

Century Australia Investments Limited

ABN 11 107 772 761

Annual Report for the year ended 30 June 2014

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Annual Report - 30 June 2014

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Century Australia Investments Limited
Corporate directory

Directors	Robert Turner (Chairman) Stephen Menzies (Non-Executive Director) Ross Finley (Non-Executive Director)
Secretary	Peter Roberts
Principal registered office in Australia	Level 3 99 Bathurst St Sydney NSW 2000 +61 2 8262 2800
Administration	White Outsourcing Pty Limited Level 3, 99 Bathurst Street Sydney NSW 2000 Phone: +61 2 8262 2800 Fax: +61 2 9221 1194
Share register	Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Phone: +61 2 9287 0303 Fax: +61 2 9287 0303
Investment Manager	Perennial Value Management Limited ABN 22 090 879 904
Auditors	Grant Thornton Audit Pty Limited
Stock exchange	Australian Securities Exchange ASX code: CYA
Website	www.centuryaustralia.com.au

Chairman's Review

Financial Result

Operating profit before tax, and before realised and unrealised gains on investments, was \$2.32m compared to \$2.22m in the previous year. Century's operating profit consists largely of dividends, distributions and interest income less operating expenses.

The net result after realised and unrealised gains was a profit of \$10.39m, compared to a profit of \$9.89m in the 2013 year.

The net assets of the Company increased from \$67.45m at 30 June 2013 to \$72.70m as at 30 June 2014. This increase reflects the overall gain during the year shown in the Statement of Comprehensive Income of \$10.39m and is after the payment of \$5.14m in dividends during the year.

Tax Losses

	Tax value of losses carried forward					
	On Balance sheet (deferred tax asset)		Off Balance sheet		Total	
	\$(millions)	Cents per share	\$(millions)	Cents per share	\$(millions)	Cents per share
30 June 2013	3.50m	4.39	8.96m	11.25	12.46m	15.64
Losses utilised	0.26m	0.32	(1.0)m	1.26	(0.74)m	(0.94)
30 June 2014	3.76m	4.71	7.96m	9.99	11.72m	14.70

Unutilised tax losses at 30 June 2014 total \$39.06million (\$11.72 million tax effected).

If unrealised gains at 30 June 2014 were realised, total tax losses available would have reduced from \$39.06m (\$11.72m tax effected or 14.7 cps) to \$27.2m (\$8.17m tax effected or 10.24 cps).

Portfolio Performance

Perennial Value Management ("PVM") generated a portfolio return of 20.22% for the year ended 30 June 2014 compared to a return of 17.25% for the S&P/ASX300 Accumulation Index, an outperformance of 2.97%. For the three years to 30 June 2014, the investment return has been 7.83% compared to the S&P/ASX300 Accumulation Index return of 8.79%. PVM commenced managing the portfolio in September 2010.

In the following report by Perennial Value Management, a full overview of the share market performance in the 2014 financial year is provided along with commentary on the Century investment performance.

Dividends

	2008	2009	2010	2011	2012	2013	2014
Interim dividend paid in March	5.00	4.50	3.50		1.30	1.40	3.00
Interim dividend paid in June		4.50					
Special dividend paid in February				6.20			
Final dividend paid in September	5.00		5.00				
Final dividend paid in August					1.40		
Final dividend payable in September						1.45	2.00*
Total cents for the year	10.00	9.00	8.50	6.20	2.70	2.85	5.00

* On 30 June 2014, the Company announced a dividend of 2.0 cents per share fully franked.

Chairman's Review

The Board has declared a final dividend of 2 cents per share. Due to the existing carried forward tax losses, no tax will be paid on the next \$39.06m of realised gains and therefore no franking credits will be generated from such gains. This means that the franking of future dividends will be restricted to the pass through of franking credits received on dividend income until the Company is once again in a tax paying position.

Future of the Company and Share Buy Back

Over the past 15 months the board has made numerous announcements in relation to a capital management proposal which was to be brought forward at the next annual meeting. The purpose of such a proposal was to ensure shareholders had the opportunity to liquidate their holding in Century at close to net tangible asset backing per share (NTA) less deferred tax balances, if CYA shares were trading at excessive discount levels to the NTA.

After canvassing alternatives informally with shareholders and considering the likely costs of unsuccessfully seeking shareholder approval for a wind up, the board does not consider it in the best interests of shareholders at present to pursue the winding up alternative.

As an alternative to the intended resolution to wind up the company at or near NTA, the Board have considered other capital management alternatives with the objective of providing liquidity to shareholders. Effective from 10 November 2014, being the first business day following the company's Annual General Meeting, Century will commence an on market buy back in which the company will offer to buy CYA shares at a maximum price of 98.5% of NTA less deferred tax balances. Under ASX listing rules, the actual price that Century can offer on any one day is limited to not more than 5% above the volume weighted average market price for CYA shares calculated over the last 5 days on which sales in the shares were recorded.

As set out in the Notice of Annual General meeting, the Board is seeking approval to buy back up to 20% of the Company's capital under this buy back. Should this resolution not be passed by shareholders and at the Board's discretion, a buyback of up to 10% of the Company's capital, the maximum allowed without shareholder approval would be implemented. It is intended that the pricing of 98.5% of NTA less deferred tax balances will only be maintained over a one month period commencing 10 November 2014.

The Company estimates that as at 18 September 2014, the share price discount to NTA is 5.6%.

If the full 20% of share capital is bought back, there may be adverse implications for the ongoing scale of the Company, and therefore its management expense ratio. Should this occur, the Board will investigate options in relation to the Company's capital structure.



Robert Turner
Chairman
22 September 2014

Annual Commentary 2014 from Perennial Value Management Limited

The portfolio has delivered a strong result for the year to 30 June, with the 20.2% return resulting in outperformance of 3.0% over the Index return of 17.3%.

There was a broad-based rally in industrial shares, with Financials (up 21.8%), Materials (up 18.1%), Energy (up 17.4%) and Utilities (up 17.3%) being the best performing sectors. The financial and utilities sectors were assisted by a strong bond market both in Australia and overseas, in what was a yield driven environment. The underperforming sectors were Consumer Staples (up 6%), mainly due to constituent company issues, followed by the premium priced Healthcare (up 10.6%) sector.

The February reporting season was generally in line with expectations, with the majority of stocks in the portfolio reporting increased earnings and dividends. Key features of the reporting season were the continuing focus on cost reduction and the benefits of lower interest costs. As a result, profit margins have been increasing by around 1% for the top 100 companies, often in the face of low top line growth. This concentration by companies on cost reduction is expected to be ongoing.

The best performing stocks in the Company included Henderson (+ 81%) following a positive third quarter profit, with sales growth ahead of market expectations. Lend Lease (+ 63.4%), pleased the market with its announcements to commence a third office tower at its large Sydney Barangaroo project and its sale of a 30% share in the UK based Bluewater Shopping centre for a bullish A\$1.2 billion. Other strong performers were Fairfax (+ 90%) which has reduced costs, stabilised earnings and improved its balance sheet, Macquarie Group (+51.8%) which has benefitted from stronger capital markets and fund management performance and retirement group, Aveo (+ 89.8%) which has reduced debt and is increasing retirement earnings.

Stocks which detracted from performance during the year included Treasury Wine Estates (- 36.6%, not currently held) due to inventory write-downs, lower profit forecasts and a failed takeover offer; Iluka (- 17.9%) which was adversely affected by negative sentiment surrounding the Chinese economy and a weaker than expected last quarter profit report. The QBE share price (-25.4%) was impacted by a substantial upgrade in insurance reserves and a strong US bond market which dampened expectations of rising short term interest rates which would benefit QBE. A persistently high Australian dollar is also hindering profit translation of offshore earnings for many companies such as QBE. Other weaker performers included Worley Parsons (down 15.8%) which was sold and Orica (down 1.5%), both of which provide services to the mining industry which is in the process of reducing costs.

