

# **Century Australia Investments Limited**

ABN 11 107 772 761

## **Appendix 4E Preliminary Final Report for the year ended 30 June 2018**

# Preliminary Final Report

This preliminary final report is for the reporting period from 1 July 2017 to 30 June 2018. The previous corresponding year end was 30 June 2017.

## Results for announcement to the market

			\$'000
Revenue for ordinary activities (2017: \$3,439,000)	Up	228.6%	11,299
Profit before tax expense attributable to members (2017: \$2,549,000)	Up	269.3%	9,413
Net profit after tax expense (from ordinary activities) for the year attributable to members (2017: \$3,598,000)	Up	106.1%	7,417
Total comprehensive income for the year (2017: \$8,778,000)	Down	0.6%	8,721

Profit for the current period increased due to net gains from the trading portfolio which was in operation for a full year, compared to less than a month of trading in the prior year.

## Dividends

2018	Dividend Rate	Total Amount \$'000	Record Date	Date of Payment	% Franked
Ordinary shares - final	2.00 cps	1,885	07/09/2018	28/09/2018	100*
Ordinary shares - interim	2.09 cps	1,970	07/03/2018	28/03/2018	100*
2017					
Ordinary shares - special	1.10 cps	900	24/04/2017	10/05/2017	100**
Ordinary shares - interim	1.60 cps	1,310	24/04/2017	10/05/2017	100**

\* Franked at the maximum corporate tax rate of 30%

\*\* Franked at the maximum corporate tax rate of 27.5%

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

Shareholders who participated in the buy-back during the prior year ended 30 June 2017 also received an unfranked dividend component of 2.91 cents per share (as part of the total buy-back consideration).

	30 June 2018	30 June 2017
Net tangible asset backing before tax (cents per share)	104.00	94.10
Total dividends declared for the year (fully franked) (cents per share)	4.09	2.70

Additional Appendix 4E disclosure requirements can be found in the Chairman's Review, Investment Manager's Report, Directors' Report and the 30 June 2018 financial statements and accompanying notes.

## Audit

This report is based on the financial report which has been subject to independent audit by the auditor, Grant Thornton Audit Pty Limited. The announcement is provided to the ASX under Listing Rule 4.3A.

# **Century Australia Investments Limited**

ABN 11 107 772 761

## **Annual Report for the year ended 30 June 2018**

# **Century Australia Investments Limited** ABN 11 107 772 761

## **Annual Report - 30 June 2018**

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**Century Australia Investments Limited  
Corporate Directory**

**Directors**

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

**Company Secretary**

Naomi Dolmatoff (appointed 10 November 2017)

**Principal registered office in Australia**

Level 12, 680 George Street  
Sydney NSW 2000  
+61 2 8280 7100

**Administration**

Link Fund Solutions Pty Limited  
Level 12, 680 George Street  
Sydney NSW 2000  
Phone: +61 2 8280 7100  
Fax: +61 2 9221 1194

**Share register**

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Phone: 1300 554 474  
Fax: +61 2 9287 0303

**Investment Manager**

MAM Pty Limited, a member of Wilson Asset  
Management  
ABN 98 100 276 542

**Auditor**

Grant Thornton Audit Pty Limited

**Stock exchange**

Australian Securities Exchange  
ASX code: CYA

**Website**

[www.centuryaustralia.com.au](http://www.centuryaustralia.com.au)

## Chairman's Review

Dear Shareholders,

Century Australia Investments Limited (Century Australia or the Company) delivered a profit after tax of \$7.4 million (FY2017: \$3.6 million) for the 12-month period ended 30 June 2018. The increase in profit is attributable to net gains from the trading portfolio which was in operation for a full year, compared to less than a month of trading in the prior year. Total comprehensive income for the year decreased by 0.6% to \$8.7 million. The decrease was a result of the net effect of: (a) higher income tax benefit recognised in the prior year, primarily from the write back of deferred tax asset on capital losses of \$1 million versus the income tax expense recognised in the current year; and (b) increase in current year's total portfolio gains net of portfolio related expenses.

The investment portfolio increased 14.6% in 2018 (before expenses, fees and taxes), outperforming the S&P/ASX 300 Accumulation Index increase by 1.4%.

The Net Tangible Assets (NTA) before tax of the Company increased from 94.1 cents per share to 104.0 cents per share, after the payment of a total of 2.09 cents in dividends during the year. At 30 June 2018, CYA's closing share price was \$0.96. The Company's net assets increased from \$94.2 million to \$101.0 million as at 30 June 2018. The increase is reflective of the investment portfolio performance during the year.

### **Dividends**

The Board has declared a final dividend of 2.0 cents per share bringing total dividends paid for the 2018 financial year to 4.09 cents per share.

### **Capital losses**

With the growth in assets after the capital raising completed in June 2017, the Investment Manager has allocated a portion of the investment portfolio to a trading portfolio, which derived taxable profits resulting in tax payments which generated additional franking credits from which franked dividends can be paid.

The Company continues to invest in a medium to long term approach consistent with its policy. The balance of the portfolio remained as a capital portfolio, from which any realised gains from disposals can be offset against the carry forward capital losses. These capital losses are not available to be offset against realised gains from the trading portfolio.

The Board considers the current level of DTA on capital losses recognised in the balance sheet to be reasonable and adequate. The mix of on and off balance sheet DTA on capital losses will be reviewed annually in line with the Company's policy.

As at 30 June 2018, the Company had on and off balance sheet DTA on capital losses of 7.81 cents per share. Had the unrealised capital gains at 30 June 2018 been realised, 1.37 cents per share of the DTA on capital losses would be utilised, leaving a DTA balance of 6.44 cents per share (on and off balance sheet).

## Chairman's Review

### *Corporate tax rate*

On 19 May 2017, the Federal Government enacted laws reducing the corporate tax rate to 27.5% for the year ended 30 June 2017 for companies with turnover below \$10 million. The turnover of the Company for the 2017 income tax year was less than \$10 million and therefore, it was eligible for the reduced corporate tax rate of 27.5%.

The turnover threshold for the 2018 income tax year under the new legislation is \$25 million. The Company forecasted that it may exceed this turnover for the current income tax year and therefore, it has applied the corporate tax rate of 30% from 1 July 2017.

An amendment to limit the entities subject to the lower corporate tax rate has been passed by the Federal Government on 23 August 2018. The Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 amended the law to limit the lower corporate tax rate to base rate entities with no more than 80% passive income. As a result, the Company is not eligible for the reduced corporate tax rate in future periods.

Under the amendment, the Company is not categorised as a "base rate entity" as the full year revenue exceeded \$25 million and meets the passive income test. As a consequence, the maximum franking rate applicable for dividends in the 2018 income year is 30%.

### *Conclusion*

Under the first full financial year with the Wilson Asset Management Group as Investment Manager, we are pleased with the increase in investment portfolio and outperformance against the S&P/ASX 300 Accumulation Index. Please refer to the Investment Manager's Report for more details.

The Board wishes to thank shareholders for their continued support.



Robert Turner  
Chairman  
24 August 2018

## Investment Manager's Report

For the full year to 30 June 2018 Century Australia Investments Limited (ASX: CYA) announces an operating profit before tax of \$9.4 million, a 269% increase on the previous year (FY2017: \$2.5million) and an operating profit after tax of \$7.4 million (FY2017: \$3.6 million). The operating profit for 2018 is reflective of the strong investment portfolio performance over the year, with the investment portfolio increasing by 14.6% (before expenses, fees and taxes), outperforming the S&P/ASX 300 Accumulation Index by 1.4%. Since Wilson Asset Management\* was appointed the Investment Manager on 18 April 2017, Century Australia has returned 12.3% per annum (before expenses, fees and taxes).

The Board announced a fully franked final dividend of 2.0 cents per share, payable on 28 September 2018.

Century Australia's solid portfolio performance for the 2018 financial year was fuelled by the investment team's sound stock selection under Lead Portfolio Manager Matthew Haupt. A key driver was the team's selection of companies with exposure to the energy and materials sectors including Origin Energy (ASX: ORG), Woodside Petroleum (ASX: WPL) and BHP Billiton (ASX: BHP), which benefitted from rising oil prices due to supply cuts led by OPEC. CSL Limited (ASX: CSL) was another stellar performer, with earnings momentum driving the share price higher. Century Australia increased its holding in CSL, which has become one of the top four largest Australian listed companies by market capitalisation, cementing its global position and profitable niche. The investment team successfully identified underlying earnings potential embedded within Macquarie Group (ASX: MQG) and the market's rerating that saw the share price reflect the changing business model. Century Australia's strong performance of 14.6% demonstrated the success of the rigorous stock selection during the year.

### Performance

Performance at 30 June 2018	1 mth	6 mths	1 yr	Since appointment of new investment manager % pa (April-17)
CYA Investment Portfolio*	2.5%	3.9%	14.6%	12.3%
S&P/ASX 300 Accumulation Index	3.2%	4.3%	13.2%	9.6%
<b>Outperformance</b>	<b>-0.7%</b>	<b>-0.4%</b>	<b>+1.4%</b>	<b>+2.7%</b>

\*Investment performance and Index returns are before expenses, fees and taxes.

### Equity market overview

The 2018 financial year saw heightened volatility across global equity markets. Although global economic growth continued, domestic economic growth remains sluggish. Close to home, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has been the biggest issue facing Australian banks. This has provided valuable trading opportunities that we will continue to capitalise on.

We remain cautious about the direction of equity markets over the short-to-medium term. Globally, we have seen the return of volatility following a protracted period of stability. We are currently in the later stages of the second-longest bull market in US history.

Central banks have injected \$13 trillion into equity markets since the global financial crisis and kept interest rates artificially low. We are now seeing the central banks unwinding this quantitative easing, with interest rates rising. As an active fund manager, we are excited about the mispricing opportunities this presents when investing in undervalued growth companies.

\*Century Australia has an investment management agreement with MAM Pty Limited, an entity forming part of the Wilson Asset Management Group (Wilson Asset Management).



### Investing with Wilson Asset Management

Established in 1997 by Geoff Wilson, Wilson Asset Management is an independently owned investment manager based in Sydney, Australia. Today, Wilson Asset Management employs 30 staff. The investment team comprises 11 highly experienced professionals with more than 140 years of combined investment experience and a total focus on managing money.

