gains on investments, was \$1.10m compared to \$1.33m in the previous half-year. Century's operating profit consists largely of dividends, trust distributions and interest income less operating expenses.

The net result after realised gains and unrealised gains was a profit of \$5.86m, compared to a loss of \$1.03m in December 2015 half-year which included unrealised losses of \$3.48m whereas in December 2016 there were unrealised gains of \$4.38m. There was no deferred tax asset write back in the current period (31 December 2015: nil).

The net tangible assets before tax per share of the Company increased from \$0.861 at 30 June 2016 to \$0.940 at 31 December 2016 after earning a total comprehensive income of \$5.86m and payment of a total of 1.60 cents per share in dividends during the period. This increase largely reflects the market conditions for the last six months (ASX 300 up by 10.43%) and the performance of the Investment Manager in the period.

Portfolio Performance

The performance of Perennial Value Management Limited (PVM) in the past financial period are detailed below.

Period	CYA	Benchmark	Excess
6 months to 31 December 2016	11.47%	10.43%	1.04%
12 months to 31 December 2016	10.03%	11.79%	-1.76%
3 years to 31 December 2016 (p.a.)	6.78%	6.57%	0.21%

In the following report by PVM, a full overview of the share market performance in the half-year period ended 31 December 2016 is provided along with commentary on the Century investment performance.

Dividends

For the half year ended 31 December 2016, the Board has decided to postpone the declaration of the interim dividend pending results of the Extra General Meeting (EGM) for the restructure proposal discussed under the Capital Management section below. The Board intends to declare an interim dividend of at least 1.5 cents per share and a special dividend to shareholders to distribute substantially all franking credits, both after the date of the EGM.

Capital and Tax Losses

As at 31 December 2016, the Company had on and off balance sheet a total of 10.27 cents per share of deferred tax asset on capital and tax losses. This equates to \$28.01m of available carried forward capital and tax losses (\$8.40m tax effected). After adjusting for unrealised profits of \$4.23m as at 31 December 2016 (\$1.27m tax effected), capital and tax losses available for offset against future taxable income is \$23.78m (\$7.13m tax effected).

This translates to no tax being payable on future income of 34.22 cents per share (10.27 cents per share tax effected).

Capital Management

On 13 December 2016, the Company received a formal restructure proposal from Wilson Asset Management (International) Pty Limited (WAMI). In summary, the proposal has the following elements:

1. Equal access buyback of Century shares at NTA, less transaction costs (which WAMI intends to accept in relation to shares held by its entities);
2. Entering into a new management agreement with MAM Pty Limited;
3. Offer of new Century shares to Century shareholders and members of the public; and
4. Election of Chris Stott to the Board (as a nominee of WAMI)

The Board will work to convene an EGM of shareholders by mid April 2017.

Portfolio performance Commentary (prepared by Perennial Value Management Limited - Investment Manager)

For the six months to December 2016, the S&P/ASX300 Accumulation Index (the Index) delivered a strong total return of 10.4%. The Century Australia Investment Portfolio (the Portfolio) rose 11.4%, outperforming the Index by 1.0%. However this belies a more concerted market rally which began in early November following the unexpected Trump US presidential victory. The 'Trump pro-economic growth' rally has been sharp and has surprised most observers. Such rallies are often accompanied by a market pull back, so where does this leave share market prospects for 2017? Many uncertainties remain such as the outcome of various European elections and a number of Trump policies, however share market investors could nonetheless be faced with the prospect that the risks may still be to the upside. This is in contrast to a prolonged multi-year period whereby investors have almost exclusively focused on downside risk. Facts are useful in this regard. Most notably, global macro data across most major economies is trending positively, including the USA, which remains the world's largest economy. This positive trend is evident in a range of key measures, including global consumer and industrial confidence, capacity utilisation, producer prices, unemployment and earnings revisions. Corporate balance sheets on the whole, both in Australia and globally, remain strong.

Over the last six months, the better performing sectors included materials (up 22.1%) and financials (up 18.5%). By contrast, the "expensive defensive" such as REITs (down 1.55%), telecommunications (down 10.3%), and healthcare (down 5.7%) all fell. This trend over the last six months has seen a rotation into more cyclical stocks at the expense of the defensive "bond proxy" sections which had rallied strongly over the FY16.