Corporate Governance Statement

This statement outlines the main corporate governance practices adopted by the Company, which comply with the ASX Corporate Governance Council Principles and Recommendations (2nd Edition, August 2007 with 2010 Amendments) unless otherwise stated.

Principle 1: Lay solid foundations for management and oversight

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfill this role the Board seeks to address:

- (a) the prudential control of the Company's operations;
- (b) the resourcing, review and monitoring of outsourced service providers engaged by the Company;
- (c) the timeliness and accuracy of reporting to shareholders; and
- (d) the determination of the Company's broad objectives.

The Company's operations are conducted through Perennial Value Management Limited (Investment Manager) and White Outsourcing Pty Limited (Accounting and Administration Manager). These entities incorporate the specialist wholesale investment and administration personnel who undertake the Company's executive operations. The Company has contracted with Perennial Value Management Limited and White Outsourcing Pty Limited to provide all investment management and accounting and administration services.

The Company's executive management arrangements have been structured to provide investors with a cost efficient investment vehicle and access to a significant depth of professional resources. Individual directors are subject to continuous review by the Chairman.

Individual directors are subject to continuous review by the Chairman. A performance evaluation of the Board and all Board members is conducted annually. The Chairman reports on the general outcome of the meetings to the Board annually. Directors whose performance is unsatisfactory are asked to retire.

Further details of the Board's role and responsibilities are contained in the Board Charter which is posted on the Company's website.

In addition, the performance of service providers (Perennial Value Management Limited and White Outsourcing Pty Limited) is the subject of continuous oversight by the Chairman and the Board as a whole. A performance review of individual directors and service providers was conducted for the Board as a whole in accordance with the process disclosed.

Recommendation 1.2 requires the disclosure of the process for evaluating the performance of senior executives. The Company does not comply with this recommendation as there are no senior executive officers of the Company.

Principle 2: Structure the board to add value

The names of the Directors of the Company in office at the date of this statement are set out in the Directors' Report on page 11.

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the Annual Report is included in the Directors' Report on page 12 along with the names of the directors of the Company in office at the date of this Statement.

The composition of the Board is determined using the following principles:

- A minimum of three directors;
- An independent, non-executive director as Chairman; and
- A majority of independent non-executive directors.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Robert Turner	10 years
Ross Finley	8 years
Stephen Menzies	8 years

Principle 2: Structure the board to add value (continued)

Directors have a usual term of two years, and a maximum term of 3 years, before retiring by rotation and standing for re-election. The Board assesses annually the term of office of all Directors in particular those who have served on the Board for longer than 10 years to ensure the length of service does not compromise their independence. Although Directors have served in office for over 10 years this is not considered to impair their independence where all other criteria are met.

As the Company is unlikely to be wound up, the Board has commenced a process of review and may appoint an additional director as a casual during the year as a part of orderly succession planning.

An independent director is considered to be a director:

- (a) who is not a member of management;
- (b) who has not within the last three years been employed in an executive capacity by the Company or been a principal of a professional adviser or consultant to the Company;
- (c) is not a significant supplier to the Company;
- (d) has no material contractual relationship with the Company other than as a director; and
- (e) is free from any interest or business or other relationship which could materially interfere with the director's ability to act in the best interests of the Company.

In the context of director independence, "materiality" is considered from both the company and individual director's perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the directors in question to shape the direction of the company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Century Australia Investments Limited, being the entire Board, are considered to be independent:

Name	Position
Robert Turner	Chairman, Independent Non-Executive Director
Ross Finley	Independent Non-Executive Director
Stephen Menzies	Independent Non-Executive Director

Recommendation 2.3 requires that "the role of the Chair and Chief Executive Officer of the Company should not be exercised by the same individual". There is no Chief Executive Officer of the Company; however, the Company Secretary performs the Chief Executive functions.

ASX Recommendation 2.4 states the board should establish a Nomination Committee. Due to the size of the Company it has not established a formal Nomination Committee and the functions of the Nomination Committee are undertaken by the full Board. The Board's target is to ensure that (as a minimum) Directors collectively have investment accounting, general business experience and shareholder representation.

Each director has the right of access to all relevant Company information and to the Company's service providers and subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of advice received by the director is made available to all other members of the Board.

The Board schedules a minimum of four meetings each year plus any other meetings as and when necessitated by the Company's operations. The agenda for meetings is prepared through the input of the Chairman, the Administration Manager (White Outsourcing Pty Limited) and the Company Secretary. Standing items include matters of Compliance and Reporting, Financials, Shareholder Communications and Investment Strategy and Outcomes. Submissions are circulated in advance.

Principle 3: Promote ethical and responsible decision making

The Board expects all executive and non-executive directors to act professionally in their conduct and with the utmost integrity and objectivity. All executive and non-executive directors must comply with the Company's Code of Conduct and Ethics. The Directors in acting professionally in their conduct means that they will act with high standards of honesty, integrity and fairness, avoiding conflicts of interest, acting lawfully and ensuring confidential information is dealt with in accordance with the Company's Privacy Policy.

The Board monitors its outsourced services providers compliance with the Company's Code of Conduct and Ethics, which is accessible to outside parties via the Company's website.

The Company encourages directors to have a personal financial interest in Century Australia Investments Limited, by acquiring and holding shares on a long-term basis.

Short term trading in Century Australia Investments Limited's shares by directors is not permitted.

The Board has adopted the following policies concerning dealing in Century Australia Investments Limited's shares by Directors.

- Insider trading laws prohibit Directors and their associates from dealing in the Company's shares whilst in possession of price sensitive information that is not generally available.
- As a matter of practice, Director's and their associates will generally only be able to deal in the Company's shares:
 - In the period of two weeks following the release of the Company's monthly NTA results;
 - In the period of two weeks following the release of the Company's annual results;
 - In the period of two weeks following the release of the Company's half yearly results;
 - In the period of two weeks following the Annual General Meeting of the Company; and
 - Following the release of a prospectus by the Company relating to an issue of shares.

The composition of the Board is monitored (both in respect of size, diversity and membership) to ensure that the Board has a balance of skill and experience appropriate to the needs of the Company. When a vacancy arises, the Board will identify candidates with appropriate expertise and experience and appoint the most suitable person taking into account the need for diversity in gender, age, ethnicity and cultural background. Given the Company has no employees, consideration of diversity does not extend beyond the Board and further disclosures in relation to policies are not considered relevant.

Principle 4: Safeguard integrity in financial reporting

It is a requirement of the Board that White Outsourcing Pty Limited sign-off on the content of the financial statements, and that these statements represent a true and fair view of the Company's operations and financial position of the Company.

White Outsourcing Pty Limited provides a declaration to the Board twice annually, to certify that the Company's financial statements and notes present a true and fair view, in all material respects, of the Company's financial condition and operational results and that they have been prepared and maintained in accordance with relevant Accounting Standards and the *Corporations Act 2001*. In respect of the current financial year all necessary declarations have been submitted to the Board. In addition, White Outsourcing Pty Limited (accounting and Company Secretarial) confirms in writing to the Board that the declaration provided above is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company has an Audit Committee with a documented Charter, approved by the Board. All members must be non-executive directors and the majority be independent directors. The Audit Committee Chairman is not the Chairman of the Board. The Committee is responsible for considering the effectiveness of the systems and standards of internal control, financial reporting and any other matter at the request of the Board. The Audit Committee will meet at least two times per year.

Principle 4: Safeguard integrity in financial reporting (continued)

The Audit Committee may have in attendance at their meeting such members of outsourced service providers as may be deemed necessary to provide information and explanations. The external auditors attend meetings by invitation to report to the Committee.

The members of the Audit Committee during the year were:

- Stephen Menzies (Chairman)
- Ross Finley
- Robert Turner

The responsibilities of the Audit Committee are to ensure that:

- (1) Relevant, reliable and timely information is available to the Board to monitor the performance of the Company;
- (2) External reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
- (3) Management processes support external reporting in a format which facilitates ease of understanding by shareholders and institutions;
- (4) The external audit arrangements are adequate to ensure the maintenance of an effective and efficient external audit. This involves:
 - (a) reviewing the terms of engagement, scope and auditor's independence;
 - (b) recommendations as to the appointment, removal and remuneration of an auditor; and
 - (c) reviewing the provision of non-audit services provided by the external auditor ensuring they do not adversely impact on audit independence;
- (5) Review the Company's risk profile and assess the operation of the Company's internal control system.

