

# **Century Australia Investments Limited**

ABN 11 107 772 761

## **Annual Report for the year ended 30 June 2015**

## Results for announcement to the market

|                                                                                                                  |      |       |  | \$'000 |
|------------------------------------------------------------------------------------------------------------------|------|-------|--|--------|
| Revenue for ordinary activities (2014: \$3,147,000)                                                              | Down | 3.6%  |  | 3,034  |
| Profit before tax benefit attributable to members (2014: \$2,318,000)                                            | Down | 10.4% |  | 2,077  |
| Net profit after tax benefit (from ordinary activities) for the year attributable to members (2014: \$3,375,000) | Up   | 24.9% |  | 4,216  |

## Dividends

|                           | Dividend<br>Rate<br>cents | Total Amount<br>\$'000 | Record<br>date | Date of<br>Payment | % Franked |
|---------------------------|---------------------------|------------------------|----------------|--------------------|-----------|
| <b>2015</b>               |                           |                        |                |                    |           |
| Ordinary shares - final   | 1.75 cps                  | \$1,433                | 14/09/2015     | 30/09/2015         | 100       |
| Ordinary shares - interim | 1.5 cps                   | \$1,024                | 6/03/2015      | 20/03/2015         | 100       |

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

|                                                                         | 30 June 2015 | 30 June 2014 |
|-------------------------------------------------------------------------|--------------|--------------|
| Net tangible asset backing before tax (\$ per share)                    | 0.945        | 0.905        |
| Total dividends declared for the year (fully franked) (cents per share) | 3.25         | 5.00         |

Additional Appendix 4E disclosure requirements can be found in the Chairman's Review, Investment Manager's Report, Directors' Report and the 30 June 2015 financial statements and accompanying notes.

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

## **Annual Report - 30 June 2015**

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**Century Australia Investments Limited**  
**Corporate directory**

|                                                 |                                                                                                                                                          |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Directors</b>                                | Robert Turner (Chairman)<br>Stephen Menzies (Non-Executive Director)<br>Ross Finley (Non-Executive Director)<br>Geoffrey Wilson (Non-Executive Director) |
| <b>Secretary</b>                                | Peter Roberts                                                                                                                                            |
| <b>Principal registered office in Australia</b> | Level 3<br>99 Bathurst St<br>Sydney NSW 2000<br>+61 2 8262 2800                                                                                          |
| <b>Administration</b>                           | White Outsourcing Pty Limited<br>Level 3, 99 Bathurst Street<br>Sydney NSW 2000<br>Phone: +61 2 8262 2800<br>Fax: +61 2 9221 1194                        |
| <b>Share register</b>                           | Link Market Services Limited<br>Locked Bag A14<br>Sydney South NSW 1235<br>Phone: 1300 554 474<br>Fax: +61 2 9287 0303                                   |
| <b>Investment Manager</b>                       | Perennial Value Management Limited<br>ABN 22 090 879 904                                                                                                 |
| <b>Auditors</b>                                 | Grant Thornton Audit Pty Limited                                                                                                                         |
| <b>Stock exchange</b>                           | Australian Securities Exchange<br>ASX code: CYA                                                                                                          |
| <b>Website</b>                                  | <a href="http://www.centuryaustralia.com.au">www.centuryaustralia.com.au</a>                                                                             |

## Chairman's Review

### Financial Result

Operating profit before tax, and before realised and unrealised gains on investments, was \$2.08m compared to \$2.32m in the previous year. Century's operating profit consists largely of dividends, distributions and interest income less operating expenses.

The net result after realised gains and unrealised losses was a profit of \$6.25m, compared to a profit of \$10.39m in the 2014 year which included unrealised gains of \$7.1m whereas in 2015 there were unrealised losses of \$3.1m. A write back of deferred tax asset during the 2015 financial year of \$2.02m contributed towards the current year profit.

The net tangible assets per share of the company increased from \$0.905 to \$0.945 cents per share after the payment of a total of 3.5 cents per share in dividends during the year. The net assets of the Company increased from \$72.70m at 30 June 2014 to \$77.59m as at 30 June 2015. This increase reflects the overall gain during the year shown in the Statement of Comprehensive Income of \$6.25m and is after the following which took place during the financial year.

- the payment of \$1.02m in dividends
- capital bought back of \$10.5m.
- shares issued on exercise of rights of \$10.2m (net of capital raising costs)

### Portfolio Performance

The Board are pleased with the outstanding performance of Perennial Value Management ("PVM") in the past year as detailed below.

| Period                    | CYA    | Benchmark | Excess |
|---------------------------|--------|-----------|--------|
| 12 months to 30 June 2015 | 9.08%  | 5.61%     | 3.47%  |
| 3 years to 30 June 2015   | 18.03% | 14.71%    | 3.32%  |

In the year to June 2015, Perennial Value Management have ranked 2 amongst their peer value managers (as reported by Mercer Survey).

In the following report by Perennial Value Management, a full overview of the share market performance in the 2015 financial year is provided along with commentary on the Century investment performance.

### Tax Losses

As at 30 June 2015, the Company had on and off balance sheet a total of 12.04 cents per share of deferred tax asset. This equates to \$32.25m of available carried forward tax losses (\$9.67 million tax effected). After adjusting for unrealised profits of \$7.96m as at 30 June 2015 (\$2.39m tax effected), tax losses available for offset against future taxable gains is \$24.29m (\$7.28m tax effected).