Stocks which contributed positively over the period, included our resource holdings, BHP Billiton (up 35.4%), Rio Tinto (up 33.0%) as well as mining services company Downer (up 63.4%) which followed commodity prices upward.

The portfolio also benefited in a relative sense from the declines in many of the "expensive defensives" which we do not hold on valuation grounds. Examples include Transurban Group (down 11.8%), Sydney Airport (down 11.4%) and CSL (down 9.7%). While these stocks are all down significantly from their highs, they are still trading on expensive valuations, with an average FY17 P/E of over 30 times, meaning there is further potential downside should interest rates continue to rise. We also avoided many of the recent disasters, such as Estia Health, TPG Telecom, Bellamy's and Blackmores - all popular stocks which have failed to live up to expectations.

Stocks which detracted from performance included Vocus Communication (down 53.1%) which fell after issuing disappointing FY17 earnings guidance, Crown Resorts (down 5.0%) on a decline in VIP business following arrests in China and Caltex (down 3.0%) on the loss of the Woolworths petrol supply contract.

As stated in our opening paragraph, markets have responded positively to the US election results and the prospect of this outcome leading to more pro-growth fiscal policies as opposed to ongoing monetary easing. Should this eventuate, the portfolio will likely benefit from being overweight in the large-cap, low-cost, financially-sound resources companies as well as in a range of quality industrial and financial companies where we see attractive valuations. This would also see continued upwards pressure on interest rates which would also benefit the portfolio through its underweight position in the expensive defensive sectors such as healthcare and REITs and infrastructure.

The top ten equity holdings of the Company as at 31 December 2016 were as follows:

Security Name	% of Portfolio
BHP Billiton Limited	8.3%
Commonwealth Bank	7.6%
Westpac Banking Corporation	5.9%
ANZ Banking Group Limited	5.2%
National Australia Bank	4.7%
Macquarie Group Limited	3.8%
AGL Energy Limited	3.5%
Woolworths Limited	3.3%
Woodside Petroleum	3.2%
Crown Resorts Limited	2.7%

Audit

This report is based on the interim report which have been reviewed by the Company's Auditors - Grant Thornton.

Matters Subsequent to the End of the Financial Period

Other than the proposed restructure of the Company to be considered at the EGM to be convened by mid April 2017 and the declaration of an interim and a special dividend, no other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.



Robert Turner

Sydney
16 February 2017

Enquiries:

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Century Australia Investments Limited
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Century Australia Investments Limited

ABN 11 107 772 761

Interim Report for the half-year ended 31 December 2016

Century Australia Investments Limited ABN 11 107 772 761
Interim Report - for the half-year ended 31 December 2016

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Century Australia Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report

Your Directors present their report together with the financial report of Century Australia Investments Limited ("the Company") for the half-year ended 31 December 2016.

Directors

The following persons held office as Directors of Century Australia Investments Limited during the financial period:

Robert Turner (Chairman)
Stephen Menzies (Non-Executive Director)
Ross Finley (Non-Executive Director)
Geoffrey Wilson (Non-Executive Director)

Review of operations

Operating profit before tax, and before realised and unrealised gains on investments, was \$1.10m compared to \$1.33m in the previous half-year. Century's operating profit consists largely of dividends, trust distributions and interest income less operating expenses.

The net result after realised gains and unrealised gains was a profit of \$5.86m, compared to a loss of \$1.03m in December 2015 half-year which included unrealised losses of \$3.48m whereas in December 2016 there were unrealised gains of \$4.38m. There was no deferred tax asset write back in the current period (31 December 2015: nil).

The net tangible assets before tax per share of the Company increased from \$0.861 at 30 June 2016 to \$0.940 at 31 December 2016 after earning a total of comprehensive income of \$5.86m and payment of a total of 1.60 cents per share in dividends during the period. This increase largely reflects the market conditions for the last six months (ASX 300 up by 10.43%) and the performance of the Investment Manager in the period.

Matters subsequent to the end of the financial period

Other than the proposed restructure of the Company to be considered at the Extraordinary General Meeting to be convened by mid April 2017 (as outlined in the December 2016 Appendix 4D lodged with the ASX) and the declaration of an interim and a special dividend as mentioned in Note 8 to the financial statements, no other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 2.