The external auditor is required to attend the Annual General Meeting and is available to answer shareholder questions.

The Board as a whole monitor the performance of the annual & half-yearly audit performed by the External Auditor. If the Board consider that the external auditor of the Company should be changed, a special resolution will be put to shareholder vote at the following Annual General Meeting. External audit engagement partners are required by legislation to rotate their appointment every five years.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to page 13 of the Directors' Report.

Principle 5: Make timely and balanced disclosures

The Board informs shareholders of all major developments affecting the Company's state of affairs as follows:

- All significant lodgements with the ASX are available on the Company's website at www.centuryaustralia.com.au via a direct link to the ASX website.
- A hard copy Annual Report will be mailed to shareholders who have requested to receive one at the close of the financial year. An electronic version of the Annual Report will be available on the Company's website.
- Net asset backing per share is released to the ASX by the 14th day following each month-end and sent via email to shareholders who register their interest.

The Company Secretary is responsible for ensuring Century Australia Investments Limited complies with its continuous disclosure obligations.

Perennial Value Management Pty Limited are made aware of these obligations and are required to report any price sensitive information to the Company Secretary immediately when they become aware of it. The Company Secretary in consultation with the Chairman will decide whether the information should be disclosed to the ASX.

Principle 5: Make timely and balanced disclosures (continued)

Where possible, all continuous disclosure releases to the ASX are approved by the Board, except the monthly net asset backing per share which is approved by White Outsourcing Pty Limited and sent to Perennial Value Management Limited for comment. Where time does not permit approval by the Board, the Chairman must approve the release.

Any information of a material nature affecting the Company is disclosed to the market through release to the ASX as soon as the Company becomes aware of such information, in accordance with the ASX Continuous Disclosure requirement.

Principle 6: Respect the rights of shareholders

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors, changes to the constitution and are able to receive the annual and interim financial statements if requested. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of Century Australia Investments Limited, to lodge questions to be responded by the Board, and are able to appoint proxies.

Principle 7: Recognise and manage risk

The Board acknowledges that it is responsible for the overall system of internal control but recognises that no cost effective internal control system will preclude all errors and irregularities. The Board has delegated responsibility for reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee.

The external auditor is required to attend the Annual General Meeting and is available to answer shareholder questions.

The Audit Committee (a) requires executive management to report annually on the operation of internal controls, (b) reviews the external audit of internal controls and liaises with the external auditor and (c) conducts any other investigations and obtains any other information it requires in order to report to the Board on the effectiveness of the internal control system and (d) makes recommendations on the entity's insurance program, having regard to the entity's business and the insurable risks associated with its business. In respect of the current financial year all necessary declarations have been submitted to the Board.

The Board identifies the following business risks as having the potential to significantly or materially impact the Company's performance (a) administrative risks including operational, compliance and financial reporting (b) market related risks.

Administrative Risks

The Company has outsourced its administrative functions to service providers, BNP Paribas (custody), White Outsourcing Pty Limited (accounting and Company Secretarial) and Perennial Value Management Limited (investment management). Risk issues associated with these activities are handled in accordance with the service providers policies and procedures. White Outsourcing Pty Limited is responsible for recognising and managing administrative risks including (a) operational, (b) compliance and (c) financial reporting. Certificates of insurance currency are obtained annually from all key service providers.

Principle 7: Recognise and manage risk (continued)

Market Risks

The Board is primarily responsible for recognising and managing market related risks. By its nature as a Listed Investment Company, the Company will always carry investment risk because it must invest its capital in securities which are not risk free. However, the Company seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market. Perennial Value Management Limited (investment manager), is required to act in accordance with the Board approved investment management agreement and reports to the Board monthly on the portfolio's performance, material actions of the investment manager during that month and an explanation of the investment manager's material proposed actions for the upcoming quarter. In addition, the investment manager reports monthly that Perennial Value Management Limited have invested the Company's assets in accordance with the approved investment mandate and complied with the Investment Management Agreement requirements during the reporting period. In respect of the current financial year all necessary declarations have been submitted to the Board. In assessing the Company's risk tolerance level the Board considers any instance which materially affects the Company's monthly Net Tangible Asset backing announcement released to the ASX

The Audit Committee and the Board perform a risk review on an annual basis to ensure that adequate controls are in place to mitigate risk associated with investment manager performance, market risk, fraud, transaction reporting errors, material reporting risks and compliance risk.

Principle 8: Remunerate fairly and responsibly

ASX Recommendation 8.1 states the board should establish a Remuneration Committee. Due to the size of the Company it has not established a formal Remuneration Committee and the functions of the Remuneration Committee are undertaken by the full Board.

Non-executive directors are remunerated by way of cash and superannuation contributions within the aggregate amount of \$120,000 (inclusive of superannuation). All Non-Executive Directors payments are inclusive of committee fees.

As previously noted, the executive function of the Company has been outsourced to White Outsourcing Pty Limited (accounting and administration) and Perennial Value Management Limited (funds management).

Century Australia Investments Limited has a contractual agreement with White Outsourcing Pty Limited which is responsible for providing accounting and administration services for a fee charged on a monthly basis.

Century Australia Investments Limited has a contractual agreement with Perennial Value Management Limited which provides investment management services for a fee charged as a percentage of the portfolio value on a monthly basis.

Recommendation 8.3 states that the Company should "clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives". The Company does not comply with this recommendation as there are no executive directors or senior executives.

Board policies and charters covering the following are available on the Company's website at www.centuryaustralia.com.au:

- Board charter
- Audit Committee charter
- Disclosure policy
- Communication policy
- Risk management policy
- Securities dealing policy
- Code of Conduct and Ethics
- Appointment and selection of non-executive directors' policy
- Performance evaluation policy

Directors' Report

Your Directors present their report on the Company for the year ended 30 June 2014.

Directors

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

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

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 activities of the Company included investing in securities listed on the Australian Stock Exchange for the medium to long term.

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:

	Dividend Rate	Total Amount	Date of Payment	% Franked
2014				
Ordinary shares - final	2.0	\$1,594	30/09/2014	100
Ordinary shares - interim	3.0	\$2,391	21/03/2014	100
2013				
Ordinary shares - final	1.45	\$1,155	17/09/2013	100
Ordinary shares - interim	1.4	\$1,116	20/03/2013	100

Review of operations

Information on the operations and financial position of the Company and its business strategies and prospects is set out in the review of operations and activities on pages 2 to 3 of this Annual Report.

The profit from ordinary activities after income tax benefit amounted to \$3.4 million (2013: \$2.3 million).

The net tangible asset backing for each ordinary share before all taxes as at 30 June 2014 amounted to \$0.91 per share (2013: \$0.86 per share).

Earnings per share

	2014	2013
Basic and diluted earnings (cents per share)	4.24	2.86

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Matters subsequent to the end of the financial year

No 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.

Likely developments and expected results of operations

As announced at the 2013 Annual General Meeting:

“the Board has continued to consider various options for the future of the Company that will enhance shareholder value. In the absence of a proposal which would benefit both continuing and liquidating shareholders, the Directors will provide shareholders an option, no later than the Company's Annual General Meeting in 2014, to vote on winding up the Company and returning close to NTA to shareholders. Such an outcome would most likely result in significant tax losses not being utilised by the Company. Should this resolution be put forward in 2014 and not passed by shareholders, the Company would continue to operate in its current form.”

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

B.Com, FAICD

Appointed 10 February 2004

Mr Turner is Chairman of the Company and also serves on the Audit Committee. Mr Turner has a strong finance and marketing background and over 30 years of experience in corporate management, both in Australia and overseas. He has experience in the financial services industry and has held general management positions in the services and manufacturing industries. Mr Turner was the Managing Director of IOOF Limited, an ASX listed company from 1996 to 2004 and also served as a Director of IWL Limited, an ASX Listed Company, for three years until November 2007.