**This translates to no tax being payable on future gains of 30.24 cents per share (9.07 cents per share tax effected).**

## Chairman's Review

### Dividends

*During the year the following dividends were paid or provided:*

|              |                     |               |                        |
|--------------|---------------------|---------------|------------------------|
| Final 2014   | 2 cents per share   | Fully franked | Paid 10 September 2014 |
| Interim 2015 | 1.5 cents per share | Fully franked | Paid 20 March 2015     |

The Board has declared a final dividend of 1.75 cents per share bringing total dividends paid for the 2014/15 financial year to 3.25 cents per share. Due to the existing carried forward tax losses, no tax will be paid on the next \$32.3m 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.

### Capital Management

During the 2014 financial year, the Board made various announcements in relation to a capital management proposal aimed at allowing shareholders the opportunity to liquidate their holding in Century at close to net tangible asset backing per share (NTA) less deferred tax balances. After canvassing alternatives informally with shareholders and considering the likely costs of unsuccessfully seeking shareholder approval for a wind up, the Board did not consider it in the best interests of shareholders to present a wind up resolution to the members.

As an alternative to the intended resolution to wind up the company, an on market share buy back was proposed and approved at Century's 2014 Annual General Meeting this buyback resulted in an approximate 14% reduction in the company's shares on issue as shareholders wishing to exit their investment at close to NTA did so.

Following the buy back and consistent with previous announcements, the Directors considered various capital structure options available and decided to undertake a rights issue to increase the scale of the Company to partially address the increased management expense ratio bought about by the buy back and to improve market liquidity. The rights issue was fully subscribed and resulted in the issue of 12,099,312 ordinary shares issued at \$0.846 per share.

Given the outstanding performance of Perennial Value Management, plus an independent board and a relatively low management expense ratio versus Century's peers, the Board is disappointed that the shares are trading at a discount to NTA.

The Board wishes to thank shareholders for their continued support. The Board will continue to seek to deliver regular income and long-term growth to shareholders through the focused and disciplined investment strategy of Perennial Value Management.



Robert Turner  
Chairman  
25 August 2015

## Annual Commentary 2015 from Perennial Value Management Limited

The Century Australia Investments Portfolio delivered a return of 9.1% for the financial year to 30 June 2015, outperforming the Index by 3.5%. This followed strong total returns of 25.4% and 20.2% in the 2013 and 2014 financial years, respectively.

Harvey Norman (up 53.1%) was the best performing stock in the Portfolio during the year with the company experiencing positive sales momentum driven by its exposure to the strength of the residential property market via its furnishings and appliances sales. At the start of the financial year, Harvey Norman was trading at \$3.06 and offered very attractive valuation characteristics, with a forecast one-year forward P/E ratio of 12.2x and gross yield of 8.9%. In addition to its leading market position, the company has a strong balance sheet, underpinned by a large property portfolio and significant surplus franking credits. As a result, the company decided to pay 14 cents per share, fully-franked, special dividend in December 2014. Including the ordinary dividend, this brought the total gross dividend yield received for the financial year to 15.4%. The share price closed the year at \$4.51. Harvey Norman remains the Portfolio's highest conviction consumer discretionary holding as the housing cycle remains strong, particularly in NSW which is the company's largest exposure.

Orora (up 51.2%) also performed strongly, following its demerger from Amcor, delivering efficiency gains and margin expansion. Other strong performers included Aristocrat Leisure (up 48.5%), Macquarie Group (up 42.0%), Amalgamated Holdings (up 39.0%), QBE (up 29.2%), Aveo Group (up 27.7%), Henderson Group (up 27.6%), Ansell (up 24.0%), Newcrest (up 23.8%), Telstra (up 23.6%) and Asciano (up 21.1%). Subsequent to 30 June 2015, Asciano received an indicative, non-binding, takeover offer of \$9.05 per share, a premium of 36% to the year-end price of \$6.65.

Stocks which detracted from performance over the year included Bluescope (down 44.1%) due to weaker steel prices, AWE (down 32.8%) on a weaker oil price, Flight Centre (down 19.8%) on weak retail sales growth and Crown (down 16.9%) on weakness in the Macau gaming market.

Portfolio activity during the year included the addition of stocks which in our view offer good value including CIMIC Group, Flight Centre and News Corporation. These positions were funded by taking profits and selling out of positions which had performed strongly and no longer offered attractive value such as Amcor, Brambles and Resmed.

Perennial Value Management Limited  
25 August 2015

## Corporate Governance Statement

As an ASX-listed company, Century Australia Investments Limited (“**Century**”) and its directors are committed to responsible and transparent financial and business practices to protect and advance shareholders’ interests. The Company’s strong corporate governance practices are based on the ASX Corporate Governance Principles and Recommendations.

The Board has adopted these ASX principles and recommendations which are complemented by the Company’s core principles of honesty and integrity. The corporate governance policies and practices adopted by the Board are outlined in Century’s Corporate Governance section on the company website at [http://www.centuryaustralia.com.au/pdf/century\\_australia\\_corporate\\_governance.pdf](http://www.centuryaustralia.com.au/pdf/century_australia_corporate_governance.pdf).

This corporate governance statement aims to disclose in summary form as clearly as possible Century’s corporate governance policies and practices so that they can be readily understood by our shareholders and other stakeholders.

This corporate governance statement relates to the 2015 financial year and accompanies Century’s 2015 Annual Report. This corporate governance statement is dated 12 August 2015 and is approved by the Board.