We take great pride in managing seven listed investment companies' (LICs) investment portfolios and more than \$3 billion in shareholder capital on behalf of almost 80,000 retail investors. We created and continue to support Future Generation Investment Company Limited and Future Generation Global Investment Company Limited, the only companies to provide:

- Shareholders with exposure to the best Australian and global fund managers without paying management or performance fees;
- Charities with a consistent and growing stream of annual donations; and
- Fund managers with a unique opportunity to make a positive difference to Australia's future generations.

Century Australia has an investment management agreement with MAM Pty Ltd, an entity forming part of Wilson Asset Management. For Century Australia shareholders, that means an experienced team working on your behalf, to achieve your investment aims. Investing with Wilson Asset Management provides the following benefits:

**Risk-adjusted returns.** Wilson Asset Management is focused on delivering strong returns while taking the least risk possible to protect shareholders' capital. Our flexible mandate allows for above average cash holdings.

**Deep diversification.** LICs managed by Wilson Asset Management hold small positions in many companies, providing shareholders with access to highly diversified portfolios.

**Experienced experts.** Wilson Asset Management's investment team has a total focus on protecting and growing shareholder capital and is informed by more than 120 years of combined equity market experience.

**Full market access.** Wilson Asset Management's investment team hold more than 2,500 company meetings each year, that coupled with their extensive network in the market, provides insight, intelligence and opportunities.

**Transparency.** Wilson Asset Management values shareholder engagement and its LICs adhere to strict corporate governance requirements.

**Shareholder advocacy.** Wilson Asset Management regularly and actively engages in public debate on behalf of self-managed superannuation funds and retail investors.

**A positive impact to the community.** Wilson Asset Management is passionate about making a difference to the broader community.

### Objectives and investment process

#### *Investment objectives*

The investment objectives of Century Australia are to:

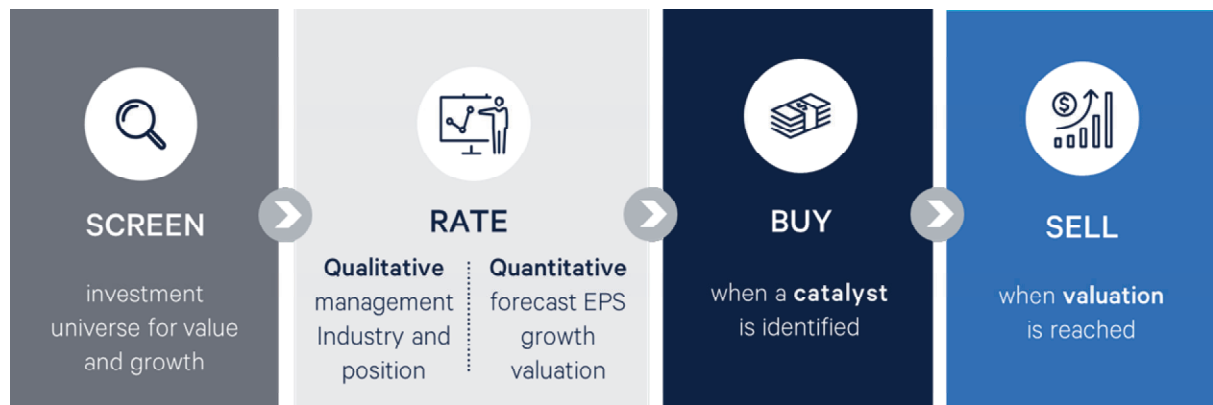
- deliver investors a stream of fully franked dividends;
- provide capital growth over the medium-to-long term; and
- preserve capital of the Company.

#### *Investment process - focus on S&P/ASX 300 Index*

Century Australia provides investors with access to Wilson Asset Management's three distinctive investment processes:

##### Research-driven investing

The research-driven investment process that identifies undervalued growth companies through diligent and deep research that focuses on free cash flow, return on equity and the quality of a company. Each company is carefully rated with respect to management, earnings growth potential, valuation and industry position. Under this proprietary process, the investment team will only ever invest in a security once it can identify a catalyst or event that it expects will change the market's valuation of the company.



##### Market-driven investing

This investment process takes advantage of short-term mispricing opportunities in the Australian equity market. Opportunities are derived from initial public offerings, placements, block trades, rights issues, corporate transactions (such as takeovers, mergers, schemes of arrangement, corporate spinoffs and restructures), arbitrage opportunities, short selling and trading market themes and trends.

##### Investment-driven investing

This process requires that each of the characteristics listed below are identified in the investee companies:

- Sustainable business model;
- Track record of dividends;
- Track record of profits and positive free cashflow;
- Acceptable financial strength; and
- Return on equity.

Once all of the above characteristics have been identified in a company, the timing of its purchase will require patience and a medium-to-long-term investment horizon.

#### **Public policy and advocacy - defending the current dividend imputation system**

Wilson Asset Management continues to engage in public policy discussions and advocates on behalf of all shareholders regarding issues of importance. Early in the 2018 calendar year, the Federal Opposition proposed to remove the mechanism for the Australian Taxation Office to refund tax paid on dividend income. We believe it is unfair to change the rules on self-funded retirees, older workers and low income earners. On 11 May 2018, Wilson Asset Management launched a petition to maintain the current dividend imputation system, with over 11,000 signatures collected to date.

Wilson Asset Management will be submitting the petition, polling results and public policy paper to the Commonwealth Treasurer, Minister for Finance, Leader of the Opposition and Shadow Treasurer detailing the negative economic and social impacts of this proposed policy and the positive aspects of the current franking credits system. Over the coming months we will monitor the proposed policy changes and continue to engage in the public debate.

#### **Shareholder engagement and communication**

Shareholders are the owners of Century Australia. Our job is to manage the Company on their behalf and be available to report to them on a regular basis. We encourage all shareholders to meet with us and utilise our proactive approach to keeping them informed. We value shareholder engagement and aim to provide total transparency. We do this regularly in many ways, including:

- Weekly investor updates from our Chief Investment Officer;
- Regular investment insights and market updates;
- Regular roundtables with our shareholders and planners, advisers and their clients;
- Monthly investment updates;
- Semi-annual conference calls on our LICs;
- Semi-annual presentations and lunches across all major Australian cities; and
- Annual and semi-annual profits announcements.

Century Australia shareholders are encouraged to use the subscription feature on the Wilson Asset Management website to receive notifications of announcements, investor updates and other important information.

We aim to provide valuable and insightful information to you and welcome all feedback on how we can improve our communication and engagement with you, the owners of the Company - please contact our Head of Corporate Affairs, James McNamara on (02) 9247 6755 or email us at [info@wilsonassetmanagement.com.au](mailto:info@wilsonassetmanagement.com.au).

Thank you for your support of Century Australia.

Geoff Wilson  
Chairman &  
Portfolio Manager  
(02) 9247 6755

Kate Thorley  
Chief Executive  
Officer  
(02) 9247 6755  
0405 115 644

Chris Stott  
Chief Investment  
Officer &  
Portfolio Manager  
(02) 9258 4906

Matthew Haupt  
Portfolio Manager  
(02) 9247 4910  
0418 890 070

## Directors' Report

The Directors present their report on the Company for the year ended 30 June 2018.

### Directors

The following persons held office as Directors of Century Australia during the financial year:

Robert Turner (Chairman)  
Stephen Menzies (Non-Executive Director)  
Ross Finley (Non-Executive Director)  
Geoffrey Wilson AO (Non-Executive Director)  
Christopher Stott (Non-Executive Director) (resigned 29 May 2018)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Principal activities

During the year, the principal activity of the Company was investment in securities listed on the Australian Stock Exchange. The Company's investment objectives are to deliver a stream of fully franked dividends, provide capital growth over the medium to long term and preserve capital.

There was no significant change in the nature of the activity of the Company during the year.

### Dividends

Dividends declared and/or paid to members in respect of the corresponding financial year were as follows:

<b><u>2018</u></b>	<b>Dividend Rate</b>	<b>Total Amount \$'000</b>	<b>Date of Payment</b>	<b>% Franked</b>
Ordinary shares - final	2.00 cps	1,885	28/09/2018	100*
Ordinary shares - interim	2.09 cps	1,970	28/03/2018	100*
<b><u>2017</u></b>				
Ordinary shares - interim	1.60 cps	1,310	10/05/2017	100**
Ordinary shares - special	1.10 cps	900	10/05/2017	100**

\* Franked at the maximum corporate tax rate of 30%

\*\* Franked at the maximum corporate tax rate of 27.5%

Shareholders who participated in the buy-back during the prior year ended 30 June 2017 also received an unfranked dividend component of 2.91 cents per share (as part of the total buy-back consideration).

### Review of operations

Century Australia delivered a profit after tax of \$7.4 million (FY2017: \$3.6 million) for the 12-month period ended 30 June 2018. The increase in profit is attributable to net gains from the trading portfolio which was in operation for a full year, compared to less than a month of trading in the prior year. Total comprehensive income for the year decreased by 0.6% to \$8.7 million. The decrease was a result of the net effect of: (a) higher income tax benefit recognised in the prior year, primarily from the write back of deferred tax asset on capital losses of \$1 million versus the income tax expense recognised in the current year; and (b) increase in current year's total portfolio gains net of portfolio related expenses.

The investment portfolio increased 14.6% in 2018 (before expenses, fees and taxes), outperforming the S&P/ASX 300 Accumulation Index increase by 1.4%.

**Review of operations (continued)**

The Net Tangible Assets (NTA) before tax of the Company increased from 94.1 cents per share to 104.0 cents per share, after the payment of a total of 2.09 cents in dividends during the year. At 30 June 2018, CYA's closing share price was \$0.96. The Company's net assets increased from \$94.2 million to \$101.0 million as at 30 June 2018. The increase is reflective of the investment portfolio performance during the year.

**Earnings per share (EPS)**

	<b>2018</b>	<b>2017</b>
Basic and diluted earnings (cents per share)	7.87	4.35

The increase in EPS is primarily due to net gains from the trading portfolio which was in operation for a full year in financial year 2018, compared to less than a month of trading in the prior year.

**Significant changes in the state of affairs**

On 19 May 2017, the Federal Government enacted laws reducing the corporate tax rate to 27.5% for the year ended 30 June 2017 for companies with turnover below \$10 million. The turnover of the Company for the 2017 income tax year was less than \$10 million and therefore, it was eligible for the reduced corporate tax rate of 27.5%.

The turnover threshold for the 2018 income tax year under the new legislation is \$25 million. The Company forecasted that it may exceed this turnover for the current income tax year and therefore, it has applied the corporate tax rate of 30% from 1 July 2017.