Rounding of amounts

The Company is of a kind referred to in ASIC Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Robert Turner
Chairman
Sydney
16 February 2017

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**Auditor's Independence Declaration
To The Directors of Century Australia Investments Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Century Australia Investments Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Grant Layland
Director - Audit & Assurance

Sydney, 16 February 2017

Century Australia Investments Limited
Statement of Comprehensive Income
For the half-year ended 31 December 2016

	Notes	Half-year ended	
		31 December 2016 \$'000	31 December 2015 \$'000
Investment income from ordinary activities	4	<u>1,500</u>	<u>1,750</u>
Expenses			
Management fees		(154)	(152)
Accounting fees		(36)	(44)
Share registry fees		(27)	(12)
Custody fees		(31)	(41)
Tax fees		(11)	(9)
Directors' fees		(60)	(60)
Legal fees		(1)	-
ASX fees		(25)	(23)
Audit fees		(32)	(27)
Other expenses		(22)	(30)
Unrealised gains on futures and options		-	88
Realised losses on futures and options		-	(106)
		<u>(399)</u>	<u>(416)</u>
Profit before income tax		1,101	1,334
Income tax benefit	5	<u>75</u>	<u>33</u>
Profit for the period		<u>1,176</u>	<u>1,367</u>
Other comprehensive income/(loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised gains/(losses) on investments taken to equity		4,376	(3,480)
Income tax relating to unrealised (gains)/losses on investments taken to equity		(1,313)	1,044
Net realised gains on investments taken to equity		2,314	61
Income tax relating to realised gains on investments taken to equity		(694)	(20)
Other comprehensive income/(loss) for the period, net of tax		<u>4,683</u>	<u>(2,395)</u>
Total comprehensive income/(loss) for the period		<u>5,859</u>	<u>(1,028)</u>
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	9	1.44	1.67
Diluted earnings per share	9	1.44	1.67

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Century Australia Investments Limited
Statement of Financial Position
As at 31 December 2016

		At	
		31 December	30 June
		2016	2016
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents		2,337	2,961
Trade and other receivables		93	599
Other current assets		28	20
Total current assets		2,458	3,580
Non-current assets			
Financial assets at fair value through other comprehensive income		75,030	67,295
Deferred tax assets	6	5,522	6,651
Total non-current assets		80,552	73,946
Total assets		83,010	77,526
LIABILITIES			
Current liabilities			
Trade and other payables		391	231
Total current liabilities		391	231
Non-current liabilities			
Deferred tax liabilities		824	30
Total non-current liabilities		824	30
Total liabilities		1,215	261
Net assets		81,795	77,265
EQUITY			
Issued capital	7	74,401	74,420
Reserves		8,406	3,723
Accumulated losses		(1,012)	(878)
Total equity		81,795	77,265

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Century Australia Investments Limited
Statement of Changes in Equity
For the half-year ended 31 December 2016

	Notes	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 July 2015		73,120	7,949	(3,482)	77,587
Profit for the period		-	-	1,367	1,367
Other comprehensive loss for the period					
Net unrealised losses on investments taken to equity		-	(3,480)	-	(3,480)
Income tax on net unrealised losses on investments taken to equity		-	1,044	-	1,044
Net realised gains on investments taken to equity		-	61	-	61
Income tax on net realised gains on investments taken to equity		-	(20)	-	(20)
Total other comprehensive loss for the period, net of tax		-	(2,395)	-	(2,395)
Total comprehensive loss for the period		-	(2,395)	1,367	(1,028)
Transactions with owners in their capacity as owners					
Shares issued on rights offer shortfall	7	1,307	-	-	1,307
Cost of issued capital	7	(7)	-	-	(7)
Dividends provided for or paid	8	-	-	(1,433)	(1,433)
		1,300	-	(1,433)	(133)
Balance at 31 December 2015		74,420	5,554	(3,548)	76,426
Balance at 1 July 2016		74,420	3,723	(878)	77,265
Profit for the period		-	-	1,176	1,176
Other comprehensive income for the period					
Net unrealised gains on investments taken to equity		-	4,376	-	4,376
Income tax on net unrealised gains on investments taken to equity		-	(1,313)	-	(1,313)
Net realised gains on investments taken to equity		-	2,314	-	2,314
Income tax on net realised gains on investments taken to equity		-	(694)	-	(694)
Total other comprehensive income for the period		-	4,683	-	4,683
Total comprehensive income for the period		-	4,683	1,176	5,859
Transactions with owners in their capacity as owners					
Cost of issued capital	7	(19)	-	-	(19)
Dividends provided for or paid	8	-	-	(1,310)	(1,310)
		(19)	-	(1,310)	(1,329)
Balance at 31 December 2016		74,401	8,406	(1,012)	81,795