Century complies with the ASX Corporate Governance Council Principles and Recommendations (3rd Edition March 2014) unless otherwise stated. The ASX Corporate Governance Council (ASX CGC) has issued eight principles and as part of these principles, made 30 recommendations. Each principle is discussed below:

### **Principle 1: Lay solid foundations for management and oversight**

#### ***Role of the Board and Management***

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.

Further details of the Board’s role and responsibilities are contained in the Board Charter which is posted on the Company’s website ([www.centuryaustralia.com.au](http://www.centuryaustralia.com.au)).



***Candidates for election or re-election as a director***

Recommendation 1.2 requires a listed entity to undertake appropriate checks before appointing a person or putting forward a candidate for election as a Director. Following the 2014 AGM all appropriate checks will be undertaken by the entity for new and re-elected candidates. In addition, the Board will continue to provide security holders with all material information in its possession relevant to any decision to elect or re-elect a Director by inclusion in any Notice of Meeting.

***Written agreements with directors***

The Company complies with Recommendation 1.3 having signed letters of appointment for current Directors setting out the terms of their appointment.

***Company Secretary***

Mr Peter Roberts is appointed Company Secretary. In accordance with Recommendation 1.4 he is directly accountable to all Board members, facilitates all Board meetings and papers, acts in an advisory manner for governance matters and contactable via White Outsourcing Pty Limited.

***Diversity Policy***

The Company does not employ staff directly, therefore, the Board do not consider a diversity policy incorporating gender, age, disability, ethnicity, marital or family status, religious or cultural background, sexual orientation and gender identity is relevant. The Board recognize that diversity of gender and background are two important criteria take these into account in developing Board succession plans and appointment.. However, other selection criteria, in particular business acumen and industry experience, are also fundamentally important. 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.

***Performance evaluation of the Board, Directors and External Management***

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. In respect of the current financial year all assessments under this process have taken place in accordance with the process disclosed.

The Chair of the Audit Committee is responsible for review of the Chairman on an annual basis and reporting to the full Board.

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 service providers was conducted by the Board as a whole in accordance with the process disclosed.

Recommendation 1.7 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**

### ***Composition of the Century Board***

The names of the current Directors of the Company in office at the date of this statement are set out in the Directors' report on page 15.

The skills, experience and expertise relevant to the position of each director in office at the date of the Annual Report is included in the Directors' Report on pages 16-17.

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.

### ***Board skills matrix***

The Board seeks to ensure as a minimum the Board's skills matrix includes:

- (a) Each Director must be capable of making a valuable contribution to the effective and prudential operation of the Company and Board deliberations and processes;
- (b) Directors must collectively have the necessary skills, knowledge and experience to understand the risks of the Company, including its legal and prudential obligations and to ensure that the Company is managed in an appropriate way taking into account these risks;
- (c) All Directors must be able to read and understand fundamental financial statements and if required, may seek guidance from an independent professional advisor who is appropriately qualified in the area of finance and accounting.

The Board believes it has adequate representation of the necessary skills and requirements noted above.

### ***Length of service***

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

| <b>Name</b>     | <b>Term in office</b> |
|-----------------|-----------------------|
| Robert Turner   | 11 years              |
| Ross Finley     | 9 years               |
| Stephen Menzies | 9 years               |
| Geoffrey Wilson | 1 year                |

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 a Director has served in office for over 10 years this is not considered to impair their independence where all other criteria are met and independence where Directors are not associated with the Investment Manager or its related entities.

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.

### ***Nomination Committee***

ASX Recommendation 2.1 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.

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

***Independence***

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

| <b>Name</b>     | <b>Position</b>                              |
|-----------------|----------------------------------------------|
| Robert Turner   | Chairman, Independent Non-Executive Director |
| Ross Finley     | Independent Non-Executive Director           |
| Stephen Menzies | Independent Non-Executive Director           |

Geoffrey Wilson is not considered an independent director.

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) is not a substantial security holder of the company or an officer of, or otherwise associated with, a substantial security holder of the company;
- (e) has no material contractual relationship with the Company other than as a director; and
- (f) 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; and
- (g) has been a director of the company for such a period of time that their independence has not been compromised.

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 relation to Mr Turner, whilst he has been a director for more than 10 years the Board has carefully considered the independence of Mr Turner as required by ASX CGC Recommendation 2.3. The Board has assessed that there is nothing that might interfere or be reasonably seen to interfere with Mr Turner's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of Century and its shareholders as a whole. In particular, there is no reason to consider that Mr Turner has become too close to the investment manager and the Accounting and Administration Manager to be considered not independent. The Board also appreciates the deep understanding Mr Turner has of Century and its business.

Recommendation 2.4 requires that "A majority of the Board should be independent directors". The Company complies with this recommendation as the Board is 75% independent.

Recommendation 2.5 requires that "The Chair should be an independent director". The Company complies with this recommendation.

Recommendation 2.5 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.

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

### ***Induction and professional development***

Recommendation 2.6 states the listed entity should have a program for inducing new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their roles as directors effectively. Due to the small size of the Board an induction program or formal professional development program is not considered necessary for new and existing directors, the Chairman is best suited to address any queries a new Director may present on induction to the Board. Directors are expected to maintain their industry knowledge, however, may also enquire of the Investment Manager, Administration Manager and External Auditors as is necessary should technical queries arise.

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 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 and Board and Committee papers are generally provided to Directors at least 5 days prior to the relevant meeting.