An amendment to limit the entities subject to the lower corporate tax rate has been passed by the Federal Government on 23 August 2018. The Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2017 amended the law to limit the lower corporate tax rate to base rate entities with no more than 80% passive income. As a result, the Company is not eligible for the reduced corporate tax rate in future periods.

Under the amendment, the Company is not categorised as a "base rate entity" as the full year revenue exceeded \$25 million and meets the passive income test. As a consequence, the maximum franking rate applicable for dividends in the 2018 income year is 30%.

Other than the matters noted above, there were no other significant changes in the state of affairs of the Company during the year.

**Matters subsequent to the end of the financial year**

Since the end of the year, the Directors declared a fully franked final dividend of 2.0 cents per share to be paid on 28 September 2018.

Apart from the above, no other matter or circumstance has occurred subsequent to year 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 years.

**Environmental regulation**

The Company is not affected by any significant environmental regulation in respect of its operations.

**Information on directors**

**Robert Turner** Independent Non-Executive Director and Chairman; Member of Audit Committee

**B.Com**

**Appointed 10 February 2004**

Robert Turner was Managing Director of IOOF Holdings Ltd and a Director of a number of IOOF Group subsidiaries for 8 years until April 2004. During this period, IOOF successfully underwent a major strategic change, demutualised and listed on the ASX in December 2003. The success of these programs established IOOF as a leading financial services group. IOOF Perennial won the coveted Morningstar Fund Manager of the year award in 2002.

Robert has a strong finance and marketing background and over 30 years of experience in corporate management, both in Australia and overseas. Prior to joining IOOF as Group Managing Director, he held general management positions in the services and manufacturing industries. Previous Directorships also included Managing Director of SICPA Australia, Chairman of Emhart Australia and Director of IWL Limited.

Current Directorships: Nil

Previous Directorships: Nil

**Stephen Menzies** Independent Non-Executive Director and Chairman of the Audit Committee

**B.Econ, LLB, LLM London**

**Appointed 16 January 2006**

Stephen Menzies was previously a partner and is now working as a consultant with Ashurst, specialising in securities issues, product development, funds management, corporate finance and new technologies.

Current Directorships: Platinum Asset Management Limited, Freedom Insurance Limited and the Centre for Quantum Computation & Communication Technology.

Previous Directorships: Nil

**Ross Finley** Independent Non-Executive Director and Member of the Audit Committee

**B.Com NSW**

**Appointed 11 September 2006**

Ross Finley has over 40 years of experience in the Australian financial markets with a focus on Australian Equities and Australian Property Management. He was employed at Bankers Trust Australia from 1981 to 1996, as an Executive Vice President of the funds management division from 1984, and as a member of the Asset Allocation Committee with prime responsibility for Australian Equities and Property within the wholesale investment area.

Current Directorships: Ironbark Capital Ltd.

Previous Directorships: Nil

**Information on directors (continued)**

**Geoffrey Wilson AO** Non-Executive Director

**B Sc GMQ FAICD FFINSIA**  
**Appointed 22 September 2014**

Geoff Wilson has over 38 years' direct experience in investment markets having held a variety of senior investment roles in Australia, the UK and the US. Geoff founded Wilson Asset Management in 1997. Geoff created Australia's first listed philanthropic wealth creation vehicles, Future Generation Investment Company and Future Generation Global Investment Company. Geoff holds a Bachelor of Science, a Graduate Management Qualification and is a Fellow of the Financial Services Institute of Australia and the Australian Institute of Company Directors (AICD).

Current Directorships: Chairman of WAM Research Limited, WAM Active Limited, WAM Capital Limited, WAM Microcap Limited, WAM Leaders Limited, WAM Global Limited (appointed 21 February 2018) and the Australian Stockbrokers Foundation; Founder and a Director of Future Generation Global Investment Company Limited and Future Generation Investment Company Limited; Director of Australian Leaders Fund Limited, Global Value Fund Limited, 8IP Emerging Companies Limited (appointed 10 April 2018), Incubator Capital Limited, Sporting Chance Cancer Foundation, Australian Fund Managers Foundation, Australian Children's Music; and Founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

Previous Directorships: Clime Capital Limited (resigned 7 March 2018).

Other: Member of Second Bite NSW Advisory Committee.

**Christopher Stott** Non-Executive Director

**B Bus Grad Dip App Fin MAICD MFINSIA**  
**Appointed 18 April 2017; Resigned 29 May 2018**

Chris Stott has more than 15 years' experience in the funds management industry. Chris is the Chief Investment Officer and Portfolio Manager of Wilson Asset Management (International) Pty Limited, having joined the company in 2006. Chris was previously employed with Challenger Financial Services Group in various research roles specialising in Australian equities. He holds a Bachelor of Business and a Graduate Diploma in Applied Finance and Investment. He is a member of the Australian Institute of Company Directors and the Financial Services Institute of Australasia.

Chris resigned as Non-Executive Director of the Company effective 29 May 2018.

Current Directorships: WAM Microcap Limited (appointed 8 March 2017).

Previous Directorships: WAM Leaders Limited and WAM Research Limited (resigned 29 June 2018) and WAM Active Limited (resigned 3 July 2018).

## Company secretaries

### Naomi Dolmatoff

Naomi Dolmatoff was appointed as Company Secretary effective 10 November 2017 following the resignation of Ms Sophia Gartzonis.

Naomi is an experienced Company Secretary and has worked with ASX-listed entities in the financial services and mining and resources industries. She has a Bachelor's degree in Commerce (Finance) with distinction and a Graduate Diploma in Applied Corporate Governance. Naomi is also an associate of both the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators (UK).

### Sophia Gartzonis (resigned 10 November 2017)

Sophia Gartzonis has more than 15 years' experience in the financial services industry covering financial accounting and corporate governance. She has a Bachelor's degree in Commerce and is a member of the Chartered Accountants Australia and New Zealand.

## Meetings of directors

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2018, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees	
			Audit	
	A	B	A	B
Robert Turner	4	4	2	2
Stephen Menzies	4	4	2	2
Ross Finley	3	4	1	2
Geoffrey Wilson AO*	2	4	1	2
Christopher Stott**	3	4	-	-

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

\* Attended the Audit Committee meeting by invitation

\*\*Not a member of the Audit Committee

Members of the audit committee are detailed in the Corporate Governance Statement lodged with the ASX.



### **Remuneration report (audited)**

This report details the nature and amount of remuneration for each Director and Key Management Personnel of Century Australia Investments Limited in accordance with the *Corporations Act 2001*.

#### *Directors and key management personnel disclosed in this report*

- Non-executive Directors - see pages 10 to 11
- Other key management personnel - none

#### *Remuneration policy and framework*

The Board from time to time determines remuneration of Directors within the maximum amount approved by shareholders. The current approved maximum remuneration pool approved to be paid to Non-Executive Directors is \$200,000 per annum as approved by shareholders at the 2005 Annual General Meeting. The actual amount paid to Non-Executive Directors in 2018 was \$119,500 (2017: \$114,600).

In November 2017, the Board resolved that a directors' fee of \$36,000 per annum would apply to two of the independent non-executive directors and a fee of \$47,500 per annum for the Chairman, in recognition of additional duties. This remuneration excludes any additional fee for any service based agreement which may be agreed upon from time to time and further excludes any reimbursement of out-of-pocket expenses.

As disclosed in the Prospectus released in the ASX on 19 April 2017, Mr Geoffrey Wilson and Mr Christopher Stott (resigned 29 May 2018) will not be remunerated for their services from 18 April 2017, the date of appointment of the new investment manager.

Under the ASX Listing Rules, the maximum fee pool available to be paid to non-executive Directors may not be increased without approval from the Company at a general meeting. Directors will seek approval from time to time as appropriate. Entitled Directors receive a superannuation guarantee contribution required by the government, which was 9.5% for the year ended 30 June 2018, and do not receive any retirement benefits. All remuneration paid to Directors is valued at the cost to the Company and expensed. At present, no employee share or option arrangements are in existence for Century Australia's Directors. As the Company does not pay performance based fees to the Directors, nor provide share or option schemes to Directors, remuneration is not explicitly linked to the Company's performance.

Notwithstanding this, Board members are subject to ongoing performance monitoring and annual performance reviews.

The Company did not receive a strike on its remuneration report for the 2017 Financial Year. The Company did not receive any specific feedback at the 2017 Annual General Meeting on its Remuneration Report.

**Century Australia Investments Limited**  
**Directors' Report**  
**For the year ended 30 June 2018**  
(continued)

**Remuneration report (audited) (continued)**

*Details of remuneration*

The following table shows details of the remuneration expense recognised for the Company's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

<b>2018</b>	Short-term employee benefits Cash salary and fees \$	Post- employment benefits Super- annuation \$	Total \$
<b>Name</b>			
<b><i>Non-executive Directors</i></b>			
R Turner	22,500	25,000	47,500
S Menzies	32,877	3,123	36,000
R Finley	32,877	3,123	36,000
G Wilson	-	-	-
C Stott (resigned 29 May 2018)	-	-	-
<b>Sub-total non-executive directors</b>	<b>88,254</b>	<b>31,246</b>	<b>119,500</b>
<b>Total key management personnel compensation</b>	<b>88,254</b>	<b>31,246</b>	<b>119,500</b>
<b>2017</b>	Short-term employee benefits Cash salary and fees \$	Post- employment benefits Super- annuation \$	Total \$
<b>Name</b>			
<b><i>Non-executive Directors</i></b>			
R Turner	6,500	32,500	39,000
S Menzies	21,600	5,400	27,000
R Finley	24,657	2,343	27,000
G Wilson	19,726	1,874	21,600
C Stott (resigned 29 May 2018)	-	-	-
<b>Sub-total non-executive directors</b>	<b>72,483</b>	<b>42,117</b>	<b>114,600</b>
<b>Total key management personnel compensation</b>	<b>72,483</b>	<b>42,117</b>	<b>114,600</b>

**Remuneration report (audited) (continued)**

**(a) Equity instrument disclosures relating to key management personnel**

*(i) Share holdings*

The numbers of shares in the Company held during the financial year by key management personnel of Century Australia, including their personally related parties, are set out below. There were no shares granted during the reporting period (2017: Nil) as compensation.

