

# **Century Australia Investments Limited**

ABN 11 107 772 761

## **Appendix 4D**

### **Preliminary report for the half-year ended 31 December 2014**

## Half-year report

This half-year report is for the reporting period from 1 July 2014 to 31 December 2014. The previous corresponding half-year period was 1 July 2013 to 31 December 2013.

					\$'000
Revenue from ordinary activities	Down	3.2%	to		1,561
Profit before tax attributable to members	Down	11.6%	to		1,045
Profit from ordinary activities after tax attributable to members	Down	0.1%	to		1,658

### Dividends

	Cents per share	Total Amount \$'000	Record Date	Date of Payment	Percentage Franked
2014 interim	3	2,391	7/03/2014	21/03/2014	100
2014 final	2	1,594	12/09/2014	30/09/2014	100

### Net tangible assets

	31 December 2014	31 December 2013
NTA (per share) after all estimated tax balances	<b>0.941</b>	0.928
NTA (per share) before all deferred taxes	<b>0.929</b>	0.925

### Brief explanation of results

#### Financial Results

Operating profit before tax, and before realised and unrealised gains on investments, was \$1.045 million compared to \$1.182 million in the previous half-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 \$2.2 million, compared to a profit of \$7.8 million in the 2013 year. The 2013 result benefited from a net gain on the portfolio of \$6.2 million.

At the 2014 Annual General Meeting, an on market buyback of up to 20% of shares on issue was approved by shareholders. A total of 11,468,076 shares were purchased at an average price of 92 cents. The Company has the ability to buy back a further 4,469,823 shares prior to the expiry of the buy back on 9 November 2015. The Company's current issued capital is 68,221,420 shares.

Due to the reduced number of total shares on issue resulting from the shares bought back by the Company pursuant to the approved on market buy back, the holding of the Wilson Asset Management Group has increased from 23.4% to 27.4%.

**Financial Results (continued)**

The movement in the tax value of the Company's tax losses since 30 June 2014 is detailed below. Unutilised tax losses at 31 December 2014 total \$35.12 million which could have a \$10.54 million tax benefit for the Company.

	Tax value of losses carried forward at 30%					
	On Balance sheet (deferred tax asset)		Off Balance sheet		Total	
	\$(millions)	Cents per share	\$(millions)	Cents per share	\$(millions)	Cents per share
30 June 2014	3.76m	4.71	7.96m	9.99	11.72m	14.70
Losses utilised	(0.63)m		(0.55)m		(1.18)m	
31 Dec 2014	3.13m	4.58	7.41m	10.86	10.54m	15.44

As a result of the reduction in total shares on issue, the value of the tax losses to remaining shareholders is greater on a cents per share basis.

If unrealised gains at 31 December were realised, total tax losses available would have reduced from \$35.12 million (\$10.54 tax effected or 15.44 cps) to \$26.48 million (\$7.95 million tax effected or 11.64 cps).

A rising investment market and realisation of the resulting gains utilises the carried forward tax losses. For every 5% rise in the portfolio and realisation of these gains, there is an approximate \$3.0 million in utilisation of tax losses.

**Dividends**

The Board is pleased to announce a 1.5 cents per share fully franked dividend payable on 20 March 2015.

*Dividend dates*

Dividend Ex-Date: 4 March 2015

Dividend Record Date: 6 March 2015

Dividend Payment Date: 20 March 2015

The Board has chosen to distribute the majority of current period profits as the Company has available franking credits that the board would like to see in the hands of shareholders. The dividend reinvestment plan will not be in operation for this dividend.

The Board also anticipates paying a final dividend of up to 1.5 cents per share subject to performance of the portfolio and receipt of franked dividends.

**Net Tangible Assets**

The Net Tangible Asset Backing before all deferred tax balances as at 31 December 2014 was 92.90 cents per share compared to 92.50 cents per share as at 30 June 2014.

The discount to Net Tangible Asset Backing at 31 December 2014 was 4%.

**Portfolio Performance Commentary (prepared by Perennial Value Management)**

For the six months to December 2014, the S&P/ASX300 Accumulation Index (Index) delivered a total return of 2.4%. The Century Australia Investment Portfolio (Portfolio) delivered a return of 3.0%, outperforming the Index by 0.6%.

In a relative sense, we believe this to be a reasonable outcome, as our value style has faced significant headwinds over the past six months. Over this period, the Australian stock market has been driven by a small number of interest rate sensitive and perceived defensive stocks and sectors, in particular healthcare (up 24.0%) and REITs (up 12.7%). This narrowing of investor focus towards a very limited universe of perceived 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.