## **Principle 3: Promote ethical and responsible decision making**

### ***Code of Conduct***

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 provider's compliance with the Company's Code of Conduct and Ethics, which is accessible to outside parties via the Company's website ([www.centuryaustralia.com.au](http://www.centuryaustralia.com.au)).

### ***Securities Trading Policy***

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 the Company is a listed investment company announcing its Investment Update and Net Tangible Assets monthly on the ASX, the Board believes the shareholders are generally fully informed. A KMP must not deal in shares of the Company if they are in possession of price sensitive or 'inside information'. The Board has also nominated that a KMP may not deal in shares of the Company the 5 business days before the announcement of a dividend (or any other capital management initiative that might have a material impact on the share price), the half year or full year results of the Company.

The Company may from time to time designate further periods of time as a prohibited period under this Policy.

Full details of the Company's Trading and Insider Trading policies can be found in the Corporate Governance policies located on the Company's corporate website.

#### **Principle 4: Safeguard integrity in financial reporting**

##### ***Audit & Risk Committee***

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 risk management and any other matter at the request of the Board. The Audit Committee will meet at least two times per year.

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

Mr Geoffrey Wilson was appointed to the Audit Committee on 12 August 2015.

The responsibilities of the Audit Committee are to ensure that:

- (a) Relevant, reliable and timely information is available to the Board to monitor the performance of the Company;
- (b) External reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
- (c) Recommendations for change to the Annual Report and other external reporting;
- (d) Management processes support external reporting in a format which facilitates ease of understanding by shareholders and institutions;
- (e) The external audit arrangements are adequate to ensure the maintenance of an effective and efficient external audit. This involves:
  - Reviewing the terms of engagement, scope and auditor's independence;
  - Recommendations as to the appointment, removal and remuneration of an auditor;
  - Reviewing the provision of any non-audit services provided by the external auditor, ensuring it does not adversely impact on audit independence;
- (f) Review the company's risk profile and assess the operation of the company's internal control system (via an annual risk management review).
- (g) Compliance with legal and regulatory requirements including requirements for the preparation and presentation of financial statements,
- (h) Compliance by White Outsourcing Pty Limited with their provision of agreed services.
- (i) The Audit Committee also 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 no additional recommendations were made to the Board regarding the entity's insurance.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to page 17 of the Directors' Report.

##### ***Financial Statements Declaration***

It is a requirement of the Board that White Outsourcing Pty Limited sign-off on the content of the financial statements, and that in their opinion, the financial records of the entity have been properly maintained, that the financial statements comply with the appropriate accounting standards and 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

**Principle 4: Safeguard integrity in financial reporting (continued)**

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 and all material business risks have been effectively managed.

**External auditor**

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

**Principle 5: Make timely and balanced disclosures**

The Company will operate under the continuous disclosure requirements of the ASX Listing Rules as set out in its Disclosure Policy.

The Company will ensure compliance with this Charter and will disclose:

- price sensitive information to the ASX as soon as it becomes aware of that information;
- ensure that the information is not false, misleading or deceptive so as to avoid creating what would constitute a false market; and
- ensure that the information is disclosed clearly (expressed objectively), accurately and is complete.

In doing so the Company will ensure compliance with Listing Rule 15.7 that requires an entity not to release information to anyone until it has given the information to the ASX and has received an acknowledgement from the ASX that the information has been released to the market.

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

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

Where possible, all continuous disclosure releases to the ASX are approved by the Board. The monthly net asset backing per share is prepared and approved by White Outsourcing. Where time does not permit approval by the Board, the Chairman of directors must approve the release.

All significant lodgements with the ASX are available on the Company's website at [www.centuryaustralia.com.au](http://www.centuryaustralia.com.au) via a direct link to the ASX website.

The Company has also adopted the following policies which can be located in the Company's Corporate Governance policy document:

- No comments policy
- Responding to analysts reports and forecasts
- Trading halts
- Advisors
- Contravention of policy

**Principle 6: Respect the rights of shareholders**

***Communications with Shareholders***

The Company seeks to keep its shareholders fully informed on all matters that affect their investment.

Century Australia Investments Limited's internet website can be accessed at [www.centuryaustralia.com.au](http://www.centuryaustralia.com.au). The objective of the website is to provide shareholders and potential investors with information that will assist them to assess the Company's performance.

All announcements to the ASX are available from the website via a direct link to the ASX website. These include:

- Monthly Net Asset Backing per share (including detailed commentary from the Investment Manager on the portfolio and markets);
- Half Year Report;
- Annual Report;
- Notice of Annual General Meeting and Explanatory Memorandum; and
- The Chairman's Address to the Annual General Meeting.

In addition:

- 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 [http://centuryaustralia.com.au/century\\_australia\\_annual\\_reports.htm](http://centuryaustralia.com.au/century_australia_annual_reports.htm).
- 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.

Should shareholders be unable to obtain this information by electronic means a hard-copy of the documents requested can be obtained by contacting the White Outsourcing on +61 2 8262 2800 or [century@whiteoutsourcing.com.au](mailto:century@whiteoutsourcing.com.au).

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.

Shareholders general queries outside of the Annual General Meeting are welcomed by contacting White Outsourcing Pty Limited on (02) 8262 2800 or by email [century@whiteoutsourcing.com.au](mailto:century@whiteoutsourcing.com.au). Any shareholding related enquiries contact the Share Registrar, Link Market Services Limited on 1300 554 474 or by email [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au).