<b>2018</b>	<b>Balance at the start of the year</b>	<b>Net movement</b>	<b>Other changes during the year</b>	<b>Balance at end of the year</b>
<b>Name</b>				
<b>Directors of Century Australia Investments Limited</b>				
<b>Ordinary shares</b>				
R Turner	215,234	-	-	215,234
S Menzies	34,458	-	-	34,458
R Finley	75,000	-	-	75,000
G Wilson	2,083,333	470,594	-	2,553,927
C Stott (resigned 29 May 2018)	104,166	-	-	104,166
	<u>2,512,191</u>	<u>470,594</u>	<u>-</u>	<u>2,982,785</u>

**END OF REMUNERATION REPORT**

### **Insurance and indemnification of officers and auditors**

The Company maintains Directors & Officers Insurance and has Deeds of Access and Indemnity for each Director and the Company Secretary. During the financial year, the Company paid premiums in respect of Director's and Officer's liability and for professional indemnity insurance contracts, for all Directors of the Company named in this report, as well as other officers of the Company.

This policy insures persons who are Directors or Officers of the Company against certain liabilities incurred as such by a Director or Officer, while acting in that capacity, except where the liability arises out of conduct involving lack of good faith. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Director's and Officer's liability insurance contract, as such disclosure is prohibited under the terms of the contract.

### **Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

### **Non-audit services**

The Directors are satisfied that:

(1) the non-audit services provided during the financial year by Grant Thornton as the external auditor were compatible with the general standard of independence for auditors imposed by the Act; and  
(2) any non-audit services provided during the financial year by Grant Thornton as the external auditor did not compromise the auditor independence requirements of the Act for the following reasons:

- (a) all non-audit services were reviewed and approved by the Audit Committee prior to commencement to ensure they would not adversely affect the integrity and objectivity of the auditor; and
- (b) the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No non-audit services were performed by the auditors during the year ended 30 June 2018.

Details of the amounts paid to the auditors and their related parties are disclosed in Note 19 to the Financial Statements.

**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 18.

**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  
24 August 2018

Level 17, 383 Kent Street  
Sydney NSW 2000

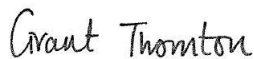
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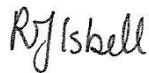
## Auditor's Independence Declaration to the Directors of Century Australia Investments Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Century Australia Investments Limited for the year ended 30 June 2018, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



R J Isbell  
Partner - Audit & Assurance

Sydney, 24 August 2018

Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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# **Century Australia Investments Limited** ABN 11 107 772 761

## **Annual Report - 30 June 2018**

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**Century Australia Investments Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2018**

		<b>Year ended</b>	
		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Investment income from ordinary activities</b>			
Dividends and distributions on long term investments held at the end of the year		<b>1,918</b>	2,526
Dividends and distributions on long term investments sold during the year		<b>208</b>	693
Dividends and distributions from trading portfolio		<b>1,122</b>	-
Interest		<b>76</b>	23
Net realised and unrealised gains on financial instruments held at fair value through profit or loss		<b>7,952</b>	197
Other income		<b>39</b>	-
		<b>11,315</b>	3,439
<b>Expenses</b>			
Management fees		<b>(964)</b>	(422)
Performance fees		<b>(216)</b>	-
Brokerage expense		<b>(199)</b>	(18)
Accounting fees		<b>(56)</b>	(62)
Share registry fees		<b>(72)</b>	(47)
Company secretarial fees		<b>(30)</b>	-
Custody fees		<b>(49)</b>	(72)
Legal fees		<b>(3)</b>	(1)
Directors' fees	18(a)	<b>(119)</b>	(115)
ASX fees		<b>(51)</b>	(46)
Audit fees		<b>(54)</b>	(48)
Other expenses		<b>(89)</b>	(59)
		<b>(1,902)</b>	(890)
<b>Profit before income tax</b>		<b>9,413</b>	2,549
Income tax (expense)/benefit	7(b)	<b>(1,996)</b>	1,049
<b>Net profit for the year</b>		<b>7,417</b>	3,598
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised gains on investments taken to equity	16(a)	<b>937</b>	3,495
Income tax relating to unrealised gains on investments taken to equity	7(c)	<b>(364)</b>	(966)
Net realised gains on investments taken to equity	16(a)	<b>505</b>	4,330
Income tax relating to realised gains on investments taken to equity	7(c)	<b>226</b>	(1,679)
<b>Other comprehensive income for the year, net of tax</b>		<b>1,304</b>	5,180
<b>Total comprehensive income for the year</b>		<b>8,721</b>	<b>8,778</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share	24(a)	<b>7.87</b>	4.35
Diluted earnings per share	24(a)	<b>7.87</b>	4.35

*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 30 June 2018**

	Notes	2018 \$'000	2017 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	17,222	20,557
Trade and other receivables	9	1,834	582
Financial assets at fair value through profit or loss	6, 10	41,999	9,144
Other current assets		70	23
<b>Total current assets</b>		<b>61,125</b>	<b>30,306</b>
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	6, 11	38,482	60,243
Deferred tax assets	12	5,693	6,032
<b>Total non-current assets</b>		<b>44,175</b>	<b>66,275</b>
<b>Total assets</b>		<b>105,300</b>	<b>96,581</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	1,896	1,726
Current tax liabilities		492	-
<b>Total current liabilities</b>		<b>2,388</b>	<b>1,726</b>
<b>Total current liabilities</b>		<b>2,388</b>	<b>1,726</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	14	1,873	607
<b>Total non-current liabilities</b>		<b>1,873</b>	<b>607</b>
<b>Total liabilities</b>		<b>4,261</b>	<b>2,333</b>
<b>Net assets</b>		<b>101,039</b>	<b>94,248</b>
<b>EQUITY</b>			
Issued capital	15	87,343	87,303
Reserves	16(a)	14,574	7,823
Accumulated losses	16(b)	(878)	(878)
<b>Total equity</b>		<b>101,039</b>	<b>94,248</b>

*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 year ended 30 June 2018**

	Notes	Issued capital \$'000	Profits reserve \$'000	Investment reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 July 2016</b>		74,420	-	3,723	(878)	77,265
Net profit for the year		-	-	-	3,598	3,598
<b>Other comprehensive income for the year</b>						
Net unrealised gains on investments taken to equity		-	-	3,495	-	3,495
Income tax on net unrealised gains on investments taken to equity		-	-	(966)	-	(966)
Net realised gains on investments taken to equity		-	-	4,330	-	4,330
Income tax on net realised gains on investments taken to equity		-	-	(1,679)	-	(1,679)
<b>Total other comprehensive income for the year, net of tax</b>		-	-	5,180	-	5,180
<b>Total comprehensive income for the year</b>		-	-	5,180	3,598	8,778
<b>Transactions with owners in their capacity as owners:</b>						
Transfer to profits reserve	16	-	3,598	-	(3,598)	-
Transfer from investment portfolio realised gains/losses reserve to profits reserve	16	-	1,080	(1,080)	-	-
Shares issued from capital raising	15	50,113	-	-	-	50,113
Share buy-back	15	(36,176)	(1,158)	-	-	(37,334)
Cost of issued capital		(1,054)	-	-	-	(1,054)
Dividends provided for or paid	17	-	(3,520)	-	-	(3,520)
		12,883	-	(1,080)	(3,598)	8,205
<b>Balance at 30 June 2017</b>		87,303	-	7,823	(878)	94,248
<b>Balance at 1 July 2017</b>		87,303	-	7,823	(878)	94,248
Net profit for the year		-	-	-	7,417	7,417
<b>Other comprehensive income for the year</b>						
Net unrealised gains on investments taken to equity		-	-	937	-	937
Income tax on net unrealised gains on investments taken to equity		-	-	(364)	-	(364)
Net realised gains on investments taken to equity		-	-	505	-	505
Income tax on net realised gains on investments taken to equity		-	-	226	-	226
<b>Total other comprehensive income for the year, net of tax</b>		-	-	1,304	-	1,304
<b>Total comprehensive income for the year</b>		-	-	1,304	7,417	8,721
<b>Transactions with owners in their capacity as owners:</b>						
Transfer to profits reserve	16	-	7,417	-	(7,417)	-
Cost of issued capital	15(b)	40	-	-	-	40
Dividends provided for or paid	17	-	(1,970)	-	-	(1,970)
		40	5,447	-	(7,417)	(1,930)
<b>Balance at 30 June 2018</b>		87,343	5,447	9,127	(878)	101,039

*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 year ended 30 June 2018**

		<b>Year ended</b>	
		<b>2018</b>	<b>2017</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial assets at fair value through profit or loss		<b>115,783</b>	138
Payments for purchase of financial assets at fair value through profit or loss		<b>(139,338)</b>	(7,717)
Interest received		<b>69</b>	17
Dividends and trust distributions received		<b>3,232</b>	3,335
Other income received		<b>39</b>	-
Investment expenses paid		<b>(729)</b>	(824)
Performance fees paid		<b>(216)</b>	-
Management fees paid		<b>(969)</b>	-
<b>Net cash outflow from operating activities</b>	<b>22</b>	<b>(22,129)</b>	(5,051)
<b>Cash flows from investing activities</b>			
Payments for purchase of financial assets at fair value through other comprehensive income		<b>(1,470)</b>	(100,726)
Proceeds from sale of financial assets at fair value through other comprehensive income		<b>22,266</b>	115,532
<b>Net cash inflow from investing activities</b>		<b>20,796</b>	14,806
<b>Cash flows from financing activities</b>			
Proceeds from capital raising		-	50,113
Payments for shares bought back		-	(37,334)
Share issue and buy-back transaction costs		<b>(32)</b>	(1,418)
Dividends paid to the Company's shareholders		<b>(1,970)</b>	(3,520)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(2,002)</b>	7,841
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,335)</b>	17,596
Cash and cash equivalents at the beginning of the year		<b>20,557</b>	2,961
<b>Cash and cash equivalents at end of year</b>	<b>8</b>	<b>17,222</b>	20,557

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

## **1 General information**

Century Australia Investments Limited (the "Company" or "Century Australia") is a listed public company domiciled in Australia. The address of Century Australia Investments Limited's registered office is Level 12, 680 George Street, Sydney NSW 2000. The financial statements of the Company are for the year ended 30 June 2018. The Company is primarily involved in investing in securities listed on the Australian Stock Exchange for the medium to long term.

## **2 Summary of significant accounting policies**

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

### **(a) Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. Century Australia is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the Directors on 24 August 2018.

#### *(i) Compliance with International Financial Reporting Standards (IFRS)*

The financial statements of Century Australia Investments Limited also comply with IFRS as issued by the International Accounting Standards Board.

#### *(ii) New and amended standards adopted by the Company*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the Company.

#### *(iii) Historical cost convention*

These financial statements have been prepared under the accruals basis and are based on historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss or through other comprehensive income.

