14 January 2015

CENTURY AUSTRALIA INVESTMENTS LIMITED

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

Dear Sir/Madam

MONTHLY NET TANGIBLE ASSETS PER SHARE

The unaudited Net Tangible Asset Backing ("NTA") for Century Australia Investments Limited ("Century Australia") is as follows:

	31 December 2014	30 November 2014
NTA per share (ex-dividend)	**92.9 cents**	**91.3 cents**
Deferred tax asset on carry forward realised losses	5.0 cents	5.0 cents
Deferred tax liability on unrealised income and gains	(3.8 cents)	(3.4 cents)
NTA per share after all tax balances (ex-dividend)	**94.1 cents**	**92.9 cents**

In addition to the deferred tax asset (DTA) of 5.0 cents per share recorded in the accounts **there is a further $7.41m or 10.86 cents per share of tax benefit on realised losses which is not carried on the Company's balance sheet** and is available to be offset against future taxation liabilities.

In total there are approximately $26.5m of losses after deducting unrealised gains as at 31 December 2014 of $8.6m from total available carried forward tax losses of $35.1m. Until all carried forward tax losses are recouped, Century Australia will not be paying tax.

The fact that Century Australia is currently not liable to pay tax, means that the level of franked dividends paid is restricted by the level of franking credits received by way of fully franked dividend income. Once the total carry forward tax losses are utilised, Century Australia will return to paying tax on any realised gains. Tax payments will generate additional franking credits from which franked dividends can be paid.

Notes:

1. The Net Tangible Asset Backing calculation is based on the Company's interpretation of law relating to ASX Listing Rule 4.12.
2. 'NTA per share after all tax balances' represents investments at market value, less associated selling costs and less all other accrued expenses.
3. 'NTA per share' this is the value per share should the Company be liquidated at the relevant month end.

PORTFOLIO PERFORMANCE

December 2014	Return	Benchmark	Excess
1 Month	2.05%	2.04%	0.01%
1 Year	6.60%	5.30%	1.30%

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PERENNIAL VALUE MANAGEMENT COMMENTARY

Market Review:

The Australian equities market recovered from early losses to rally strongly into month end, with the benchmark S&P/ASX300 Accumulation Index finishing up 2.0%.

December brought further slides in commodity prices, including the price of oil, which has had a significant impact on the prices of energy stocks. For example, Santos, a Top-50 stock (which the portfolio does not hold) has fallen 46% from its peak. Global markets were softer, with the S&P500 (down 0.4%), FTSE (down 2.3%), Euro Stoxx 50 (down 3.2%) and Nikkei 225 (down 0.1%) all weaker. However, there was further evidence that global growth is improving. In particular, the data for the US was positive, with the revised Q3 GDP data showing the firmest rate of growth since 2003 and nonfarm payrolls growing 321,000, well above expectations. In other regions, key German data improved, there were positive signs that Japan's economy is emerging from recession in the current quarter and China's data was consistent with growth at close to 7% in Q4, although a key manufacturing PMI dropped below 50. Global inflation continued to fall, suggesting a prolonged period of low interest rates.

In Australia, GDP growth was unexpectedly weak in the September quarter, with real disposable income falling again, however, the partial data for the fourth quarter pointed to improvement. Retail sales for October were soft, albeit better than expected and home building approvals boomed, as did employment for November. The jobless rate, however, rose to a new 12-year high of 6.3%, and business and consumer sentiment fell, with the mid-year economic update revealing further deterioration in the budget deficit, largely due to lower commodity prices. The RBA left interest rates unchanged at 2.5% and the AUD continued to fall, reaching a four-year low of 81 US cents.

Defensive sectors outperformed during the month, with Healthcare (up 5.6%), Telcos and REITs (both up 4.5%). Collectively, this represented the portfolio's biggest headwind for the month. Industrials (up 5.8%) also outperformed. The worst performing sectors were Metals and Mining (down 3.0%), followed by Consumer Discretionary (down 2.2%) and Energy (down 1.7%).

Portfolio Review:

The Century Australia Investment Portfolio delivered a return of 2.0%, in line with the market.