**Portfolio performance (continued)**

The largest contributors to Portfolio performance over the six month period included stocks with significant offshore earnings such as Orora (up 38.9%), Amcor (up 32.5%), Resmed (up 27.6%), Sims Metal (up 25.3%), Aristocrat Leisure (up 26.2%) and Ansell (up 14.8%). Stocks with exposure to the improving east coast economy also performed well, with Lend Lease (up 28.8%) and Harvey Norman (up 12.5%) rising on the back of the strong residential property construction market and Amalgamated Holdings (up 17.8%) benefiting from the expected pick-up in domestic tourism resulting from the lower Australian dollar. Telstra (up 17.5%) also contributed well due to its strong operational performance, solid cash flows and attractive dividend yield.

The Portfolio also benefited from not holding stocks such as Santos (down 40.7%), Woolworths (down 10.8%), Fortescue Metals (down 34.7%), Worley Parsons (down 39.2%) and Arrium (down 65.1%).

Stocks which detracted from performance were typically the Portfolio's resources holdings, with BHP (down 16.3%), Origin Energy (down 18.5%) and Iluka Resources (down 26.1%) as the sector was sold off on the back of lower commodity prices.

The top ten equity holdings of the Company 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

**Audit**

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

Robert Turner

Sydney  
26 February 2015

**Enquiries:**

Peter Roberts  
Company Secretary  
Century Australia Investments Limited  
Tel: (02) 8262 2800

# **Century Australia Investments Limited**

ABN 11 107 772 761

## **Interim Report for the half-year ended 31 December 2014**

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

## **Interim Report - for the half-year ended 31 December 2014**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Century Australia Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## Directors' Report

Your Directors present their report together with the financial report of Century Australia Investments Limited ("the Company") for the half-year ended 31 December 2014.

### Directors

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

Robert Turner (Chairman)  
Stephen Menzies (Non-Executive Director)  
Ross Finley (Non-Executive Director)  
Geoffrey Wilson (Non-Executive Director) (appointed 22 September 2014)

### Review of operations

Operating profit before tax, and before realised and unrealised gains on investments, was \$1.045 million compared to \$1.182 million in the previous half-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 \$2.2 million, compared to a profit of \$7.8 million in the 2013 year. The 2013 result benefited from a net gain on the portfolio of \$6.2 million.

At the 2014 Annual General Meeting, an on market buyback of up to 20% of shares on issue was approved by shareholders. A total of 11,468,076 shares were purchased at an average price of 91.53 cents. The Company has the ability to buy back a further 4,469,823 shares prior to the expiry of the buy back on 9 November 2015. The Company's current issued capital is 68,221,420 shares.

Due to the reduced number of total shares on issue resulting from the shares bought back by the Company pursuant to the approved on market buy back, the holding of the Wilson Asset Management Group has increased from 23.4% to 27.4%.

The movement in the tax value of the Company's tax losses since 30 June 2014 is detailed below. Unutilised tax losses at 31 December 2014 total \$35.12 million which could have a \$10.54 million tax benefit for the Company.

	Tax value of losses carried forward at 30%					
	On Balance sheet (deferred tax asset)		Off Balance sheet		Total	
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As a result of the reduction in total shares on issue, the value of the tax losses to remaining shareholders is greater on a cents per share basis.

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A rising investment market and realisation of the resulting gains utilises the carried forward tax losses. For every 5% rise in the portfolio and realisation of these gains, there is an approximate \$3.0 million in utilisation of tax losses.

**Review of operations (continued)**

**Dividends**

The Directors of Century Australia declared a fully franked dividend on ordinary shares of 1.5 cents per share in respect of the financial period to 31 December 2014 payable on 20 March 2015. The interim dividend has not been provided for in the 31 December 2014 half-year financial report.

The Net Tangible Asset Backing before all deferred tax balances as at 31 December 2014 was 92.90 cents per share compared to 90.50 cents per share as at 30 June 2014.

The discount to Net Tangible Asset Backing at 31 December 2014 was 4%.