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Century Australia Investments Limited
Statement of Cash Flows
For the half-year ended 31 December 2016

	Half-year ended	
	31 December 2016 \$'000	31 December 2015 \$'000
Cash flows from operating activities		
Dividends and trust distributions received	2,029	2,229
Interest received	9	12
Investment expenses paid	(407)	(608)
Net cash inflow from operating activities	1,631	1,633
Cash flows from investing activities		
Proceeds from sale of financial assets at fair value through other comprehensive income	17,084	16,647
Payments for financial assets at fair value through other comprehensive income	(18,029)	(27,645)
Payments for financial instruments held at fair value through P&L	-	(6)
Net cash outflow from investing activities	(945)	(11,004)
Cash flows from financing activities		
Proceeds from rights offer shortfall	-	1,307
Dividends paid to the Company's shareholders	(1,310)	(1,433)
Net cash outflow from financing activities	(1,310)	(126)
Net decrease in cash and cash equivalents	(624)	(9,497)
Cash and cash equivalents at the beginning of the period	2,961	12,009
Cash and cash equivalents at end of period	2,337	2,512

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The interim financial statements are for the entity Century Australia Investments Limited.

(a) Basis of preparation of half-year report

These interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Century Australia Investments Limited is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Century Australia Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial statements have been prepared on an accruals basis, and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Except as described below, the accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(i) New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(b) Investments and other financial assets

Classification

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

As at 31 December 2016, the Company did not hold financial assets at fair value through profit or loss (30 June 2016: nil).

(ii) Financial assets at fair value through other comprehensive income

The Company has designated long-term investments as "fair value through other comprehensive income". All gains and losses on long-term investments and tax thereon are presented in other comprehensive income as part of the Statement of Comprehensive Income.

Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date - the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

1 Summary of significant accounting policies (continued)

(b) Investments and other financial assets (continued)

Measurement

At initial recognition, the Company measures a financial asset at its fair value.

Transaction costs of financial assets carried at fair value through other comprehensive income are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

Subsequent to initial recognition, all instruments held at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the Statement of Comprehensive Income.

When an instrument held at fair value through profit or loss is disposed, the cumulative gain or loss, net of tax thereon, is recognised as realised gains and losses from the sale of financial instruments in the Statement of Comprehensive Income.

Subsequent changes in fair value of financial assets carried at fair value through other comprehensive income are recognised through the investment portfolio revaluation reserve after deducting a provision for the potential deferred tax as these investments are long-term holding of equity investments.

When an instrument held at fair value through other comprehensive income is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the investment portfolio revaluation reserve to the realised gains/losses reserve.

Determination of Fair Value

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Under AASB 13, if an investment has a bid price and an ask price, the price within the bid-ask spread that is more representative of fair value in the circumstances shall be used to measure fair value. Accordingly, the Company uses the last bid price as a basis of measuring fair value.

2 Fair value measurements

This note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report.

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVTOCI)

The Company has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

2 Fair value measurements (continued)

(a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy (consistent with the hierarchy applied to financial assets and financial liabilities):

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016 on a recurring basis.

At 31 December 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Australian listed equity securities	75,030	-	-	75,030
Total financial assets	75,030	-	-	75,030
At 30 June 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Australian listed equity securities	67,295	-	-	67,295
Total financial assets	67,295	-	-	67,295

There were no transfers between levels for recurring fair value measurements during the period.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

For all financial instruments other than those measured at fair value their carrying value approximates fair value.

The carrying amounts of trade and other receivables and payables are assumed to approximate their fair values due to their short-term nature.

3 Segment information

The Company has only one reportable segment. The Company operates predominantly in Australia and in one industry being the securities industry, deriving revenue from dividend income, interest income and from the sale of its investment portfolio.

Century Australia Investments Limited
Notes to the Financial Statements
For the half-year ended 31 December 2016
(continued)

4 Revenue

	Half-year ended	
	31 December 2016 \$'000	31 December 2015 \$'000
Dividends	1,372	1,679
Interest	6	10
Trust distributions	122	61
	1,500	1,750

5 Income tax benefit

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2016 is 7%.