#### *(iv) Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### (v) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 reporting period and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by the Company
AASB 9 <i>Financial Instruments</i>	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard.	<p>Following the changes approved by the AASB in December 2014, the Company no longer expects any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities.</p> <p>There will also be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.</p> <p>The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting. The new standard also introduces expanded disclosure requirements and changes in presentation.</p> <p>The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses.</p> <p>The Directors have assessed the impact of AASB on the Company's financial statements. Given no debt instruments are held by the Company which could result in a reclassification of the financial instruments to amortised cost or fair value through other comprehensive income ('FVOCI'), the adoption of AASB 9 is not expected to have a significant impact on the recognition and measurement of the Company's financial instruments.</p>	Must be applied for financial years commencing on or after 1 January 2018.

## 2 Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by the Company
AASB 15 <i>Revenue from Contracts with Customers</i>	<p>The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.</p> <p>The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.</p> <p>The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (eg 1 July 2017), ie without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.</p>	<p>The Company's main sources of income are interest, dividends and distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the Directors do not expect the adoption of AASB 15 to have a significant impact on the Company's accounting policies or the amounts recognised in the financial statements.</p>	<p>Mandatory for financial years commencing on or after 1 January 2018.</p>

There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

## 2 Summary of significant accounting policies (continued)

### (b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

#### (i) *Investment income*

Profits and losses realised from the sale of investments and unrealised gains and losses on securities held at fair value are included in the Statement of Comprehensive Income in the year they are incurred in accordance with the policies described in Note 2(i).

#### (ii) *Dividends and trust distributions*

Dividends and trust distributions are recognised as revenue when the right to receive payment is established.

#### (iii) *Interest income*

Interest income is recognised using the effective interest method.

### (c) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period. The Board periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2 Summary of significant accounting policies (continued)

### (d) Impairment of assets

Assets excluding investments are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

The amount of the impairment loss is recognised in the Statement of Comprehensive Income within other expenses.

### (e) Unsettled sales/purchases

Unsettled sales and purchases represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. Trades are recorded on trade date, and for equities normally settled within two business days. A provision for impairment of unsettled amounts is recognised in the Statement of Comprehensive Income when there is objective evidence that the Company will not be able to collect all amounts due from the relevant broker. Indicators that the unsettled amount is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

### (f) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (g) Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

### (h) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly.

### (i) 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.

#### *(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.



## 2 Summary of significant accounting policies (continued)

### (i) Investments and other financial assets (continued)

#### *(iii) Financial assets at amortised cost*

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Financial assets at amortised cost are included in trade and other receivables (Note 9) in the Statement of Financial Position.

#### **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.

#### **Measurement**

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

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

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

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 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 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.

The Company measures the fair value of listed financial assets at quoted last sale prices.

#### **Derivatives**

As at 30 June 2018, the Company did not hold derivative instruments in the form of futures and options.

Derivatives are classified as at fair value through profit or loss - held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are expected to be settled within 12 months; otherwise they are classified as non-current.

Derivatives in a net receivable position (positive fair value) are reported as financial assets at fair value through profit or loss - held for trading. All derivatives in a net payable position (negative fair value) are reported as financial liabilities at fair value through profit or loss - held for trading.

## **2 Summary of significant accounting policies (continued)**

### **(j) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **(k) Profits reserve**

The profits reserve is made up of amounts transferred from current and retained earnings that are preserved for future dividend payments.

### **(l) Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### **(m) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

### **(n) Earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

As there are no dilutive potential ordinary shares, diluted earnings per share is calculated using the same methodology.

### **(o) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Where applicable, the Company qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 75%; hence fees for some services have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the taxation authority.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

## **2 Summary of significant accounting policies (continued)**

### **(p) 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 financial statements. Amounts in the financial statements have been rounded off in accordance with that ASIC Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **(q) Functional and presentation currency**

The functional and presentation currency of the Company is Australian dollars.

### **(r) Comparatives**

Where necessary, comparative information has been reclassified to be consistent with current reporting period.

## **3 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

### **(a) Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### *(i) Income taxes*

The Company has recognised deferred tax assets relating to carried forward capital losses of \$5.4 million at 30 June 2018 (2017: \$5.0 million). Utilisation of these capital losses depends on the ability of the Company to satisfy certain tests at the time the losses are recouped. The Company may fail to satisfy the continuity of ownership test and therefore has to rely on the same business test. If the Company fails to satisfy the same business test, the deferred tax asset of \$5.4 million that is currently recognised would be written off to income tax expense. Refer to Note 12 for further discussion of accounting for deferred tax assets.

#### *(ii) Designation of Investments*

Management has designated investments in shares and units in trusts as:

- 'Fair value through other comprehensive income' for long-term investments, which results in the fair value adjustments for the year being recognised directly in equity in the investment portfolio revaluation reserve, net of tax. Once an investment is sold, any cumulative gain or loss recognised attributable to that investment is transferred to the investment portfolio realised gains/losses reserve, net of tax.
- 'Fair value through profit or loss' for held for trading investments, which results in the fair value adjustments and any gains/losses on disposals for the year being recognised in the Statement of Comprehensive Income.

## **4 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.

## 5 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Board of the Company has implemented a risk management framework to mitigate these risks.

### (a) Market risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

#### (i) Foreign exchange risk

The Company is not directly exposed to currency risk as all its investments are quoted in Australian dollars.

#### (ii) Price risk

The Company is exposed to price risk on equity and derivative securities listed or quoted on recognised exchanges. This arises from investments held by the Company and classified in the Statement of Financial Position as financial assets at fair value.

The Company seeks to manage and constrain market risk by diversification of the investment portfolio across multiple stocks and industry sectors. The portfolio is maintained by the Investment Manager within a range of parameters governing the levels of acceptable exposure to stocks and industry sectors.

Securities representing over 5 percent of the investment portfolio at 30 June 2018 and 2017 were:

	2018 (%)
BHP Billiton Limited	7.52
Woodside Petroleum Limited	5.04
	12.56
	2017 (%)
Commonwealth Bank of Australia	5.96
ANZ Banking Group Limited	5.37
BHP Billiton Limited	5.09
	16.42

No other security represents over 5 percent of the investment portfolio at 30 June 2018 and 30 June 2017.

The following table illustrates the effect on the Company's equity from possible changes in other market risk that were reasonably possible based on the risk the Company was exposed to at reporting date, assuming a flat tax rate of 30 percent (2017: 27.5 percent).

Index	Impact on other components of equity	
	2018 \$'000	2017 \$'000
Change in variable +/- 5% (2017: +/-5%)	2,817	2,515
Change in variable +/- 10% (2017: +/-10%)	5,634	5,031

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### (iii) Cash flow and fair value interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The risk is measured using sensitivity analysis.

The table below summarises the Company's exposure to interest rate risks. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

At 30 June 2018	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>			
Cash and cash equivalents	17,222	-	17,222
Trade and other receivables	-	1,834	1,834
Financial assets held at fair value through profit or loss	-	41,999	41,999
Financial assets held at fair value through other comprehensive income	-	38,482	38,482
	<u>17,222</u>	<u>82,315</u>	<u>99,537</u>
<b>Financial liabilities</b>			
Trade and other payables	-	(1,896)	(1,896)
	<u>-</u>	<u>(1,896)</u>	<u>(1,896)</u>
Net exposure	<u>17,222</u>	<u>80,419</u>	<u>97,641</u>
At 30 June 2017	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>Financial assets</b>			
Cash and cash equivalents	20,557	-	20,557
Trade and other receivables	-	582	582
Financial assets held at fair value through profit or loss	-	9,144	9,144
Financial assets held at fair value through other comprehensive income	-	60,243	60,243
	<u>20,557</u>	<u>69,969</u>	<u>90,526</u>
<b>Financial liabilities</b>			
Trade and other payables	-	(1,726)	(1,726)
	<u>-</u>	<u>(1,726)</u>	<u>(1,726)</u>
Net exposure	<u>20,557</u>	<u>68,243</u>	<u>88,800</u>

The majority of the Company's financial assets are non-interest bearing. As a result, the Company is subject to limited exposure to interest rate risk due to fluctuations in the prevailing levels of market interest rates.

## 5 Financial risk management (continued)

### (a) Market risk (continued)

#### *Sensitivity*

At 30 June 2018, if interest rates had increased by 75 or decreased by 75 basis points from the year end rates with all other variables held constant, post-tax profit for the year would have been \$90,000 higher/\$90,000 lower (2017 changes of +75 bps/-75 bps: \$112,000 higher/\$112,000 lower), mainly as a result of higher/lower interest income from cash and cash equivalents.

### (b) Credit risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

There are no material amounts of collateral held as security at 30 June 2018.

Credit risk is managed as discussed in Note 8 with respect to cash and cash equivalents and Note 9 for trade and other receivables. None of these assets are overdue or considered to be impaired.

### (c) Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Board and Investment Manager monitor the cash flow requirements in relation to the investing account taking into account upcoming dividends, tax payments and investing activity.

The Company's inward cash flows depend upon the level of dividend and distribution revenue received. Should these decrease by a material amount, the Company would amend its outward cash flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of these outflows is managed by the Board and Investment Manager.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

#### *Maturities of financial liabilities*

All non-derivative financial liabilities of the Company in the current year and the prior year have maturities of less than one month.

## 6 Fair value measurements

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

- Financial assets and financial liabilities 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.

### (a) Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (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 (as prices) or indirectly (derived from prices) (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 assets and liabilities measured and recognised at fair value at 30 June 2018 and 2017.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 30 June 2018</b>				
<b>Financial assets</b>				
Australian listed equity securities	80,481	-	-	80,481
<b>Total financial assets</b>	<b>80,481</b>	<b>-</b>	<b>-</b>	<b>80,481</b>
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 30 June 2017</b>				
<b>Financial assets</b>				
Australian listed equity securities	69,387	-	-	69,387
<b>Total financial assets</b>	<b>69,387</b>	<b>-</b>	<b>-</b>	<b>69,387</b>

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

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 receivables and payables are assumed to approximate their fair values due to their short-term nature.