Stephen Menzies Independent Non-Executive Director

B.Econ, LLB, LLM London

Appointed 16 January 2006

Mr Menzies is Chairman of the Audit Committee and is a Non-Executive Director. Mr Menzies is a corporate lawyer with a broad policy and regulatory background. He was previously a partner of Ashurst, specialises in securities issues, product development, funds management, corporate finance and new technologies. Stephen brings a wealth of experience in corporate structuring and corporate finance. During the past three years Mr Menzies has not served as a Director of any other ASX listed companies.

Ross Finley Independent Non-Executive Director

B.Com NSW

Appointed 11 September 2006

Mr Finley serves on the Board of Directors and on the Audit Committee. Mr Finley has over 40 years' 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. He is also currently a director of Ironbark Capital Limited, an absolute return investment company.

Company secretary

The Company secretary is Peter Roberts. Mr Roberts was appointed to the position of Company secretary on 22 March 2007.

Mr Roberts has over 20 years' experience in the fields of chartered accountancy and specialised back office services to the financial services industry. Mr Roberts is a Director of White Outsourcing Pty Ltd and Company Secretary of Century Australia Investments Limited, Australian Leaders Fund Ltd, Watermark Neutral Fund Limited, Steadfast Group Limited and Macquarie Premium Funding Pty Ltd.

Mr Roberts holds a Bachelor of Business and is a Member of the Institute of Chartered Accountants.

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 2014, and the numbers of meetings attended by each Director were:

	Full meetings of directors		Meetings of committees	
			Audit	
	A	B	A	B
Robert Turner	5	5	2	2
Stephen Menzies	5	5	2	2
Ross Finley	4	5	2	2

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

Members of the audit committee are detailed on page 8 of this report.

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

Name	Position
<i>Non-executive Directors - see page 12</i>	
<i>Other key management personnel</i>	
None	

Remuneration report (audited) (continued)

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 paid to Directors is \$120,000 per annum (actual 2014: \$120,000, 2013: \$119,025).

In October 2013, the Board resolved that a directors' fee of \$36,000 per annum would apply to all directors with the exception of a fee of \$48,000 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.

Under the ASX Listing Rules, the maximum fees 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 9.25% for the year ended 30 June 2014, 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 Investments Limited'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 regular performance reviews.

The Company received 78.3% of votes "for" its remuneration report for the 2013 Financial Year. The Company did not receive any specific feedback at the 2013 Annual General Meeting on its Remuneration Report.

Details of remuneration

The following tables show details of the remuneration received by the Directors and the key management personnel of the Company for the current and previous financial year.

2014	Short-term employee benefits		
	Post-employment benefits		
Name	Cash salary and fees \$	Super-annuation \$	Total \$
<i>Non-executive Directors</i>			
Robert Turner	13,730	34,270	48,000
Stephen Menzies	11,000	25,000	36,000
Ross Finley	32,952	3,048	36,000
Sub-total non-executive directors	57,682	62,318	120,000

Century Australia Investments Limited
Directors' Report
For the year ended 30 June 2014
(continued)

Remuneration report (audited) (continued)

Details of remuneration (continued)

	Short-term employee benefits	Post- employment benefits	
	Cash salary and fees \$	Super- annuation \$	Total \$
2013			
Name			
Non-executive Directors			
Robert Turner	14,908	24,092	39,000
Stephen Menzies	7,000	20,000	27,000
Ross Finley	27,000	-	27,000
Russell Hooper (resigned 17 June 2013)	26,025	-	26,025
Sub-total non-executive directors	74,933	44,092	119,025

Accounting and company secretarial duties are outsourced to White Outsourcing Pty Limited. Peter Roberts is a director of White Outsourcing Pty Limited which received fees net of reduced input tax credits of \$75,769 during the year (2013: \$82,698) for the services rendered pursuant to an Administrative Services Agreement entered into by the Company. Mr Roberts received no fees as an individual. White Outsourcing Pty Limited is remunerated in accordance with the Service Level Agreement dated 27 February 2007. The agreement has no fixed term.

(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 each Director of Century Australia Investments Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period (2013: Nil) as compensation.

2014	Balance at the start of the year	Net movement	Other changes during the year	Balance at end of the year
Name				
Directors of Century Australia Investments Limited				
Ordinary shares				
R Turner	153,739	-	-	153,739
S Menzies	24,614	-	-	24,614
R Finley	50,000	45,000	-	95,000
	<u>228,353</u>	<u>45,000</u>	<u>-</u>	<u>273,353</u>

Remuneration report (audited) (continued)

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

(i) Share holdings (continued)

2013	Balance at the start of the year	Net movement	Other changes during the year	Balance at end of the year
Name				
Directors of Century Australia Investments Limited				
Ordinary shares				
R Turner	153,739	-	-	153,739
S Menzies	24,028	586	-	24,614
R Hooper (*)	15,000	-	(15,000)	-
R Finley	-	50,000	-	50,000
	192,767	50,586	(15,000)	228,353

* Mr Hooper ceased to be part of the key management personnel of the Company upon his resignation as Director on 17 June 2013.

Insurance and indemnification of officers and auditors

The Company maintains Directors & Officers Insurance and has Deeds of Access and Indemnity for each Director. 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

No non-audit services were performed by the auditors during the year ended 30 June 2014.

Details of the amounts paid to the auditors and their related parties are disclosed in Note 20 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 Class Order 98/100, 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 Class Order 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
27 August 2014

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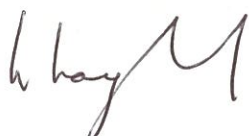
**Auditor's Independence Declaration
To the Directors of Century Australia Investments Limited**

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 2014, 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



G S Layland
Director - Audit & Assurance

Sydney, 27 August 2014

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Century Australia Investments Limited ABN 11 107 772 761

Annual Report - 30 June 2014

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Century Australia Investments Limited
Statement of Comprehensive Income
For the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Investment Income from ordinary activities	7	3,147	2,947
Expenses			
Management fees		(300)	(262)
Accounting fees		(76)	(83)
Share registry fees		(32)	(33)
Custody fees		(79)	(75)
Tax fees		(23)	(12)
Legal fees		(1)	(1)
Directors' fees	19(a)	(120)	(119)
ASX fees		(39)	(40)
Audit fees		(54)	(45)
Other expenses		(75)	(54)
Unrealised losses on futures and options		(14)	(11)
Realised (losses)/gains on futures and options		(16)	9
		(829)	(726)
Profit before income tax		2,318	2,221
Income tax benefit	8(b)	1,057	51
Net profit for the year		3,375	2,272
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised gains on investments taken to equity	17(a)	7,142	13,653
Income tax relating to unrealised gains on investments taken to equity	8(c)	(2,131)	(4,096)
Net realised gains/(losses) on investments taken to equity	17(a)	2,860	(2,776)
Income tax relating to realised (gains)/losses on investments taken to equity	8(c)	(858)	833
Other comprehensive income for the year, net of tax		7,013	7,614
Total comprehensive income for the year		10,388	9,886
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share	25(a)	4.24	2.86
Diluted earnings per share	25(b)	4.24	2.86

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 2014

	Notes	2014 \$'000	2013 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	1,114	1,213
Trade and other receivables	10	660	1,161
Financial assets at fair value through profit or loss	11	2	-
Current tax assets		-	1
Other current assets		25	22
Total current assets		1,801	2,397
Non-current assets			
Financial assets at fair value through other comprehensive income	12	72,259	63,214
Deferred tax assets	13	4,001	3,676
Total non-current assets		76,260	66,890
Total assets		78,061	69,287
LIABILITIES			
Current liabilities			
Trade and other payables	14	177	516
Dividends payable		1,594	-
Total current liabilities		1,771	516
Non-current liabilities			
Deferred tax liabilities	15	3,591	1,320
Total non-current liabilities		3,591	1,320
Total liabilities		5,362	1,836
Net assets		72,699	67,451
EQUITY			
Issued capital	16	73,457	73,457
Reserves	17(a)	5,916	(1,097)
Accumulated losses	17(b)	(6,674)	(4,909)
Total equity		72,699	67,451