For the 2014 calendar year, the S&P/ASX300 Accumulation Index delivered a total return of 5.3%. The Portfolio delivered a return of 6.6%, outperforming the index by 1.3%. In a relative sense, we believe this to be a reasonable outcome, as our value style has faced significant headwinds over the past year. Over this period, the Australian stock market has been driven by a small number of interest rate sensitive and perceived defensive stocks and sectors, predominantly REITs (up 26.8%) and Healthcare (up 23.0%). This continued in December. This narrowing of investor focus towards a very limited universe of perceived

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defensive large caps has been a global phenomenon over the past 12 months. However, we have remained true to style and have not invested in these very expensive stocks.

The best performing stock in the portfolio for the month was Fairfax (up 18.2%) which announced the merger of its radio business with Macquarie Radio Network and the sale of its Perth station to APN. The transaction sees Fairfax gain a majority stake in the merged entity as well as receiving $96m cash which will further strengthen its already debt-free balance sheet.

Stocks with significant offshore earnings rallied on the lower AUD, such as Sims Metal (up 13.3%), Bluescope Steel (up 13.3%), Amcor (up 11.7%), Resmed (up 11.0%) and Ansell (up 8.0%). Other stocks which performed well included Downer (up 9.8%) after announcing a major new mining services contract win, Orora (up 8.6%), Boral (up 8.4%) after announcing the sale of their landfill business to TPI, Orica (up 7.2%) and Lend Lease (up 7.0%). Woodside (up 6.3%) rallied after announcing the acquisition of a number of assets from Apache and Telstra (up 4.9%) rose after signing the revised NBN deal.

Stocks which detracted from performance tended to be resource related names, with Iluka Resources (down 13.1%), BHP (down 5.0%), Origin Energy (down 4.7%) and Rio Tinto (down 1.9%). Crown Resorts (down 11.8%) also underperformed on weakness in the Macau gaming market.

In terms of portfolio activity, we reduced exposures in a limited number of holdings including ANZ, Harvey Norman and Resmed. Having increased the Harvey Norman position during August at an average share price of $3.14, the company has subsequently performed strongly despite the overall recent poor performance of consumer discretionary stocks. Profits were taken at an average share price of $3.45. Harvey Norman remains the portfolio's highest conviction consumer discretionary holding, with exposure to the strength of the residential property market via its furnishings and appliances sales. Resmed has performed very strongly in recent months. Readers may recall that the company was introduced into the portfolio in the June 2014 quarter following considerable share price weakness. The average entry share price was below $5.00 and profits were taken during this month at $7.00, some 40% above the entry price.

Proceeds were predominantly reinvested into AWE (a mid-cap diversified oil and gas producer) and Coca Cola Amatil. Having taken good profits in mid-calendar 2014 at $1.80, the AWE share price has been mercilessly treated during the recent energy sector sell off. In the three months to mid-December, the share price had fallen some 40% to a level which we believe offered significant value. Shares were subsequently purchased at an average $1.13 during the month and our internal research indicates that the medium-term value of the company's asset base is in excess of $2.00. We continued to add to Coca Cola Amatil at the sub-$9 level.

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Investment Outlook:

December highlighted the ongoing volatility in markets. However, investors should take comfort from the fact that the recent reporting season showed that company earnings are growing and valuations are reasonable. The fall in energy prices, if sustained should also provide further economic stimulus. Longer-term, as economic growth resumes and broadens, led in particular by a recovering US economy, company profits will continue to grow.

Top Equity Holdings – 31 December 2014:

The top ten equity holdings of the Century Australia Portfolio as at 31 December 2014 were as follows:

Security Name	% of Portfolio
Westpac	8.4
BHP Billiton	8.1
National Australia Bank	7.8
Telstra	6.9
Commonwealth Bank of Australia	6.5
ANZ Banking Group	6.4
Woodside Petroleum	3.3
Rio Tinto	3.0
Macquarie Group	2.9
AMP	2.7

As at month end, stock numbers were 41 and cash stood at 2.1%.

Performance returns

December 2014	Return	Benchmark	Excess
1 Month	2.05%	2.04%	0.01%
1 Year	6.60%	5.30%	1.30%
2 Years (p.a)	15.00%	12.26%	2.74%

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