## 7 Income tax expense/(benefit)

### (a) Income tax expense/(benefit) through profit or loss

	Year ended	
	2018	2017
	\$'000	\$'000
Current income tax expense/(benefit)	1,296	(227)
Deferred tax expense/(benefit)	703	(825)
(Over)/under provision in respect of prior year	(3)	3
	<u>1,996</u>	<u>(1,049)</u>
<i>Income tax expense/(benefit) is attributable to:</i>		
Profit from operations	<u>1,996</u>	<u>(1,049)</u>

### (b) Numerical reconciliation of income tax benefit to prima facie tax payable

	Year ended	
	2018	2017
	\$'000	\$'000
Profit from operations before income tax	9,413	2,549
Tax at the Australian tax rate of 30% (2017: 27.5%)	2,824	701
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Franking credits on dividends received	(1,081)	(1,109)
Imputation gross up on dividend income	324	305
Change in franked dividend not subject to tax	11	26
Foreign income tax offset (FITO) on dividends received	(6)	-
FITO gross-up on dividends received	2	2
Reinstatement of previously written-off deferred tax asset	-	(1,000)
(Over)/under provision in prior year	(3)	3
Effect of change in income tax rate from 27.5% to 30% (2017: from 30% to 27.5%)	(75)	23
Income tax expense/(benefit)	<u>1,996</u>	<u>(1,049)</u>

The applicable weighted average effective tax rates are as follows:\*

**21.20%** (41.15%)

\* The weighted average effective tax rate in 2017 reflects the amount of reinstatement of deferred tax asset (DTA) de-recognised in the previous years.

The increase in the effective tax rate from the comparative rate is due to gains from trading portfolio which was in operation for a full year, compared to less than a month of trading in the prior year, and also due to nil DTA on capital losses written back in the current year.



## 7 Income tax expense/(benefit) (continued)

### (c) Tax expense/(benefit) relating to items of other comprehensive income

	Year ended	
	2018	2017
	\$'000	\$'000
Net unrealised gains on investments taken to equity	364	966
Net realised gains on investments taken to equity	(226)	1,679
	<u>138</u>	<u>2,645</u>

### (d) Tax losses

	Year ended	
	2018	2017
	\$'000	\$'000
Unused tax losses for which no deferred tax asset has been recognised	6,481	6,178
Potential tax benefit at 30% (2017: 27.5%)	<u>1,944</u>	<u>1,699</u>

## 8 Current assets - Cash and cash equivalents

	At	
	2018	2017
	\$'000	\$'000
Cash at bank	17,222	20,557
	<u>17,222</u>	<u>20,557</u>

These accounts are earning interest at rates between 0.10% and 2.60% as at 30 June 2018 (2017: 0.30% and 0.75%).

### (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

	At	
	2018	2017
	\$'000	\$'000
Balances as above	<u>17,222</u>	<u>20,557</u>

### (b) Risk exposure

The Company's exposure to interest rate risk is discussed in Note 5. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Cash investments are made with RBC Investor Services Trust, National Australia Bank Limited and the Commonwealth Bank of Australia, which are rated at least AA- by Standard & Poor's.

## 9 Current assets - Trade and other receivables

	At	
	2018	2017
	\$'000	\$'000
Dividends and distributions receivable	480	464
Interest receivable	16	9
GST receivable	27	109
Due from brokers	1,311	-
	<u>1,834</u>	<u>582</u>

### (a) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. There are no past due or impaired receivables.

Receivables are non-interest bearing and unsecured.

## 10 Current assets - Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are all held for trading and include the following:

	At	
	2018	2017
	\$'000	\$'000
Australian listed equity securities	<u>41,999</u>	9,144

The market values of all investments as at 30 June 2018 are disclosed on pages 54 to 55 of the Annual Report.

### (a) Risk exposure and fair value measurements

Information about the Company's exposure to price risk and about the methods and assumptions used in determining fair value is provided in Note 5.

Changes in fair values of financial assets at fair value through profit or loss are recognised in the Statement of Comprehensive Income.

## 11 Non-current assets - Financial assets at fair value through other comprehensive income

	At	
	2018	2017
	\$'000	\$'000
Australian listed equity securities	38,482	60,243

The market values of all investments as at 30 June 2018 are disclosed on pages 54 to 55 of the Annual Report.

Certain securities within the investment portfolio were disposed during the financial year in the normal course of the Company's business as a listed investment company. The fair value of the investments sold during the year was \$22.3 million (2017: \$115.6 million). The cumulative profit before tax for the year on these disposals was \$0.5 million (2017: \$4.3 million), which has been transferred from the investment portfolio revaluation reserve to the investment portfolio realised gains/losses reserve.

### (a) Risk exposure and fair value measurements

Information about the Company's exposure to price risk and about the methods and assumptions used in determining fair value is provided in Notes 5 and 6, respectively.

## 12 Non-current assets - Deferred tax assets

As at 30 June 2018, a deferred tax asset (DTA) totalling \$7.4 million arising from total prior year capital losses from long term investments of \$24.5 million are available to the Company. In 30 June 2015 and prior years \$8.9 million of this DTA was de-recognised in the accounts (of which \$1.9 million remain unrecognised in the Statement of Financial Position at 30 June 2018), following a conservative review of the period over and the extent to which the losses were expected to be recovered taking into account the long term average return of previous investment manager and the market outlook. The prior decision to write off this amount does not impact the ability of the Company to carry the full quantum of capital losses forward for tax purposes.

The Board has determined that a five-to-seven year time horizon is appropriate to recognise off balance sheet DTA. Once reinstated, the off balance sheet DTA would increase the net assets in the Statement of Financial Position and also increase net profit after tax for the year in the Statement of Comprehensive Income. The Board has taken a view on expected equity market returns over the next five years. In the prior year, the Board has approved to write back \$1 million of the DTA. The unrecognised DTA remaining on the cumulative written down capital losses amounted to \$1.9 million as at 30 June 2018 (refer to Note 7(d)).

The Board considers the current level of DTA recognised from recorded capital losses of \$5.4 million to be reasonable and adequate, providing the opportunity to utilise these losses against capital gains of up to \$18.1 million. The tax position of the Company will be reviewed annually with capital losses recognised in line with the Company's policy.

## 12 Non-current assets - Deferred tax assets (continued)

	At	
	2018	2017
	\$'000	\$'000
<b>The balance comprises temporary differences attributable to:</b>		
Realised capital losses	7,359	6,752
Cumulative write down of capital losses	(1,944)	(1,699)
Sub-total	5,415	5,053
 Audit fee accrual	 9	 7
Capital raising, buy-back and rights issue related fees	269	333
Imputation credits to utilise in future years	-	639
Total deferred tax assets	5,693	6,032
 <b>Movements</b>	 <b>Total</b>	
	<b>\$'000</b>	
<b>At 1 July 2016</b>		6,651
(Charged)/credited		
- to profit or loss		1,479
- to other comprehensive income		(2,098)
<b>At 30 June 2017</b>		6,032
 <b>At 1 July 2017</b>		6,032
(Charged)/credited		
- to profit or loss		(701)
- to other comprehensive income		362
<b>At 30 June 2018</b>		5,693

## 13 Current liabilities - Trade and other payables

	At	
	2018	2017
	\$'000	\$'000
Management fees payable	178	185
Unsettled purchases	1,639	1,369
Other payables	79	172
	1,896	1,726

Trade and other payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

## 14 Non-current liabilities - Deferred tax liabilities

	At	
	2018 \$'000	2017 \$'000
Net unrealised gains on investments	1,841	584
Interest and dividend accruals	32	23
	<u>1,873</u>	<u>607</u>
<b>At 1 July 2016</b>		30
<b>Movements:</b>		
Charged/(credited)		
- to profit or loss		47
- to other comprehensive income		530
<b>At 30 June 2017</b>		<u>607</u>
<b>At 1 July 2017</b>		607
Charged		
- to profit or loss		797
- to other comprehensive income		469
<b>At 30 June 2018</b>		<u>1,873</u>

## 15 Issued capital

### (a) Share capital

		At		At	
	Notes	2018 Shares	2017 Shares	2018 \$'000	2017 \$'000
Ordinary shares - fully paid	15(b), 15(c)	94,268,790	94,268,790	87,343	87,303

## 15 Issued capital (continued)

### (b) Movements in ordinary share capital

Details	Notes	Number of shares	\$'000
At 1 July 2016		81,865,704	74,420
Adjustments in cost of issued capital	15(e)	52,200,282	49,239
Share buy-back	15(f)	(39,797,196)	(36,356)
At 30 June 2017		94,268,790	87,303
Adjustments in cost of issued capital	15(e)	-	40
		94,268,790	87,343
<b>Balance 30 June 2018</b>		<b>94,268,790</b>	<b>87,343</b>

### (c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### (d) Dividend reinvestment plan

The Dividend Reinvestment Plan (DRP) last applied to dividends for the year ended 30 June 2012. The DRP has not been offered since.

### (e) Capital raising through the issue of shares

On 18 April 2017, the shareholders of the Company approved a resolution to issue a maximum of \$85 million shares. On 2 June 2017, 52,200,282 new shares were issued from the capital raising at an issue price of 96 cents per share.

### (f) Share buy-back

On 18 April 2017, the shareholders of the Company approved a resolution to undertake an off market buy-back. On 2 June 2017, a total of 39,797,196 shares were bought back at the buy-back price of 93.81 cents per share (broken down as capital price of 90.90 cents per share and unfranked dividend component of 2.91 cents per share).

### (g) Capital risk management

The Board's policy is to maintain an appropriate level of liquidity in the Company's shares.

To achieve this the Board of Directors monitor the monthly NTA results, investment performance, the Company's Indirect Cost Ratio (formerly known as 'Management Expense Ratio') and share price movements.

The Company is not subject to any externally imposed capital requirements.

## 16 Reserves and accumulated losses

### (a) Reserves

	At	
	2018 \$'000	2017 \$'000
Profits reserve	5,447	-
Investment portfolio revaluation reserve	2,978	2,405
Investment portfolio realised gains/losses reserve	6,149	5,418
	<u>14,574</u>	<u>7,823</u>
	Year ended	
	2018	2017
Notes	\$'000	\$'000

#### Movements:

##### *Profits reserve*

Opening balance	-	-
Transfer of profits during the year	7,417	3,598
Transfer from investment portfolio realised gains/losses reserve	-	1,080
Franked dividends paid during the year	17(a) (1,970)	(3,520)
Unfranked dividend component of share buy-back*	-	(1,158)
Closing balance	<u>5,447</u>	<u>-</u>

\* Shareholders who participated in the buy-back during the prior year ended 30 June 2017 also received an unfranked dividend component of 2.91 cents per share (as part of the total buy-back consideration).