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 2014

	Notes	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2012		73,334	(8,711)	(6,065)	58,558
Net profit for the year		-	-	2,272	2,272
Other comprehensive income for the year					
Net unrealised gains on investments taken to equity		-	13,653	-	13,653
Income tax on net unrealised gains on investments taken to equity		-	(4,096)	-	(4,096)
Net realised losses on investments taken to equity		-	(2,776)	-	(2,776)
Income tax on net realised losses on investments taken to equity		-	833	-	833
Total other comprehensive income for the year, net of tax		-	7,614	-	7,614
Total comprehensive income for the year		-	7,614	2,272	9,886
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs and tax	16	265	-	-	265
Buy-back of ordinary shares	16	(142)	-	-	(142)
Dividends provided for or paid	18	-	-	(1,116)	(1,116)
		123	-	(1,116)	(993)
Balance at 30 June 2013		73,457	(1,097)	(4,909)	67,451
Balance at 1 July 2013		73,457	(1,097)	(4,909)	67,451
Net profit for the year		-	-	3,375	3,375
Other comprehensive income for the year					
Net unrealised gains on investments taken to equity		-	7,142	-	7,142
Income tax on net unrealised gains on investments taken to equity		-	(2,131)	-	(2,131)
Net realised gains on investments taken to equity		-	2,860	-	2,860
Income tax on net realised gains on investments taken to equity		-	(858)	-	(858)
Total other comprehensive income for the year, net of tax		-	7,013	-	7,013
Total comprehensive income for the year		-	7,013	3,375	10,388
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	18	-	-	(5,140)	(5,140)
Balance at 30 June 2014		73,457	5,916	(6,674)	72,699

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 2014

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Interest received		28	40
Dividends and trust distributions received		3,043	2,854
Other income		1	9
Income tax refund		1	-
Investment expenses paid		(786)	(734)
Income taxes paid		-	(1)
Net cash inflow from operating activities	23	<u>2,287</u>	<u>2,168</u>
Cash flows from investing activities			
Payments for financial assets at fair value through other comprehensive income		(24,299)	(16,880)
Proceeds from sale of financial assets at fair value through other comprehensive income		25,459	16,658
Net cash inflow(outflow) from investing activities		<u>1,160</u>	<u>(222)</u>
Cash flows from financing activities			
Share issue and buy-back transaction costs		-	(143)
Dividends paid to the Company's shareholders		(3,546)	(1,963)
Net cash (outflow) from financing activities		<u>(3,546)</u>	<u>(2,106)</u>
Net (decrease) in cash and cash equivalents		(99)	(160)
Cash and cash equivalents at the beginning of the year		1,213	1,373
Cash and cash equivalents at end of year	9	<u>1,114</u>	<u>1,213</u>

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

1 General information

Century Australia Investments Limited (the "Company") is a listed public company domiciled in Australia. The address of Century Australia Investments Limited's registered office is Level 3, 99 Bathurst St, Sydney NSW 2000. The financial statements of Century Australia Investments Limited are for the year ended 30 June 2014. The Company is primarily involved in making investments, and deriving revenue and investment income from listed securities and unit trusts in Australia.

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 and the *Corporations Act 2001*. Century Australia Investments Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements were authorised for issue by the Directors on 27 August 2014.

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time in their annual reporting period commencing 1 July 2013:

- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*

Change in accounting policy: fair value measurement

AASB 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

The Company has adopted AASB 13 *Fair Value Measurement* with effect from 1 July 2013. As a result, the Company has adopted a new definition of fair value, as set out below. The change had no material impact on the measurement of the Company's assets and liabilities. However the Company has included new disclosures in Note 4 of the financial statements which are required under AASB 13.

Fair value is 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.

When applicable, the Company measures the fair value of an instrument using the quoted prices in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards adopted by the Company (continued)

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value of neither a quoted price in an active market for identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instruments are initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

AASB 13 removes the requirement to use bid/ask prices for actively quoted financial instruments. Rather the most representative price within the bid/ask spread is used. Management has elected to continue using last bid price, consistent with its securities pricing policy and prior years.

(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 5.

(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(h).

(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.

(iv) Other income

The Company recognises other income when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 Summary of significant accounting policies (continued)

(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. Management 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 for deductible temporary differences and unused tax losses 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.

(d) Impairment of assets

Financial 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) 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

2 Summary of significant accounting policies (continued)

(f) Due from/to brokers

Amounts due from/to brokers 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 three business days. A provision for impairment of amounts due from brokers 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 amount due from brokers is impaired include significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation and default in payments.

(g) 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.

(h) 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.

(iii) Loans and receivables

Loans and receivables 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. Loans and receivables are included in trade and other receivables (Note 10) 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.

2 Summary of significant accounting policies (continued)

(h) Investments and other financial assets (continued)

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

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

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

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

Determination of Fair Value

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

The Company's accounting policy on fair value measurements is discussed in Note 2(a)(ii).

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

Derivatives

As at 30 June 2014, the Company also held 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.

(i) 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.

(j) 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.

2 Summary of significant accounting policies (continued)

(k) Dividends

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

(l) 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 EPS is calculated using the same methodology.

(m) 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 these 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.

(n) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, 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 Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(o) Functional and presentation currency

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

(p) Comparatives

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

(q) New accounting standards and interpretations

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

3 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price 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 through other comprehensive income for equity securities and financial assets at fair value through profit or loss for derivatives.

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 per cent of the investment portfolio at 30 June 2014 were:

	2014 (%)
BHP Billiton Limited	10.02
Westpac Banking Corporation	8.59
ANZ Banking Group Limited	7.63
National Australia Bank Limited	6.92
Commonwealth Bank of Australia	6.71
Telstra Corp Limited	5.91
	<u>45.78</u>
	2013 (%)
BHP Billiton Limited	8.82
ANZ Banking Group Limited	8.42
National Australia Bank Limited	8.06
Commonwealth Bank of Australia	7.80
Telstra Corp Limited	7.04
Westpac Banking Corporation	6.47
	<u>46.61</u>

No other security represents over 5 per cent of the investment portfolio at 30 June 2014 and 30 June 2013.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

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 per cent:

Index	Impact on other components of equity	
	2014 \$'000	2013 \$'000
Change in variable +/- 5% (2013: +/-5%)	2,529	2,212
Change in variable +/- 10% (2013: +/-10%)	5,058	4,424

(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.

30 June 2014

	Floating interest rate \$'000	Non- interesting bearing \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	1,114	-	1,114
Trade and other receivables	-	660	660
Financial assets held at fair value through profit or loss	-	2	2
Financial assets held at fair value through other comprehensive income	-	72,259	72,259
	<u>1,114</u>	<u>72,921</u>	<u>74,035</u>
Financial liabilities			
Trade and other payables	-	(177)	(177)
Dividends payable	-	(1,594)	(1,594)
	<u>-</u>	<u>(1,771)</u>	<u>(1,771)</u>
Net exposure	<u>1,114</u>	<u>71,150</u>	<u>72,264</u>

3 Financial risk management (continued)

(a) Market risk (continued)

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

30 June 2013

	Floating interest rate \$'000	Non- interest bearing \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	1,213	-	1,213
Trade and other receivables	-	1,162	1,162
Current tax assets	-	1	1
Financial assets held at fair value through other comprehensive income	-	63,214	63,214
	<u>1,213</u>	<u>64,377</u>	<u>65,590</u>
Financial liabilities			
Trade and other payables	-	(516)	(516)
	<u>-</u>	<u>(516)</u>	<u>(516)</u>
Net exposure	<u>1,213</u>	<u>63,861</u>	<u>65,074</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.