Century considers shareholder meetings, particularly the AGM, as an important forum for two-way communication between the Company and the shareholders. All shareholders have the opportunity to provide questions or comments ahead of the AGM. Where appropriate, these are read out at the AGM and then responded to at the AGM or a transcript of the question and written answer is provided at the AGM. This provides an opportunity for shareholders who are not able to attend the AGM, the opportunity to exercise their right to ask questions about, or make comments on, the management of Century. In addition, the Company Secretary is available to take enquiries from shareholders and engage with the board in responding to enquiries and questions where necessary.



**Principle 7: Recognise and manage risk**

***Risk Management Framework***

The Board is responsible for ensuring the existence of an efficient and effective system of internal control. It is also responsible for ensuring that risks, and opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

***Audit and Risk Committee***

The Board has delegated the role of reviewing the risk profile and reporting on the operation of the internal control system to the Audit Committee.

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 Board is primarily responsible for recognising and managing administrative risks including (a) operational, (b) compliance and (c) financial reporting. 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) accordingly risk issues associated with these activities are handled in accordance with the service providers policies and procedures. The Board review, on an annual basis, the procedures and policies of outsourced service providers via direct discussion with the board and/or review of audit reports on their policies and procedures as well as obtaining certificates of currency of insurance cover which each service provider has in place.

Any deficiencies identified in internal control policies or the financial affairs of the Company by the external auditor are tabled for discussion at Audit Committee meetings.

In accordance with section 295A of the *Corporations Act 2001*, the Administration Manager White Outsourcing Pty Limited will confirm half-yearly in writing to the Board that in all material respects:

- The financial records of the Company have been properly maintained in accordance with section 286 of the Corporations Act 2001;
- The financial statements and notes comply with the Accounting Standards; and
- The financial statements and notes give a true and fair view.

In addition, White Outsourcing will confirm half-yearly 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; and
- all material business risks have been effectively managed.

***Market Risks***

The Company seeks to reduce 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 and material actions of the investment manager during that month. 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 Investment Manager monitors its compliance with respect to all relevant regulatory requirements. These compliance procedures are documented and are subject to regular monitoring and an independent auditor's opinion at financial year end. The Independent auditor's opinion at financial year end is provided to Century



**Principle 7: Recognise and manage risk (continued)**

when completed. Changes to the Investment Manager's compliance procedures are notified to Century's Board and remedial action is taken to effect changes, if necessary in procedures and practices of Century.

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. In relation to the current reporting period ended all reviews have taken place. These reviews are scheduled to be undertaken during August each year.

***Internal Audit***

The Company does not have a designated internal audit function. The Audit Committee is responsible for evaluating and continually improving the effectiveness of its risk management and internal control.

***Economic, Environmental and Social Sustainability Risks***

The Company does not consider it has any material exposure to economic, environmental or social sustainability risks under Recommendation 7.4.

**Principle 8: Remunerate fairly and responsibly**

***Remuneration Committee***

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. The Board reviews the Remuneration Report to be included in the Annual Report to shareholders each year.

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. 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.

***Remuneration Policies and Practices***

Recommendation 8.2 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.

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 (investment 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.

The Company does not comply with Recommendation 8.3 as it does not have an equity-based remuneration scheme.

***External Management***

Principle 8 provides alternatives to Recommendations 8.1, 8.2 and 8.3 for externally managed entities which should disclose a summary of any management agreement terms relating to management fees or the equivalent, including performance fees. While the Company is not strictly an externally managed entity per the Recommendations definition which refers to having a Responsible Entity, the Company has provided details of the remuneration of the Investment Manager at page 4.

## **Directors' Report**

Your Directors present their report on the Company for the year ended 30 June 2015.

### **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)  
 Geoffrey Wilson (Non-Executive Director) (appointed 22 September 2014)

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

### **Principal activities**

During the year, the principal activity of the Company was investment in securities listed on the Australian Stock Exchange for the medium to long term.

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

### **Dividends - Century Australia Investments Limited**

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

|                           | <b>Dividend<br/>Rate</b> | <b>Total Amount<br/>\$'000</b> | <b>Date of<br/>Payment</b> | <b>% Franked</b> |
|---------------------------|--------------------------|--------------------------------|----------------------------|------------------|
| <b>2015</b>               |                          |                                |                            |                  |
| Ordinary shares - final   | 1.75 cps                 | \$1,433                        | 30/09/2015                 | 100              |
| Ordinary shares - interim | 1.5 cps                  | \$1,024                        | 20/03/2015                 | 100              |
| <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              |

### **Review of operations**

Operating profit before tax, and before realised and unrealised gains on investments, was \$2.08m compared to \$2.32m in the previous year. Century's operating profit consists largely of dividends, distributions and interest income less operating expenses.

The net result after realised gains and unrealised losses was a profit of \$6.25m, compared to a gain of \$10.39m in the 2014 year which included unrealised gains of \$7.1m whereas in 2015 there were unrealised losses of \$3.1m. A write back of deferred tax asset during the 2015 financial year of \$2.02m contributed towards the current year profit.