##### *Investment portfolio revaluation reserve*

Opening balance	2,405	(124)
Net unrealised gains on investments	937	3,495
Income tax on net unrealised gains on investments	(364)	(966)
Closing balance	<u>2,978</u>	<u>2,405</u>

##### *Investment portfolio realised gains/losses reserve*

Opening balance	5,418	3,847
Net realised gains on investments	505	4,330
Income tax on net realised gains on investments	226	(1,679)
Transfer to profits reserve	-	(1,080)
Closing balance	<u>6,149</u>	<u>5,418</u>

## 16 Reserves and accumulated losses (continued)

### (b) Accumulated losses

Movements in accumulated losses were as follows:

	Year ended	
	2018	2017
	\$'000	\$'000
Opening balance	(878)	(878)
Net profit for the year	7,417	3,598
Transfer to profits reserve	(7,417)	(3,598)
Closing balance	(878)	(878)

Current year profits were transferred to Profits Reserve for payment of dividends for the year ended 30 June 2018 and 30 June 2017.

## 17 Dividends

	Year ended	
	2018	2017
	\$'000	\$'000
<b>a) Ordinary shares</b>		
Final dividend for the 2017 financial year	-	1,310
Interim dividend	1,970	1,310
Special dividend	-	900
	<u>1,970</u>	<u>3,520</u>

### (b) Dividend franking account

	Year ended	
	2018	2017
	\$'000	\$'000
Opening balance of franking account	130	358
Franking credits on dividends received	1,081	1,107
Franking credits paid on ordinary dividends paid	(844)	(1,335)
Closing balance of franking account	<u>367</u>	<u>130</u>
Adjustments for tax payable, receipt of dividends and dividends declared	644	167
<b>Adjusted franking account balance</b>	<u>1,011</u>	<u>297</u>



## 17 Dividends (continued)

### (c) Dividend rate

Dividends declared and/or paid in respect of the corresponding financial year:

	Dividend Rate	Total Amount \$'000	Date of Payment	% Franked
<b>2018</b>				
Ordinary shares - final	2.00 cps	1,885	28/09/2018	100*
Ordinary shares - interim	2.09 cps	1,970	28/03/2018	100*
<b>2017</b>				
Ordinary shares - interim	1.60 cps	1,310	10/05/2017	100**
Ordinary shares - special	1.10 cps	900	10/05/2017	100**

\* Franked at the maximum corporate tax rate of 30%

\*\* Franked at the maximum corporate tax rate of 27.5%

Shareholders who participated in the buy-back during the prior year ended 30 June 2017 also received an unfranked dividend component of 2.91 cents per share (as part of the total buy-back consideration).

## 18 Key management personnel disclosures

### (a) Key management personnel compensation

	Year ended	
	2018	2017
	\$	\$
Short-term employee benefits	88,254	72,483
Post-employment benefits	31,246	42,117
	<u>119,500</u>	<u>114,600</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 15.

## 19 Remuneration of auditors

During the year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Limited, the auditor of the Company:

	Year ended	
	2018	2017
	\$	\$
<i>Audit and other assurance services</i>		
Audit and review of financial statements	53,833	48,083
Other assurance services		
Non-Audit services*	-	66,330
Total remuneration for audit and other assurance services	53,833	114,413
 Total remuneration of Grant Thornton Audit Pty Limited	 53,833	 114,413
 <b>Total auditors' remuneration</b>	 <b>53,833</b>	 <b>114,413</b>

\*Non-audit services were performed in the 2017 financial year for the preparation of the Independent Expert Report for inclusion in the Explanatory Memorandum dated 9 March 2017 and for the preparation of an Investigating Accountant's Report for inclusion within the Prospectus dated 19 April 2017.

## 20 Related party transactions

### (a) Key management personnel

Disclosures relating to key management personnel are set out in Note 18.

### (b) Investment Manager's fees

The Company has an investment management agreement with MAM Pty Limited. Geoff Wilson is the Director of MAM Pty Limited, the entity appointed to manage the investment portfolio of Century Australia. Entities associated with Geoff Wilson hold 100% of the issued shares of MAM Pty Limited. In its capacity as Manager and in accordance with the investment management agreement, MAM Pty Limited was paid a management fee of 1% p.a (plus GST) of the value of portfolio amounting to \$1,034,187 (2017: \$184,669).

In addition, MAM Pty Limited is to be paid, half yearly in arrears, a performance fee being 20% (plus GST) of the amount by which the value of the portfolio exceeds the return of the S&P/ASX 300 Accumulation Index over that period. If the value of the portfolio is less than the return of the S&P/ASX 200 Accumulation Index, no performance fee will be payable in respect of that period and the negative amount is to be carried forward to the following calculation period(s) until it has been recouped in full against future positive performance. No performance fees will be payable until the full recoupment of prior underperformance.

At 30 June 2018, total balance paid/payable to the Manager in relation to performance fees amounted to \$232,239. In prior year, the Manager waived any entitlement to performance fees from the date of appointment to 30 June 2017 (being the first performance calculation period), as agreed with the Company.

Since the end of the financial year, no Director has received or become entitled to receive a benefit (other than those detailed above) by reason of a contract made by the Company or a related Company with the Director or with a firm of which he is a member or with a Company in which he has substantial financial interest.

## 20 Related party transactions (continued)

### (c) Terms and conditions

Transaction between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

## 21 Events occurring after the reporting period

Since the end of the year, the Directors declared a fully franked final dividend of 2.0 cents per share to be paid on 28 September 2018.

Apart from the above, no other matter or circumstance has occurred subsequent to year 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 years.

## 22 Reconciliation of profit after income tax to net cash outflow from operating activities

	Year ended	
	2018	2017
	\$'000	\$'000
Profit for the year	7,417	3,598
Net gains on financial instruments held at fair value through profit or loss	(7,936)	(196)
Proceeds from sale of financial assets at fair value through profit or loss	115,783	138
Payments for financial assets at fair value through profit or loss	(139,338)	(7,717)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(22)	98
(Increase) in other current assets	(47)	(3)
Decrease/(increase) in deferred tax assets	238	(661)
Increase in trade and other payables	18	81
Increase in current tax liabilities	492	-
Increase/(decrease) in deferred tax liabilities	1,266	(389)
Net cash outflow from operating activities	(22,129)	(5,051)

## 23 Non-cash investing and financing activities

There were no non-cash investing and financing activities for the year ended 30 June 2018 (2017: nil).

## 24 Earnings per share

### (a) Basic and diluted earnings per share

	Year ended	
	2018	2017
	Cents	Cents
From continuing operations attributable to the ordinary equity holders of the Company	7.87	4.35
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	<u>7.87</u>	<u>4.35</u>

Diluted earnings per share is the same as basic earnings per share (EPS).

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

The increase in EPS is primarily due to net gains from the trading portfolio which is in operation for a full year in financial year 2018, compared to less than a month of trading in prior year.

### (b) Profit used in calculating earnings per share

	Year ended	
	2018	2017
	\$'000	\$'000
Profit for the year	7,417	3,598

### (c) Weighted average number of shares used as denominator

	Year ended	
	2018	2017
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	<u>94,268,790</u>	<u>82,792,076</u>

## 25 Contingencies

The Company had no contingent liabilities at 30 June 2018 (2017: nil).

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 48 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, 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 30 June 2018 and of its performance for the 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.

Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the equivalent declarations required by section 295A of the *Corporations Act 2001*.

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



Robert Turner  
Chairman

Sydney  
24 August 2018

# Independent Auditor's Report

## To the Members of Century Australia Investments Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Century Australia Investments Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
------------------	--

### Existence and valuation of the investment portfolio (Notes 6 & 10)

The Company has investments at 30 June 2018 of \$80,481,736. The investments largely consist of listed Australian equities.

Whilst there is no significant judgement in determining the valuation of the Company's investments, investments represent a key measure of the Company's performance and comprise a significant proportion of total assets in the statement of financial position.

Fluctuations in the valuation of investments held will impact the realised and unrealised gains/ (losses) recognised in the statement of comprehensive income which also affects the deferred tax provisions.

This is a key audit matter due to the pervasive nature that the existence and valuation of the investment portfolio has on the Company's key financial metrics.

Our procedures included, amongst others:

- testing management's reconciliation of the investments balance from the opening investment balance, addition of purchases, subtraction of sales and other relevant transactions and agreeing back to the 30 June 2018 balance;
- agreeing all of the investment holdings at 30 June 2018 to Custodian's report on the existence, rights and obligations and valuation of the investment portfolio and;
  - testing all investment valuations back to independent market pricing sources;
  - obtaining and assessing the assurance report over internal controls of the Custodian on whether the controls over investment purchase and sales transactions were suitably designed and operated effectively for the year; and
- evaluating the adequacy of disclosures made in the Company's financial statements in respect of the existence and valuation of the investment portfolio.

### Valuation of the deferred tax asset (Note 12)

In accordance with AASB 12 "Income taxes" paragraph 34: "A deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that the future taxable profit will be available against which the unused tax losses and unused tax credit can be utilised".

Utilisation of the tax losses depends on the ability of the Company to satisfy certain tests at the time the losses are recouped. The Company has determined that it may fail to satisfy the continuity of ownership test and therefore has to rely on the same business test. If the Company failed to satisfy the same business test, the deferred tax asset that is currently recognised would be written off to income tax expense.

This is a key audit matter due to the judgement required in satisfying the same business test and due to the judgement required in determining the extent to which it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Our procedures included, amongst others:

Obtaining management's latest tax calculation and deferred tax asset recoupment analysis workings along with a Director's position paper and performing the following:

- identifying the key assumptions in the model;
- using market or other relevant data to corroborate and challenge the key assumptions used by management;
- testing the mathematical accuracy of the model;
- considering the reasonableness of the expected loss recoupment including performing a sensitivity analysis;
- obtaining, assessing and challenging the evidence provided to support management's position that the Company satisfies the same business test;
- assessing whether that the deferred tax asset has been recognised only to the extent permitted in AASB 12 "Income taxes"; and
- evaluating the adequacy of the accounting policy and disclosures made in the Company's financial statements in respect of the valuation of the deferred tax assets.