Sensitivity

At 30 June 2014, 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 \$5,800 higher/\$5,800 lower (2013 changes of 75 bps/75 bps: \$6,000 lower/\$6,000 higher), 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 2014.

Credit risk is managed as noted in Note 9 with respect to cash and cash equivalents and Note 10 for trade and other receivables. None of these assets are over-due 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.

3 Financial risk management (continued)

(c) Liquidity risk (continued)

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 both of these 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

The tables below analyse the Company's non-derivative financial liabilities into relevant maturity groupings based on their contractual maturities at year end date.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 1 month \$'000	More than 1 month \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total contractual undiscounted cash flows \$
At 30 June 2014					
Non-derivatives					
Trade and other payables	177	-	-	-	177
Dividends payable	-	1,594	-	-	1,594
Total non-derivatives	177	1,594	-	-	1,771

At 30 June 2013

Non-derivatives					
Trade and other payables	516	-	-	-	516
Total non-derivatives	516	-	-	-	516

4 Fair value measurements

The Company has applied AASB 13 *Fair Value Measurements* for the first time in its annual reporting period commencing 1 July 2013.

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 (consistent with the hierarchy applied to financial assets and financial liabilities):

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

(i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2014.

At 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Financial assets				
Financial assets at FVTPL				
Trading derivatives	2	-	-	2
Financial assets at FVTOCI				
Equity securities	72,259	-	-	72,259
Total financial assets	72,261	-	-	72,261
<hr/>				
At 30 June 2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Recurring fair value measurements				
Financial assets				
Financial assets at FVTOCI				
Equity securities	63,214	-	-	63,214
Total financial assets	63,214	-	-	63,214

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.

4 Fair value measurements (continued)

(a) Fair value hierarchy (continued)

(ii) Disclosed fair values

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

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

5 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 tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. However, utilisation of the tax losses also 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 test, deferred tax asset of \$3.8 million that are currently recognised on carried forward losses would have to be written off to income tax expense.

(ii) Designation of Investments as 'fair value through other comprehensive income'

Management has designated all investments in shares and property trusts as 'fair value through other comprehensive income', 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 realised gains/losses reserve.

6 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.

7 Revenue

	2014 \$'000	2013 \$'000
From continuing operations		
Dividends and distributions on long term investments held at the end of the year	2,931	2,881
Dividends and distributions on long term investments sold during the year	187	18
Interest	28	39
Other income	1	9
	3,147	2,947

8 Income tax benefit

(a) Income tax benefit through profit or loss

	2014 \$'000	2013 \$'000
Deferred tax benefit	(1,059)	(44)
(Under)/over-provision in respect of prior years	2	(7)
	<u>(1,057)</u>	<u>(51)</u>
<i>Income tax benefit is attributable to:</i>		
Profit from continuing operations	<u>(1,057)</u>	<u>(51)</u>

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

	2014 \$'000	2013 \$'000
Profit from continuing operations before income tax benefit	2,318	2,221
Tax at the Australian tax rate of 30% (2013 - 30%)	695	666
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Franking credits on dividends received	(1,061)	(996)
Imputation gross up on dividends income	318	296
Timing differences	(11)	(13)
Under/(over-provision) in prior year	2	(7)
Withholding gross-up on dividends received	4	3
Reinstatement of previously written-off deferred tax asset	(1,004)	-
Income tax benefit	<u>(1,057)</u>	<u>(51)</u>

The applicable weighted average effective tax rates are as follows:*** -45.62% -2.3%

*** The significant negative weighted average effective tax rate in the current year is mainly due to the reinstatement of previously written off deferred tax assets in order to offset the deferred tax liability that would otherwise be recorded.

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

	2014 \$'000	2013 \$'000
Net unrealised gains/losses on investments taken to equity	2,131	4,096
Net realised gains/(losses) on investments taken to equity	858	(833)
	<u>2,989</u>	<u>3,263</u>

8 Income tax benefit (continued)

(d) Tax losses

	2014 \$'000	2013 \$'000
Unused tax losses for which no deferred tax asset has been recognised	26,540	29,886
Potential tax benefit @ 30%	7,962	8,966

9 Current assets - Cash and cash equivalents

	2014 \$'000	2013 \$'000
Cash at bank	115	159
11am account	926	1,029
Futures account	73	25
	1,114	1,213

These accounts are earning interest at rates between 1.3% and 1.75% as at 30 June 2014 (2013: 1.3% and 1.75%).

(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:

	2014 \$'000	2013 \$'000
Balances as above	1,114	1,213

(b) Risk exposure

The Company's exposure to interest rate risk is discussed in Note 3. 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 BNP Paribas, and the Commonwealth Bank of Australia. Both of which are rated at least A+ by Standard & Poor's.

10 Current assets - Trade and other receivables

	2014 \$'000	2013 \$'000
Dividends and distributions receivable	641	567
Interest receivable	2	2
GST receivable	17	25
Due from brokers	-	567
	660	1,161

10 Current assets - Trade and other receivables (continued)

(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 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.

11 Derivative financial instruments

In the normal course of business, the Company enters into transactions in derivative financial instruments with certain risks. A derivative is a financial instrument or other contract whose value depends on, or is derived from, underlying assets, liabilities or indices. Derivative transactions include a wide assortment of instruments, such as forwards, futures, options and swaps.

Derivatives are considered to be part of the investment process. The use of derivatives is an essential part of the Company's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multi-faceted and includes:

- (i) hedging to protect an asset of the Company against a fluctuation in market values or to reduce volatility;
- (ii) as a substitute for physical securities; and
- (iii) adjustment of asset exposures within the parameters set out in the investment strategy.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

The Company holds the following derivative instruments:

Options:

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price. The seller receives a premium from the purchaser in consideration for the assumption of future securities price. Options held are exchange-traded.

Futures:

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

2014

	Notional values	Fair values \$'000	
	\$'000	Assets	Liabilities
Futures	134	*	-
Options	16	3	(1)

2013

	Notional values	Fair values \$'000	
	\$'000	Assets	Liabilities
Futures	477	-	*

*At 30 June 2014, the fair value of futures is \$25 (2013: (\$25)).

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

	2014 \$'000	2013 \$'000
Listed securities		
Investment in shares and property trusts	<u>72,259</u>	63,214

The list showing investments treated as equity instruments and revalued through Other Comprehensive Income can be found on pages 51-52 of this report.

Certain securities within the investment portfolio were disposed during the financial year during the normal course of the Company's business as a listed Investment Company. The fair value of the investments sold during the year was \$24.891m (2013: \$16.435m). The cumulative loss on these disposals was \$2,859,948 for the year before tax (2013: loss \$2,775,926), 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 Note 3.

13 Non-current assets - Deferred tax assets

As at 30 June 2014 a deferred tax asset totalling \$11.717m arising from total prior year tax losses of \$39.058m are available to the Company. In the previous financial years \$8.966m of this deferred tax asset was written off in the accounts, 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 Perennial Value Management 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 tax losses forward for tax purposes. During the year ended 30 June 2014, the Company reinstated an amount of \$1.004m from the previously written off deferred tax asset due to significant unrealised gains. The deferred tax asset remaining on the cumulative written down capital losses amounted to \$7.962m as at 30 June 2014.

The Board considers the current level of deferred tax asset from recorded tax losses of \$3.755m to be reasonable and adequate, providing the opportunity to utilise these losses against gains of up to \$12.517m.

	2014 \$'000	2013 \$'000
The balance comprises temporary differences attributable to:		
Realised capital losses at 30%	11,717	12,463
Cumulative write down of capital losses	(7,962)	(8,966)
Audit fees and director's superannuation accruals at 30%	10	10
Imputation credits to utilise in future years	225	147
Buy back related fees	11	22
Total deferred tax assets	<u>4,001</u>	3,676

13 Non-current assets - Deferred tax assets (continued)

Movements:

Opening balance	3,676	5,588
Charged/credited:		
- to other comprehensive income	248	(1,981)
- to profit or loss	77	69
Closing balance	<u>4,001</u>	<u>3,676</u>

14 Current liabilities - Trade and other payables

	2014 \$'000	2013 \$'000
Management fees payable	82	74
Due to brokers	38	384
Other payables	57	58
	<u>177</u>	<u>516</u>

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.