The net tangible assets per share of the company increased from \$0.905 to \$0.945 cents per share after the payment of a total of 3.5 cents per share in dividends during the year. The net assets of the Company increased from \$72.70m at 30 June 2014 to \$77.59m as at 30 June 2015. This increase reflects the overall gain during the year shown in the Statement of Comprehensive Income of \$6.25m and is after the following which took place during the financial year:

- the payment of \$1.02m in dividends
- capital bought back of \$10.5m.
- shares issued on exercise of rights of \$10.2m (net of capital raising costs)

**Earnings per share**

|                                              | <b>2015</b> | <b>2014</b> |
|----------------------------------------------|-------------|-------------|
| Basic and diluted earnings (cents per share) | 5.78        | 4.24        |

**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**

On 12 May 2015, the Company announced a non-renounceable 1 for 5 rights issue and shortfall offer to shareholders, under which shareholders could participate as to their entitlements and also participate for a similar amount in any shortfall (Entitlement Offer). After the Entitlement Offer closed on 11 June 2015, there was a shortfall of shares taken up which were offered pro rata to Eligible Shareholders under the Entitlement Offer who are sophisticated or professional investors. This shortfall offer resulted in new shares of 1,544,972 being issued on 3 July 2015.

Other than the shortfall shares issued, no other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

**Environmental regulation**

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

**Information on directors**

**Robert Turner** Independent Non-executive Director and Chairman

**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 and is now working as a consultant with Ashurst, specialising in securities issues, product development, funds management, corporate finance and new technologies. Stephen brings a wealth of experience in corporate structuring and corporate finance. He is also currently a director of Platinum Asset Management Limited.

**Information on directors (continued)**

**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.

**Geoffrey Wilson** Non-Executive Director

**B Sc GMQ FAICD FFinsia**

**Appointed 22 September 2014**

Geoff Wilson has over 35 years experience in the Australian and international securities industry. He holds a Bachelor of Science Degree and a Graduate Management Qualification. He is also a Fellow of the Australian Institute of Company Directors and a Fellow of the Securities Institute of Australia. Geoff is currently Chair of WAM Capital Limited, WAM Research Limited, WAM Active Limited and the Australian Stockbrokers Foundation.

Geoff is the founder and a director of Future Generation Investment Company Limited and Future Generation Global Investment Company Limited and a director of Australian Leaders Fund Limited, Clime Capital Limited, Global Value Fund Limited, Incubator Capital Limited, Sporting Chance Cancer Foundation, Odyssey House McGrath Foundation, Australian Children's Music Foundation and he is a member of the Second Bite NSW Advisory Committee.

He is also founder and Director of investment management companies Wilson Asset Management (International) Pty Limited and MAM Pty Limited.

**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 2015, and the numbers of meetings attended by each Director were:

|                 | Full meetings<br>of directors |    | Meetings of<br>committees |     |
|-----------------|-------------------------------|----|---------------------------|-----|
|                 |                               |    | Audit                     |     |
|                 | A                             | B  | A                         | B   |
| Robert Turner   | 15                            | 15 | 2                         | 2   |
| Stephen Menzies | 15                            | 15 | 2                         | 2   |
| Ross Finley     | 15                            | 15 | 2                         | 2   |
| Geoffrey Wilson | 6                             | 8  | N/A                       | N/A |

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

### **Meetings of directors (continued)**

Members of the audit committee are detailed on page 10 in the Corporate Governance Statement.

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

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

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

- Non-executive Directors - see pages 16 to 17
- Other key management personnel - none

#### ***Remuneration policy and framework***

The Board from time to time determines remuneration of Directors within the maximum amount approved by shareholders. The current approved maximum remuneration paid to Directors is \$120,000 per annum (actual 2015: \$120,000, 2014: \$120,000).

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.

In September 2014, Mr Geoffrey Wilson was appointed as a new non-executive director to fill a casual vacancy. Since Mr Wilson's appointment, total directors' fee have remained at \$120,000, as fees were adjusted to \$27,000 per annum for each director except for the Chairman who receives \$39,000 per annum.

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 9.5% for the year ended 30 June 2015, 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 annual performance reviews.

The Company received 78% of votes "for" its remuneration report for the 2014 Financial Year. The Company did not receive any specific feedback at the 2014 Annual General Meeting on its Remuneration Report.

#### ***Details of remuneration***

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

**Century Australia Investments Limited**  
**Directors' Report**  
**For the year ended 30 June 2015**  
(continued)

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

*Details of remuneration (continued)*

| Name                                               | Short-term<br>employee<br>benefits | Post-<br>employment<br>benefits | Total<br>\$    |
|----------------------------------------------------|------------------------------------|---------------------------------|----------------|
|                                                    | Cash<br>salary and<br>fees<br>\$   | Super-<br>annuation<br>\$       |                |
| <b>2015</b>                                        |                                    |                                 |                |
| <b>Non-executive Directors</b>                     |                                    |                                 |                |
| R Turner                                           | 6,500                              | 34,550                          | 41,050         |
| S Menzies                                          | 26,967                             | 2,083                           | 29,050         |
| R Finley                                           | 26,530                             | 2,520                           | 29,050         |
| G Wilson                                           | 19,041                             | 1,809                           | 20,850         |
| <b>Sub-total non-executive directors</b>           | <b>79,038</b>                      | <b>40,962</b>                   | <b>120,000</b> |
| <b>Total key management personnel compensation</b> | <b>79,038</b>                      | <b>40,962</b>                   | <b>120,000</b> |
| <b>2014</b>                                        |                                    |                                 |                |
| Name                                               | Short-term<br>employee<br>benefits | Post-<br>employment<br>benefits | Total<br>\$    |
|                                                    | Cash<br>salary and<br>fees<br>\$   | Super-<br>annuation<br>\$       |                |
| <b>Non-executive Directors</b>                     |                                    |                                 |                |
| R Turner                                           | 13,730                             | 34,270                          | 48,000         |
| S Menzies                                          | 11,000                             | 25,000                          | 36,000         |
| R Finley                                           | 32,952                             | 3,048                           | 36,000         |
| <b>Sub-total non-executive directors</b>           | <b>57,682</b>                      | <b>62,318</b>                   | <b>120,000</b> |
| <b>Total key management personnel compensation</b> | <b>57,682</b>                      | <b>62,318</b>                   | <b>120,000</b> |

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 \$78,541 during the year (2014: \$75,769) 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 (2014: Nil) as compensation.