The Investment Manager, Perennial Value Management, generated pleasing portfolio returns over the past year:

<b>December 2014</b>	<b>Return</b>	<b>Benchmark</b>	<b>Excess</b>
6 Months	3.00%	2.37%	0.63%
1 Year	6.60%	5.30%	1.30%

**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.

**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 3.

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



Robert Turner  
Chairman

Sydney  
26 February 2015



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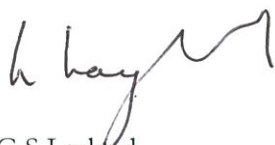
**Auditor's Independence Declaration  
To The Directors of Century Australia Investments Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Century Australia Investments Limited for the half-year ended 31 December 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 review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



G S Layland  
Director - Audit & Assurance

Sydney, 26 February 2015

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**Century Australia Investments Limited**  
**Statement of Comprehensive Income**  
**For the half-year ended 31 December 2014**

		<b>Half-year ended</b>	
		<b>31 December</b>	31 December
		<b>2014</b>	2013
	Notes	<b>\$'000</b>	\$'000
<b>Investment income from ordinary activities</b>	4	<u>1,561</u>	1,613
<b>Expenses</b>			
Management fees		(147)	(149)
Accounting fees		(55)	(45)
Share registry fees		(8)	(11)
Custody fees		(37)	(35)
Tax fees		(11)	(23)
Directors' fees		(60)	(61)
Legal fees		(10)	(1)
ASX fees		(24)	(21)
Audit fees		(49)	(42)
Other expenses		(39)	(43)
Fair value losses on financial assets		(76)	-
		<u>(516)</u>	(431)
<b>Profit before income tax</b>		<b>1,045</b>	1,182
Income tax benefit	5	<u>613</u>	474
<b>Profit for the period</b>		<u><b>1,658</b></u>	1,656
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Net unrealised (losses)/gains on investments taken to equity		(2,956)	6,929
Income tax relating to unrealised losses/(gains) on investments taken to equity		879	(2,080)
Net realised gains on investments taken to equity		3,673	1,879
Income tax relating to realised (gains) on investments taken to equity		(1,101)	(564)
<b>Other comprehensive income for the period, net of tax</b>		<u><b>495</b></u>	6,164
<b>Total comprehensive income for the period</b>		<u><b>2,153</b></u>	7,820
		<b>Cents</b>	Cents
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share	8	<b>2.13</b>	2.08
Diluted earnings per share	8	<b>2.13</b>	2.08

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

**Century Australia Investments Limited**  
**Statement of Financial Position**  
**As at 31 December 2014**

	At 31 December 2014 \$'000	30 June 2014 \$'000
Notes		
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,000	1,114
Trade and other receivables	72	660
Financial assets at fair value through profit or loss	6	2
Other current assets	29	25
<b>Total current assets</b>	<u>2,107</u>	<u>1,801</u>
<b>Non-current assets</b>		
Financial assets at fair value through other comprehensive income	61,680	72,259
Deferred tax assets	3,398	4,001
<b>Total non-current assets</b>	<u>65,078</u>	<u>76,260</u>
<b>Total assets</b>	<u>67,185</u>	<u>78,061</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	249	177
Dividends payable	-	1,594
<b>Total current liabilities</b>	<u>249</u>	<u>1,771</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	2,597	3,591
<b>Total non-current liabilities</b>	<u>2,597</u>	<u>3,591</u>
<b>Total liabilities</b>	<u>2,846</u>	<u>5,362</u>
<b>Net assets</b>	<u>64,339</u>	<u>72,699</u>
<b>EQUITY</b>		
Issued capital	6 62,944	73,457
Reserves	6,411	5,916
Accumulated losses	<u>(5,016)</u>	<u>(6,674)</u>
<b>Total equity</b>	<u>64,339</u>	<u>72,699</u>

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

**Century Australia Investments Limited**  
**Statement of Changes in Equity**  
**For the half-year ended 31 December 2014**