### **Information other than the financial report and auditor's report thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors' for the financial report**

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

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

### **Report on the remuneration report**

#### **Opinion on the remuneration report**


We have audited the Remuneration Report included in pages 13 to 15 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Century Australia Investments Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

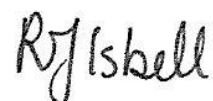


### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



R J Isbell  
Partner – Audit & Assurance

Sydney, 24 August 2018

Security Code	Security Name	Portfolio Value (\$)	% of Total Portfolio Value
<b>FINANCIALS</b>			
WBC	WESTPAC BANKING CORP	3,894,263	3.99%
CBA	COMMONWEALTH BANK OF AUSTRALIA	3,278,859	3.36%
NAB	NATIONAL AUSTRALIA BANK LIMITED	3,204,503	3.28%
MQG	MACQUARIE GROUP LTD	3,086,057	3.16%
QBE	QBE INSURANCE GROUP	2,847,655	2.91%
ANZ	AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	2,473,033	2.53%
AMP	AMP LIMITED	1,766,767	1.81%
JHG	JANUS HENDERSON GROUP PLC	1,249,200	1.28%
IFL	IOOF HOLDINGS LTD	727,300	0.74%
AUB	AUB GROUP LTD	456,532	0.47%
PAC	PACIFIC CURRENT GROUP LIMITED	383,812	0.39%
FXL	FLEXIGROUP LTD	274,812	0.28%
TGG	TEMPLETON GLOBAL	6,000	0.01%
<b>TOTAL FINANCIALS</b>		<b>23,648,793</b>	<b>24.20%</b>
<b>MATERIALS</b>			
BHP	BHP BILLITON LIMITED	6,054,529	6.20%
RIO	RIO TINTO LIMITED	2,503,200	2.56%
JHX	JAMES HARDIE INDUSTRIES PLC	2,012,056	2.06%
NCM	NEWCREST MINING LTD	1,141,884	1.17%
BLD	BORAL LIMITED	1,048,078	1.07%
S32	SOUTH32 LIMITED	696,705	0.71%
OZL	OZ MINERALS LTD	689,186	0.71%
ORA	ORORA LIMITED	679,382	0.70%
NUF	NUFARM LIMITED	654,293	0.67%
SGM	SIMS METAL MANAGEMENT LIMITED	647,027	0.66%
EVN	EVOLUTION MINING LTD	609,104	0.62%
FMG	FORTESCUE METALS GROUP LIMITED	555,252	0.57%
IPL	INCITEC PIVOT LIMITED	534,881	0.55%
AWC	ALUMINA LIMITED	486,338	0.50%
ILU	ILUKA RESOURCES LIMITED	311,374	0.32%
<b>TOTAL MATERIALS</b>		<b>18,623,289</b>	<b>19.06%</b>
<b>CONSUMER DISCRETIONARY</b>			
SGR	THE STAR ENTERTAINMENT GROUP LIMITED	2,571,483	2.63%
TAH	TABCORP HOLDINGS LTD	1,818,690	1.86%
SWM	SEVEN WEST MEDIA LTD	1,079,227	1.10%
NWS	NEWS CORPORATION CLASS B	928,400	0.95%
NEC	NINE ENTERTAINMENT CO. HOLDINGS LTD	884,070	0.90%
FLT	FLIGHT CENT TRAVEL GROUP LTD	561,520	0.57%
BAP	BAPCOR LTD	531,578	0.54%
CTD	CORPORATE TRAVEL MANAGEMENT LTD	450,177	0.46%
<b>TOTAL CONSUMER DISCRETIONARY</b>		<b>8,825,145</b>	<b>9.03%</b>
<b>ENERGY</b>			
WPL	WOODSIDE PETROLEUM LTD	4,057,369	4.15%
ORG	ORIGIN ENERGY LIMITED	2,406,829	2.46%
WHC	WHITEHAVEN COAL LTD	856,758	0.88%
STO	SANTOS LIMITED	581,699	0.60%
WOR	WORLEYPARSONS LTD	546,932	0.56%
CTX	CALTEX AUSTRALIA LTD	150,465	0.15%
<b>TOTAL ENERGY</b>		<b>8,600,052</b>	<b>8.80%</b>

Security Code	Security Name	Portfolio Value (\$)	% of Total Portfolio Value
<b>CONSUMER STAPLES</b>			
WOW	WOOLWORTHS LIMITED	3,087,129	3.16%
WES	WESFARMERS LIMITED	1,491,857	1.53%
A2M	THE A2 MILK COMPANY LIMITED	822,769	0.84%
GNC	GRAINCORP LIMITED	723,233	0.74%
ELD	ELDERS LTD	306,540	0.31%
TGR	TASSAL GROUP LIMITED	298,616	0.31%
<b>TOTAL CONSUMER STAPLES</b>		<b>6,730,144</b>	<b>6.89%</b>
<b>HEALTH CARE</b>			
CSL	CSL LIMITED	2,762,363	2.83%
MYX	MAYNE PHARMA GROUP LIMITED	1,359,418	1.39%
<b>TOTAL HEALTH CARE</b>		<b>4,121,781</b>	<b>4.22%</b>
<b>REAL ESTATE</b>			
LLC	LENDLEASE GROUP	1,192,245	1.22%
SCG	SCENTRE GROUP	1,118,506	1.14%
AOG	AVEO GROUP LTD	954,808	0.98%
GPT	GPT GROUP	663,563	0.68%
<b>TOTAL REAL ESTATE</b>		<b>3,929,122</b>	<b>4.02%</b>
<b>UTILITIES</b>			
AGL	AGL ENERGY LTD	2,731,702	2.80%
<b>TOTAL UTILITIES</b>		<b>2,731,702</b>	<b>2.80%</b>
<b>INDUSTRIALS</b>			
QAN	QANTAS AIRWAYS LIMITED	537,060	0.55%
SVW	SEVEN GROUP HOLDINGS LIMITED	604,507	0.62%
EHL	EMECO HOLDINGS LTD	571,399	0.58%
DOW	DOWNER EDI LIMITED	210,180	0.22%
<b>TOTAL INDUSTRIALS</b>		<b>1,923,146</b>	<b>1.97%</b>
<b>TELECOMMUNICATION SERVICES</b>			
TLS	TELSTRA CORPORATION LIMITED	1,348,564	1.38%
<b>TOTAL TELECOMMUNICATION SERVICES</b>		<b>1,348,564</b>	<b>1.38%</b>
<b>OTHER</b>			
	CASH	17,221,604	17.63%
<b>TOTAL OTHER</b>		<b>17,221,604</b>	<b>17.63%</b>
<b>TOTAL</b>		<b>97,703,342</b>	<b>100.00%</b>

## **ADDITIONAL SHAREHOLDER INFORMATION AS AT 24 JULY 2018**

In accordance with the 3rd edition ASX Corporate Governance Council's Principles and Recommendations, the 2018 Corporate Governance Statement, as approved by the Board, is available on the Company's website at: [www.centuryaustralia.com.au](http://www.centuryaustralia.com.au). The Corporate Governance Statement sets out the extent to which Century Australia has followed the ASX Corporate Governance Council's Recommendations during the 2018 financial year.

Century Australia shares are only quoted on the Australian Stock Exchange (ticker code: CYA).

### **Substantial Shareholders**

Century Australia does not have any substantial shareholders.

### **Number of security holders and securities on issue**

Century Australia has 94,268,790 fully paid ordinary shares on issue held by 2,822 security holders.

### **Voting rights**

For fully paid ordinary shares:

- on a show of hands, every member present in person, by proxy, by attorney or corporate representative (whether or not in 1 or more capacities) has 1 vote; and
- on a poll, every member present in person, by proxy, by attorney or corporate representative has 1 vote for each share held by the member.

### **Distribution of security holders**

#### **Quoted securities**

<b>Category</b>	<b>Fully paid Ordinary shares</b>		
	<b>Holders</b>	<b>Shares</b>	<b>%</b>
1 - 1,000	203	99,256	0.11
1,001 - 5,000	560	1,628,831	1.73
5,001 - 10,000	510	3,787,362	4.02
10,001 - 100,000	1,385	41,778,738	44.32
100,001 and over	164	46,974,603	49.82
<b>Total</b>	<b>2,822</b>	<b>94,268,790</b>	<b>100.00</b>

Century Australia does not have unquoted securities on issue.

### **Unmarketable parcel of shares**

The number of shareholders holding less than a marketable parcel of ordinary shares is 97 based on the Century Australia closing share price of \$0.98 on 24 July 2018.

## Twenty largest shareholders

Details of the largest shareholders by registered shareholding are:

	<b>Name</b>	<b>No. of Shares</b>	<b>%</b>
1	Syssha Pty Ltd	4,500,000	4.77
2	Lekk Pty Ltd	3,125,000	3.31
3	G W Holdings Pty Ltd	2,083,333	2.21
4	Jorlyn Pty Ltd	2,000,000	2.12
5	Lic Investments Pty Ltd	1,310,986	1.39
6	Mr Warwick Sauer	1,286,845	1.37
7	Mr Victor John Plummer	1,200,000	1.27
8	Greybox Holdings Pty Ltd	1,003,788	1.06
9	Halcyon Pty Ltd	673,876	0.71
10	English Family Super Fund Pty Ltd	656,250	0.70
11	BT Portfolio Services Limited	619,501	0.66
12	Securities & Estates Pty Ltd	572,916	0.61
13	Homm Pty Ltd	506,756	0.54
14	BT Portfolio Services Limited	496,695	0.53
15	Dr Peter Sutherland Anderson & Ms Elizabeth McDowall	480,000	0.51
16	R W Kirby Pty Ltd	479,166	0.51
17	Dynasty Peak Pty Ltd	470,594	0.50
18	Supentian Pty Limited	450,000	0.48
19	Endoras Super Pty Ltd	440,000	0.47
20	I & R Simpson Super Pty Ltd	414,351	0.44
	<b>Total (Top 20)</b>	<b>22,770,057</b>	<b>24.16</b>
	<b>Total (Register)</b>	<b>94,268,790</b>	<b>100.00</b>

## On market buy-back

There is no current on market buy-back.

## Details of investments

Investments held by Century Australia as at 30 June 2018 are shown on page 54.

There were 2,685 transactions in securities during the period under review.

Brokerage paid and accrued during the period under review is \$450,238.

Total management fees and performance fees paid during the period under review are \$969,000 and \$216,000, respectively.

**Details of investments (continued)**

**Investment Management Agreement**

Century Australia has an investment management agreement with MAM Pty Limited (Manager). The management fee is 1% per annum (plus GST) of the value of the portfolio. Management fees paid/payable was \$1,034,187 for the year ended 30 June 2018.

In addition to the monthly management fee, the manger is entitled to be paid a performance fee of 20% (plus GST) of the outperformance of the portfolio to the S&P/ASX 300 Accumulation Index subject to the recoupment of the prior underperformance. For the year ended 30 June 2018, total balance paid/payable to the Manager was \$232,239.

The term of this arrangement is for an initial 5 year period and automatically extends for successive 5 year periods thereafter. After the initial 5 year term, the Company may terminate the agreement on 3 months' notice if directed to do so by Shareholder resolution and the Manager may terminate on 6 months' notice.