15 Non-current liabilities - Deferred tax liabilities

	2014 \$'000	2013 \$'000
Net unrealised gains on investments	3,553	1,293
Interest and dividend accruals	38	27
	<u>3,591</u>	<u>1,320</u>
Movements:		
Opening balance	1,320	21
Charged/credited:		
- profit or loss	11	6
- to other comprehensive income	2,260	1,293
Closing balance	<u>3,591</u>	<u>1,320</u>

16 Issued capital

(a) Share capital

	30 June 2014 Shares	30 June 2013 Shares	2014 \$'000	2013 \$'000
Ordinary shares - fully paid	79,689,496	79,689,496	73,457	73,457

16 Issued capital (continued)

(b) Movements in ordinary share capital

Date	Details	Notes	Number of shares	Issue price \$	\$'000
1 July 2012	Opening balance		79,425,916		73,334
	Dividend reinvestment plan issues	(d)	463,020	0.57	265
	Share buyback - on market	(e)	(199,440)	0.71	(142)
30 June 2013	Balance		<u>79,689,496</u>		<u>73,457</u>
30 June 2014	Balance		<u>79,689,496</u>		<u>73,457</u>

(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) applied to the interim and final dividends for the year ended 30 June 2012. The market price at which the shares were issued under the DRP was calculated at a 2% discount to the weighted average sale price per share of all shares traded on the ASX during a period of five trading days, starting the first day after the record date.

The DRP has not been offered since and will not apply to any dividends declared subsequent to the 2012 financial year.

(e) Share buy-back

On 6 November 2012, the Company announced an on-market share buy-back program commencing 26 November 2012 and concluding no later than 12 months from that date. At 30 June 2013, the Company bought back 199,440 shares at an average price of \$0.71. The Company renewed the share buy-back program in November 2013 for at least another 12 months but has not bought any shares.

(f) 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.

17 Reserves and accumulated losses

(a) Reserves

	2014 \$'000	2013 \$'000
Investment portfolio revaluation reserve	7,478	2,467
Investment portfolio realised gains/losses reserve	<u>(1,562)</u>	<u>(3,564)</u>
	<u>5,916</u>	<u>(1,097)</u>

2014 \$'000	2013 \$'000
----------------	----------------

Movements:

<i>Investment portfolio revaluation reserve</i>		
Opening balance	2,467	(7,090)
Net unrealised gains/losses on investments	7,142	13,653
Income tax on net unrealised gains/losses on investments	<u>(2,131)</u>	<u>(4,096)</u>
Closing balance	<u>7,478</u>	<u>2,467</u>

<i>Investment portfolio realised gains/losses reserve</i>		
Opening balance	(3,564)	(1,621)
Net realised gains/losses on investments	2,860	(2,776)
Income tax on net realised gains/losses on investments	<u>(858)</u>	<u>833</u>
Closing balance	<u>(1,562)</u>	<u>(3,564)</u>

(b) Accumulated losses

Movements in accumulated losses were as follows:

	2014 \$'000	2013 \$'000
Balance 1 July	(4,909)	(6,065)
Net profit for the year	3,375	2,272
Dividends	<u>(5,140)</u>	<u>(1,116)</u>
Balance 30 June	<u>(6,674)</u>	<u>(4,909)</u>

Notes

18

18 Dividends

	2014 \$'000	2013 \$'000
a) Ordinary shares		
Final dividend for the 2014 financial year	1,594	-
Final dividend for the 2013 financial year	1,155	-
Interim dividend	2,391	1,116
	<u>5,140</u>	<u>1,116</u>

(b) Dividend franking account

	2014 \$'000	2013 \$'000
Opening balance of franking account	971	940
Franking credits on dividends received	1,061	987
Tax paid during the year	-	1
Franking credits paid on ordinary dividends paid	(1,520)	(955)
Loss of franking credits under 45 day rule	-	(2)
Closing balance of franking account	<u>512</u>	<u>971</u>
Adjustments for tax payable/refundable in respect of the current year's profits and the receipt of dividends, dividends declared	<u>(468)</u>	<u>(291)</u>
Adjusted franking account balance	<u>44</u>	<u>680</u>

(c) Dividend rate

Dividends declared and/or paid fully franked at 30% tax rate in respect of the corresponding financial year

	Dividend Rate	Total Amount	Date of Payment	% Franked
2014				
Ordinary shares - final	2.0	\$1,594	30/09/2014	100
Ordinary shares - interim	3.0	\$2,391	21/03/2014	100
2013				
Ordinary shares - final	1.45	\$1,155	17/09/2013	100
Ordinary shares - interim	1.4	\$1,116	20/03/2013	100

19 Key management personnel disclosures

(a) Key management personnel compensation

	2014 \$	2013 \$
Short-term employee benefits	57,682	74,933
Post-employment benefits	62,318	44,092
	<u>120,000</u>	<u>119,025</u>

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 16.

20 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

(a) Grant Thornton Audit Pty Limited

	30 June 2014 \$	30 June 2013 \$
<i>Audit and other assurance services</i>		
Audit and review of financial statements	49,075	45,218
Total remuneration for audit and other assurance services	<u>49,075</u>	<u>45,218</u>
 Total auditors' remuneration	 <u>49,075</u>	 <u>45,218</u>

21 Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 19.

(b) 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.

22 Events occurring after the reporting period

No 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.

23 Reconciliation of profit after income tax to net cash inflow from operating activities

	2014 \$'000	2013 \$'000
Profit for the year	3,375	2,272
Fair value losses on financial assets at fair value through profit or loss	14	11
Realised losses/(gains) on futures and options	16	(9)
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(66)	(44)
Decrease in current tax assets	1	-
(Increase) in other current assets	(3)	(13)
(Increase) in deferred tax assets	(325)	(57)
Increase/(decrease) in trade and other payables	8	(2)
(Decrease)/increase in deferred tax liabilities	(733)	10
Net cash inflow from operating activities	<u>2,287</u>	<u>2,168</u>

24 Non-cash investing and financing activities

	2014 \$'000	2013 \$'000
Dividends reinvested	<u>-</u>	<u>265</u>

25 Earnings per share

(a) Basic earnings per share

	2014 Cents	2013 Cents
From continuing operations attributable to the ordinary equity holders of the Company	<u>4.24</u>	<u>2.86</u>
Total basic earnings per share attributable to the ordinary equity holders of the Company	<u>4.24</u>	<u>2.86</u>

(b) Diluted earnings per share

	2014 Cents	2013 Cents
Diluted earnings per share	<u>4.24</u>	<u>2.86</u>
Total diluted earnings per share attributable to the ordinary equity holders of the Company	<u>4.24</u>	<u>2.86</u>

Diluted earnings per share is the same as basic earnings per share.

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

25 Earnings per share (continued)

(c) Reconciliation of earnings used in calculating earnings per share

	2014 \$'000	2013 \$'000
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share:		
From continuing operations	3,375	2,272
<i>Diluted earnings per share</i>		
Profit from continuing operations attributable to the ordinary equity holders of the Company		
From continuing operations	3,375	2,272

(d) Weighted average number of shares used as denominator

	2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<u>79,689,496</u>	<u>79,464,516</u>
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>79,689,496</u>	<u>79,464,516</u>

26 Contingencies

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

The Investment Management Agreement with Perennial Value Management may be terminated by either party giving to the other no less than 30 days written notice of its intention to do so.

The Company had no other contingent liabilities at 30 June 2014 (2013: nil).