	Notes	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total \$'000
<b>Balance at 1 July 2013</b>		73,457	(1,097)	(4,909)	67,451
Profit for the period		-	-	1,656	1,656
<b>Other comprehensive income for the period</b>					
Net unrealised gains/(losses) on investments taken to equity		-	6,929	-	6,929
Income tax on net unrealised (gains)/losses on investments taken to equity		-	(2,080)	-	(2,080)
Net realised gains on investments taken to equity		-	1,879	-	1,879
Income tax on net realised (gains) on investments taken to equity		-	(564)	-	(564)
<b>Total other comprehensive income for the period, net of tax</b>		-	6,164	-	6,164
<b>Total comprehensive income for the period</b>		-	6,164	1,656	7,820
<b>Transactions with owners in their capacity as owners:</b>					
Issue of shares through dividend reinvestment plan	7	-	-	(1,155)	(1,155)
<b>Balance at 31 December 2013</b>		<b>73,457</b>	<b>5,067</b>	<b>(4,408)</b>	<b>74,116</b>
<b>Balance at 1 July 2014</b>		73,457	5,916	(6,674)	72,699
Profit for the period		-	-	1,658	1,658
<b>Other comprehensive income for the period</b>					
Net unrealised gains/(losses) on investments taken to equity		-	(2,956)	-	(2,956)
Income tax on net unrealised (gains)/losses on investments taken to equity		-	879	-	879
Net realised gains on investments taken to equity		-	3,673	-	3,673
Income tax on net realised (gains) on investments taken to equity		-	(1,101)	-	(1,101)
<b>Total other comprehensive income for the period</b>		-	495	-	495
<b>Total comprehensive income for the period</b>		-	495	1,658	2,153
<b>Transactions with owners in their capacity as owners</b>					
Share buy-back on market	6	(10,513)	-	-	(10,513)
Dividends provided for or paid	7	-	-	-	-
		(10,513)	-	-	(10,513)
<b>Balance at 31 December 2014</b>		<b>62,944</b>	<b>6,411</b>	<b>(5,016)</b>	<b>64,339</b>

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

**Century Australia Investments Limited**  
**Statement of Cash Flows**  
**For the half-year ended 31 December 2014**

	<b>Half-year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2013</b>
Notes	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Interest received	16	14
Dividends and trust distributions received	2,151	2,018
Other income	2	1
Income tax refund	-	1
Investment management fees paid	(71)	(142)
Payments for other expenses	(268)	(281)
<b>Net cash inflow from operating activities</b>	<b>1,830</b>	<b>1,611</b>
<b>Cash flows from investing activities</b>		
Payments for financial assets at fair value through other comprehensive income	(10,115)	(12,466)
Proceeds from sale of financial assets at fair value through other comprehensive income	21,278	12,888
<b>Net cash inflow from investing activities</b>	<b>11,163</b>	<b>422</b>
<b>Cash flows from financing activities</b>		
Payments for shares bought back	(10,513)	-
Dividends paid to the Company's shareholders	(1,594)	(1,155)
<b>Net cash (outflow) from financing activities</b>	<b>(12,107)</b>	<b>(1,155)</b>
<b>Net increase in cash and cash equivalents</b>	<b>886</b>	<b>878</b>
Cash and cash equivalents at the beginning of the year	1,114	1,213
<b>Cash and cash equivalents at end of period</b>	<b>2,000</b>	<b>2,091</b>

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

## **1 Summary of significant accounting policies**

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

### **(a) Basis of preparation of half-year report**

These interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Century Australia Investments Limited is a for-profit entity for the purpose of preparing the interim financial statements.

These interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Century Australia Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

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

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

#### *(ii) Impact of standards issued but not yet applied by the entity*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. The Directors do not expect this to have a significant impact on the recognition and measurement of the Company's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not been changed from the previous requirements, and the Company does not apply hedge accounting. The Company has not yet decided when to adopt AASB 9.

### **(b) Investments and other financial assets**

#### **Classification**

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

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

As at 31 December 2014 the Company held derivative instruments in the form of futures. Derivatives are classified as at fair value through profit or loss - held-for-trading. Derivatives in a net receivable position (positive fair value) are reported as financial assets at fair value through profit or loss. All derivatives in a net payable position (negative fair value) are reported as financial liabilities at fair value through profit or loss.

##### *(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.

## 1 Summary of significant accounting policies (continued)

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

#### **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 a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

Subsequent changes in fair value for financial assets 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 investment is disposed, the cumulative gain or loss, net of tax thereon, is recognised in the investment portfolio realised gains/losses reserve.

Financial 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, subsequent to initial recognition.

#### **Determination of Fair Value**

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

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

## 2 Fair value measurements

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

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

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

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

### (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).

## 2 Fair value measurements (continued)

### (a) Fair value hierarchy (continued)

#### (i) Recognised fair value measurements

The following table presents the Company's financial assets and liabilities measured and recognised at fair value at 31 December 2014 and 30 June 2014 on a recurring basis.