**Century Australia Investments Limited**  
**Directors' Report**  
**For the year ended 30 June 2015**  
(continued)

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

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

| <b>2015</b>                                               | <b>Balance at the start of the year</b> | <b>Net movement</b> | <b>Other changes during the year</b> | <b>Balance at end of the year</b> |
|-----------------------------------------------------------|-----------------------------------------|---------------------|--------------------------------------|-----------------------------------|
| <b>Name</b>                                               |                                         |                     |                                      |                                   |
| <b>Directors of Century Australia Investments Limited</b> |                                         |                     |                                      |                                   |
| <b>Ordinary shares</b>                                    |                                         |                     |                                      |                                   |
| S Menzies                                                 | 24,614                                  | 9,844               | -                                    | 34,458                            |
| R Turner                                                  | 153,739                                 | 61,495              | -                                    | 215,234                           |
| R Finley                                                  | 95,000                                  | 190,000             | -                                    | 285,000                           |
| G Wilson                                                  | -                                       | 6,102,332           | 18,283,042                           | 24,385,374                        |
|                                                           | <u>273,353</u>                          | <u>6,363,671</u>    | <u>18,283,042</u>                    | <u>24,920,066</u>                 |

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

**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 2015.

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 22.

**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  
25 August 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 audit of Century Australia Investments Limited for the year ended 30 June 2015, 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



Grant Layland  
Partner - Audit & Assurance

Sydney, 25 August 2015

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

## **Annual Report - 30 June 2015**

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**Century Australia Investments Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2015**

|                                                                                                  |       | <b>Year ended</b> |               |
|--------------------------------------------------------------------------------------------------|-------|-------------------|---------------|
|                                                                                                  | Notes | <b>2015</b>       | 2014          |
|                                                                                                  |       | <b>\$'000</b>     | <b>\$'000</b> |
| <b>Investment Income from ordinary activities</b>                                                | 7     | <b>3,034</b>      | 3,147         |
| <b>Expenses</b>                                                                                  |       |                   |               |
| Management fees                                                                                  |       | (291)             | (300)         |
| Performance fees                                                                                 |       | (137)             | -             |
| Accounting fees                                                                                  |       | (79)              | (76)          |
| Share registry fees                                                                              |       | (24)              | (32)          |
| Custody fees                                                                                     |       | (77)              | (79)          |
| Tax fees                                                                                         |       | (11)              | (23)          |
| Legal fees                                                                                       |       | (7)               | (1)           |
| Directors' fees                                                                                  | 19(a) | (120)             | (120)         |
| ASX fees                                                                                         |       | (45)              | (39)          |
| Audit fees                                                                                       |       | (50)              | (54)          |
| Other expenses                                                                                   |       | (69)              | (75)          |
| Unrealised gains/(losses) on futures and options                                                 |       | (55)              | (14)          |
| Realised gains/(losses) on futures and options                                                   |       | 8                 | (16)          |
|                                                                                                  |       | <b>(957)</b>      | <b>(829)</b>  |
| <b>Profit before income tax</b>                                                                  |       | <b>2,077</b>      | 2,318         |
| Income tax benefit                                                                               | 8(b)  | <b>2,139</b>      | 1,057         |
| <b>Net profit for the year</b>                                                                   |       | <b>4,216</b>      | 3,375         |
| <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                                     | 17(a) | <b>(3,083)</b>    | 7,142         |
| Income tax relating to unrealised losses/(gains) on investments taken to equity                  | 8(c)  | <b>925</b>        | (2,131)       |
| Net realised gains on investments taken to equity                                                | 17(a) | <b>5,986</b>      | 2,860         |
| Income tax relating to realised gains on investments taken to equity                             | 8(c)  | <b>(1,795)</b>    | (858)         |
| <b>Other comprehensive income for the year, net of tax</b>                                       |       | <b>2,033</b>      | 7,013         |
| <b>Total comprehensive income for the year</b>                                                   |       | <b>6,249</b>      | 10,388        |
|                                                                                                  |       | <b>Cents</b>      | <b>Cents</b>  |
| <b>Earnings per share for profit attributable to the ordinary equity holders of the Company:</b> |       |                   |               |
| Basic earnings per share                                                                         | 25(a) | <b>5.78</b>       | 4.24          |
| Diluted earnings per share                                                                       | 25(b) | <b>5.78</b>       | 4.24          |