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 19 to 46 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 entity's financial position as at 30 June 2014 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 International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Robert Turner
Chairman

Sydney
27 August 2014

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Independent Auditor's Report To the Members of Century Australia Investments Limited

Report on the financial report

We have audited the accompanying financial report of Century Australia Investments Limited (the "Company"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' responsibility 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. The Directors' responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Century Australia Investments Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 13 to 16 of the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Century Australia Investments Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



G S Layland
Director - Audit & Assurance

Sydney, 27 August 2014

Investment Holdings at 30 June 2014

Security Code	Security Name	Portfolio Value \$	% of Total Portfolio Value
CONSUMER DISCRETION			
AHD	AMALGAMATED HOLDINGS	918,680	1.25%
ALL1	ARISTOCRAT LEISURE	584,635	0.80%
CWN	CROWN RESORTS LIMITED	1,024,912	1.40%
FXJ	FAIRFAX MEDIA LTD	877,326	1.20%
HVN	HARVEY NORMAN HLDGS	1,182,735	1.61%
SUL	SUPER RETAIL GRP LTD	336,040	0.46%
TOTAL CONSUMER DISCRETION		4,924,328	6.72%
CONSUMER STAPLES			
CCL	COCA COLA AMATIL	640,266	0.87%
WES	WESFARMERS	1,185,578	1.62%
TOTAL CONSUMER STAPLES		1,825,844	2.49%
ENERGY			
AWE	AWE LIMITED	612,009	0.84%
ORG	ORIGIN ENERGY LTD	1,788,492	2.44%
WPL	WOODSIDE PETROLEUM	2,678,348	3.66%
TOTAL ENERGY		5,078,849	6.94%
HEALTHCARE			
RMD	RESMED INC	850,946	1.16%
TOTAL HEALTHCARE		850,946	1.16%
INDUSTRIALS			
AIO	ASCIANO LIMITED	1,458,901	1.99%
BXB	BRAMBLES LTD	1,273,374	1.74%
FMGKT7	FMG 5.00 240714 CO	3,675	0.01%
LLCY79	LLC 280814 14.00 CO	-1,305	0.00%
TOTAL INDUSTRIALS		2,734,645	3.74%
MATERIALS			
AMC	AMCOR	1,428,336	1.95%
BHP	BHP BILLITON LIMITED	7,241,066	9.87%
BKW	BRICKWORKS LIMITED	856,196	1.17%
BLD	BORAL LIMITED	711,662	0.97%
BSL	BLUESCOPE STEEL LTD	1,029,761	1.41%
ILU	ILUKA RESOURCES LTD	626,693	0.86%
NCM	NEWCREST MINING	540,603	0.74%
ORA	ORORA LIMITED ORDINA	843,528	1.15%
ORI	ORICA LIMITED	1,025,673	1.40%
RIO	RIO TINTO LIMITED	1,955,309	2.67%
SGM	SIMS METAL MGT LTD	820,259	1.12%
TOTAL MATERIALS		17,079,086	23.31%

Investment Holdings at 30 June 2014

Security Code	Security Name	Portfolio Value \$	% of Total Portfolio Value
PROPERTY TRUSTS			
AOG	AVEO GROUP ORDINARY	748,546	1.02%
LLC	LEND LEASE GROUP	1,604,095	2.19%
SCG	SCENTRE GROUP STAPLE	697,471	0.95%
SGP	STOCKLAND	1,260,259	1.72%
WFD	WESTFIELD CORPORATION	1,254,653	1.71%
TOTAL PROPERTY TRUSTS		5,565,024	7.59%
TELECOM SERVICES			
TLS	TELSTRA CORP LIMITED	4,271,820	5.83%
TOTAL TELECOM SERVICES		4,271,820	5.83%
UTILITIES			
AGK	AGL ENERGY MERGCO	1,217,862	1.66%
TOTAL UTILITIES		1,217,862	1.66%
FIN-X-PROP TRUSTS			
AMP	AMP LIMITED	1,997,941	2.73%
ANZ	ANZ BANKING GROUP	5,514,115	7.53%
CBA	COMMONWEALTH BANK	4,851,102	6.62%
HGG1	HENDERSON GROUP CDI	940,447	1.28%
MQG	MACQUARIE GROUP LTD	2,515,249	3.43%
NAB	NATIONAL AUST BANK	5,000,210	6.82%
QBE	QBE INSURANCE	1,686,612	2.30%
WBC	WESTPAC BANKING CORP	6,205,323	8.47%
TOTAL FIN-X-PROP TRUSTS		28,710,999	39.18%
OTHER			
	SPI FUTURES	25	0.00%
	CASH	999,099	1.36%
TOTAL OTHER		999,124	1.36%
TOTAL		73,258,527	100.00%

The Shareholder information set out below was applicable as at 24 September 2014.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Holding	Ordinary shares
1 - 1000	183
1,001 - 5,000	528
5,001 - 10,000	473
10,001 - 100,000	948
100,001 and over	94
	2,226

There were 91 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

Name	Ordinary shares Number held	Percentage of issued shares
RBC Investor Services Australia Nominees Pty Limited	18,283,042	22.94
Citicorp Nominees Pty Limited	2,894,595	3.63
One Managed Investment Funds Limited ACF Sandon Capital Investments Limited	2,403,479	3.02
National Nominees Limited	2,322,666	2.91
HSBC Custody Nominees (Australia) Limited	1,982,780	2.49
Mr Warwick Sauer	881,258	1.11
Silc Pty Ltd (Stephen Winter S/F A/C)	677,735	0.85
PW and VJ Cooper Pty Limited (PW & VJ Cooper S/F A/C)	530,348	0.67
BT Portfolio Services Limited (Dr Trevor Sauer App A/C)	470,000	0.59
Farnworth House Pty Ltd	459,534	0.58
Trophy Components Distributors Pty Ltd	450,000	0.56
Bond Street Custodians Limited	450,000	0.56
Mr Fred Simpson-Morgan	437,587	0.55
LIC Investments Pty Ltd	425,000	0.53
Netwealth Investments Limited	423,926	0.53
Trustees of the Sisters of St Joseph Maitland	351,750	0.44
Fischers Family Fund Pty Ltd	335,810	0.42
Delta Asset Management Pty Ltd	330,000	0.41
UBS Wealth Management Australia Nominees Pty Ltd	319,412	0.40
BNP Paribas Noms Pty Ltd	301,013	0.38
	34,729,935	43.57

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
Wilson Management Group	18,283,042	22.94%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary Share

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

E. Stock Exchange Listing

Quotation has been granted for all of the ordinary shares of the Company on all member exchanges of the ASX.

F. Unquoted Securities

There are no unquoted shares on issue.

G. Transaction Summary

During the financial year, 1,820 transactions in securities were made by the Company. The total brokerage expensed during the year was \$92,950.

H. Investment Management Agreement

The management fee is 0.40% pa with a performance fee payable annually at a rate of 10% of the outperformance in excess of the Fund Benchmark plus a hurdle of 1% pa. The Performance Fee is calculated on a monthly basis, with the accrued Performance Fee payable on an annual basis effective 30 June each year (i.e. Performance Fee Period, other than on commencement or termination runs from 1 July to 30 June). The accrued Performance Fee is subject to the recoupment of any accrued under-performance from prior Performance Fee periods. The gross performance will be calculated by the Manager and agreed with the Company.

The investment management agreement between PVM and Century can be terminated at any time by giving the other party not less than 90 days written notice.

I. Securities subject to voluntary escrow

There are no shares issued to voluntary escrow.

J. Share Allotment History

Date of Issue	Type	Price
Listing - 8 April 2004	Initial Allotment	\$ 1.0000
24-Mar-05	DRP	\$ 0.9850
29-Sep-05	DRP	\$ 1.0054
04-Apr-06	DRP	\$ 1.1016
29-Sep-06	DRP	\$ 1.1167
26-Mar-07	DRP	\$ 1.2444
28-Sep-07	DRP	\$ 1.3203
28-Mar-08	DRP	\$ 1.1262
29-Sep-08	DRP	\$ 0.9137
16-Mar-12	DRP	\$ 0.5948
15-Aug-12	DRP	\$ 0.5721

The DRP has not been offered since and will not apply to the final dividend declared during the year.