At 31 December 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Financial assets at FVTPL				
Trading securities	6	-	-	6
Financial assets at FVTOCI				
Equity securities	61,680	-	-	61,680
<b>Total financial assets</b>	<b>61,686</b>	<b>-</b>	<b>-</b>	<b>61,686</b>
At 30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at FVTPL				
Trading securities	2	-	-	2
Financial assets at FVTOCI				
Equity securities	72,259	-	-	72,259
<b>Total financial assets</b>	<b>72,261</b>	<b>-</b>	<b>-</b>	<b>72,261</b>

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

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

#### (ii) Disclosed fair values

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

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

## 3 Segment information

The Company has only one reportable segment. The Company is engaged solely in investment activities conducted in Australia, deriving revenue from dividend income, interest income and from the sale of its investments.



## 4 Revenue

	Half-year ended	
	31 December 2014	31 December 2013
	\$'000	\$'000
Fair value gains on financial assets	-	55
Dividends	1,389	1,456
Interest	16	14
Distributions	154	87
Other income	2	1
	<u>1,561</u>	<u>1,613</u>

## 5 Income tax benefit

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 31 December 2014 is (59%), compared to (40%) for the six months ended 31 December 2013. The increase in the income tax benefit for the current period is the result of writing back a portion of the previously written off deferred tax asset in order to offset the deferred tax liability that would otherwise be recorded.

## 6 Issued capital

### (a) Share capital

	31 December 2014	30 June 2014	31 December 2014	30 June 2014
	Shares	Shares	\$'000	\$'000
Ordinary shares	68,221,420	79,689,496	62,944	73,457

### (b) Movements in ordinary share capital

Date	Details	Number of shares	Average	\$'000
30 June 2014	Opening balance	79,689,496		73,457
31 December 2014	Share buyback - on market	(11,468,076)	\$0.92	(10,513)
31 December 2014	Balance	<u>68,221,420</u>		<u>62,944</u>

### (c) Dividend reinvestment plan

The Board has determined that the DRP will not apply to any dividends declared subsequent to period end.

## 6 Issued capital (continued)

### (d) Share buy-back

The Company renewed the share buy-back program for 12 months commencing 26 November 2013 however no shares were bought back during the half-year ended 31 December 2013.

At the 2014 Annual General Meeting, the Company received approval to buy back up to 15,937,899 Shares, representing 20% of the number of shares it has on issue as at the date of this Notice on-market, over the 12 months following the Annual General Meeting.

On 10 November 2014, Century Australia commenced an on market buy-back program. The Company bought back 11,468,076 shares for the period ended 31 December 2014.

## 7 Dividends

### (a) Dividends paid or payable during the reporting period

	Dividend Rate (cps)	Total Amount \$'000	Date of Payment	% Franked
<b>2014</b>				
Ordinary shares - final	2.0 cps	1,594	30/09/2014	100
Ordinary shares - interim	3.0 cps	2,391	21/03/2014	100

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

	Half-year ended	
	31 December 2014 \$'000	31 December 2013 \$'000
In addition to the above dividends, since period end the Directors have recommended the payment of an interim dividend of 1.5 cents per fully paid ordinary share (2013 - 3 cents), fully franked based on tax paid at 30%.	1,023	2,391

## 8 Earnings per share

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

	Half-year ended	
	31 December 2014 Cents	31 December 2013 Cents
From continuing operations attributable to the ordinary equity holders of the Company	2.13	2.08
Total basic and diluted earnings per share attributable to the ordinary equity holders of the Company	2.13	2.08

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.

## 8 Earnings per share (continued)

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

	Half-year ended 31 December 2014 \$'000	31 December 2013 \$'000
Profit for the period	1,658	1,656

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

	Half-year ended 2014 Number	2013 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	77,826,224	79,689,496

## 9 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 31 December 2014 (31 December 2013: nil).

## 10 Events occurring after the reporting period

Other than the dividend declared subsequent to period end, no other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

**Century Australia Investments Limited**  
**Directors' Declaration**  
**For the half-year ended 31 December 2014**

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 4 to 13 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Robert Turner  
Chairman

Sydney  
26 February 2015



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

We have reviewed the accompanying half-year financial report of Century Australia Investments Limited ("Company"), which comprises the statement of financial position as at 31 December 2014, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration.

### **Directors' responsibility for the half-year financial report**

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

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Century Australia Investments Limited financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Century Australia Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

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

**Conclusion**

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

- a giving a true and fair view of the Company's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



G S Layland  
Director – Audit & Assurance

Sydney, 26 February 2015