6 Deferred tax assets

As at 31 December 2016, a deferred tax asset (DTA) totalling \$7.91m arising from total prior year tax losses of \$26.36m are available to the Company. In the previous financial years \$2.94m of this DTA was written off in the accounts. The prior decision to write off this amount does not impact the ability of the Company to carry the full quantum of tax losses forward for tax purposes.

Consistent with the Company policy, the Board has determined that a 5-7 year time horizon to bring back off balance sheet DTA is appropriate. Any off balance sheet DTA brought back or reinstated would increase assets in the Statement of Financial Position and also increase net profit for the period in the Statement of Comprehensive Income. The Board considers the current level of DTA from recorded tax losses of \$4.97m to be reasonable and adequate, providing the opportunity to utilise these losses against gains of up to \$16.57m.

7 Issued capital

(a) Share capital

	At		At	
	31 December 2016 Shares	30 June 2016 Shares	31 December 2016 \$'000	30 June 2016 \$'000
Ordinary shares	81,865,704	81,865,704	74,401	74,420

7 Issued capital (continued)

(b) Movements in ordinary share capital

Date	Details	Number of shares	\$'000
1/07/2015	Opening balance	80,320,732	73,120
3/07/2015	Rights entitlement shortfall offer	1,544,972	1,300
30/06/2016	Closing balance	<u>81,865,704</u>	<u>74,420</u>
1/07/2016	Opening balance	81,865,704	74,420
	Cost of issued capital	-	(19)
31/12/2016	Closing balance	<u>81,865,704</u>	<u>74,401</u>

8 Dividends

(a) Dividends paid or payable during the reporting period

	Dividend Rate	Total Amount \$'000	Date of Payment	% Franked
Ordinary shares - 2016 final	1.60 cps	\$1,310	30/09/2016	100

(b) Dividends not recognised at the end of the reporting period

For the half year ended 31 December 2016, the Board has decided to postpone the declaration of the interim dividend pending results of the Extra General Meeting (EGM) for the restructure proposal discussed under the Capital Management section in the December 2016 Appendix 4D lodged with the ASX. The Board intends to declare an interim dividend of at least 1.5 cents per share and a special dividend to shareholders to distribute substantially all franking credits, both after the date of the EGM.

For the previous half year ended 31 December 2015, the Directors have recommended payment of interim fully franked dividend of 1.9 cents per share.

9 Earnings per share

(a) Basic and diluted earnings per share

	Half-year ended	
	31 December 2016	31 December 2015
	Cents	Cents
From continuing operations attributable to the ordinary equity holders of the Company	<u>1.44</u>	1.67
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	<u>1.44</u>	1.67

Diluted earnings per share is the same as basic earnings per share. The Company has no securities outstanding which have the potential to convert to ordinary shares and dilute the basic earnings per share.

9 Earnings per share (continued)

(b) Profit used in calculating earnings per share

	Half-year ended 31 December 2016 \$'000	31 December 2015 \$'000
Profit for the period	1,176	1,367

(c) Weighted average number of shares used as denominator

	Half-year ended 2016 Number	2015 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	81,865,704	81,848,911

10 Contingencies

The Investment Management Agreement (IMA) was entered into by the Company with Perennial Value Management Limited on 9 September 2010.

The IMA may be terminated by either party giving to the other no less than 90 days written notice of its intention to do so.

The Company had no other contingent liabilities at 31 December 2016 (31 December 2015: nil).

11 Events occurring after the reporting period

Other than the proposed restructure of the Company to be considered at the EGM to be convened by mid April 2017 (as outlined in the December 2016 Appendix 4D lodged with the ASX) and the declaration of an interim and a special dividend as mentioned in Note 8, no other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

Century Australia Investments Limited
Directors' Declaration
For the half-year ended 31 December 2016

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 3 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



Robert Turner
Chairman

Sydney
16 February 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CENTURY AUSTRALIA INVESTMENTS LIMITED

We have reviewed the accompanying half-year financial report of Century Australia Investments Limited (the Company), which comprises the statement of financial position as at 31 December 2016, and the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a description of accounting policies, other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The Directors of Century Australia Investments Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such controls as the Directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Century Australia Investments Limited financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Century Australia Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review

procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Century Australia Investments Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Grant Layland
Director - Audit & Assurance

Sydney, 16 February 2017