*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 2015**

|                                                                   | Notes | 2015<br>\$'000 | 2014<br>\$'000 |
|-------------------------------------------------------------------|-------|----------------|----------------|
| <b>ASSETS</b>                                                     |       |                |                |
| <b>Current assets</b>                                             |       |                |                |
| Cash and cash equivalents                                         | 9     | 12,009         | 1,114          |
| Trade and other receivables                                       | 10    | 589            | 660            |
| Financial assets at fair value through profit or loss             | 4     | 32             | 2              |
| Other current assets                                              |       | 20             | 25             |
| <b>Total current assets</b>                                       |       | <b>12,650</b>  | <b>1,801</b>   |
| <b>Non-current assets</b>                                         |       |                |                |
| Financial assets at fair value through other comprehensive income | 4, 12 | 71,667         | 72,259         |
| Deferred tax assets                                               | 13    | 4,097          | 4,001          |
| <b>Total non-current assets</b>                                   |       | <b>75,764</b>  | <b>76,260</b>  |
| <b>Total assets</b>                                               |       | <b>88,414</b>  | <b>78,061</b>  |
| <b>LIABILITIES</b>                                                |       |                |                |
| <b>Current liabilities</b>                                        |       |                |                |
| Trade and other payables                                          | 14    | 8,409          | 177            |
| Dividends payable                                                 |       | -              | 1,594          |
| <b>Total current liabilities</b>                                  |       | <b>8,409</b>   | <b>1,771</b>   |
| <b>Non-current liabilities</b>                                    |       |                |                |
| Deferred tax liabilities                                          | 15    | 2,418          | 3,591          |
| <b>Total non-current liabilities</b>                              |       | <b>2,418</b>   | <b>3,591</b>   |
| <b>Total liabilities</b>                                          |       | <b>10,827</b>  | <b>5,362</b>   |
| <b>Net assets</b>                                                 |       | <b>77,587</b>  | <b>72,699</b>  |
| <b>EQUITY</b>                                                     |       |                |                |
| Issued capital                                                    | 16    | 73,120         | 73,457         |
| Reserves                                                          | 17(a) | 7,949          | 5,916          |
| Accumulated losses                                                | 17(b) | (3,482)        | (6,674)        |
| <b>Total equity</b>                                               |       | <b>77,587</b>  | <b>72,699</b>  |

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

**Century Australia Investments Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2015**

|                                                                            | Notes | Issued<br>capital<br>\$'000 | Reserves<br>\$'000 | Accumulated<br>losses<br>\$'000 | Total<br>equity<br>\$'000 |
|----------------------------------------------------------------------------|-------|-----------------------------|--------------------|---------------------------------|---------------------------|
| <b>Balance at 1 July 2013</b>                                              |       | 73,457                      | (1,097)            | (4,909)                         | 67,451                    |
| Net profit for the year                                                    |       | -                           | -                  | 3,375                           | 3,375                     |
| <b>Other comprehensive income for the year</b>                             |       |                             |                    |                                 |                           |
| 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)                     |
| <b>Total other comprehensive income for the year, net of tax</b>           |       | -                           | 7,013              | -                               | 7,013                     |
| <b>Total comprehensive income for the year</b>                             |       | -                           | 7,013              | 3,375                           | 10,388                    |
| <b>Transactions with owners in their capacity as owners:</b>               |       |                             |                    |                                 |                           |
| Dividends provided for or paid                                             | 18    | -                           | -                  | (5,140)                         | (5,140)                   |
| <b>Balance at 30 June 2014</b>                                             |       | <b>73,457</b>               | <b>5,916</b>       | <b>(6,674)</b>                  | <b>72,699</b>             |
| <b>Balance at 1 July 2014</b>                                              |       | 73,457                      | 5,916              | (6,674)                         | 72,699                    |
| Net profit for the year                                                    |       | -                           | -                  | 4,216                           | 4,216                     |
| <b>Other comprehensive income for the year</b>                             |       |                             |                    |                                 |                           |
| Net unrealised gains/(losses) on investments taken to equity               |       | -                           | (3,083)            | -                               | (3,083)                   |
| Income tax on net unrealised (gains)/losses on investments taken to equity |       | -                           | 925                | -                               | 925                       |
| Net realised gains on investments taken to equity                          |       | -                           | 5,986              | -                               | 5,986                     |
| Income tax on net realised gains on investments taken to equity            |       | -                           | (1,795)            | -                               | (1,795)                   |
| <b>Total other comprehensive income for the year, net of tax</b>           |       | -                           | 2,033              | -                               | 2,033                     |
| <b>Total comprehensive income for the year</b>                             |       | -                           | 2,033              | 4,216                           | 6,249                     |
| <b>Transactions with owners in their capacity as owners:</b>               |       |                             |                    |                                 |                           |
| Share buy-back on market                                                   | 16    | (10,496)                    | -                  | -                               | (10,496)                  |
| Shares issued on rights exercised                                          | 16    | 10,236                      | -                  | -                               | 10,236                    |
| Cost of issued capital                                                     | 16    | (77)                        | -                  | -                               | (77)                      |
| Dividends provided for or paid                                             | 18    | -                           | -                  | (1,024)                         | (1,024)                   |
|                                                                            |       | (337)                       | -                  | (1,024)                         | (1,361)                   |
| <b>Balance at 30 June 2015</b>                                             |       | <b>73,120</b>               | <b>7,949</b>       | <b>(3,482)</b>                  | <b>77,587</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 year ended 30 June 2015**

|                                                                                         |              | <b>Year ended</b> |                |
|-----------------------------------------------------------------------------------------|--------------|-------------------|----------------|
|                                                                                         |              | <b>2015</b>       | <b>2014</b>    |
|                                                                                         | <b>Notes</b> | <b>\$'000</b>     | <b>\$'000</b>  |
| <b>Cash flows from operating activities</b>                                             |              |                   |                |
| Interest received                                                                       |              | 31                | 28             |
| Dividends and trust distributions received                                              |              | 3,110             | 3,043          |
| Other income                                                                            |              | 2                 | 1              |
| Income tax refund                                                                       |              | -                 | 1              |
| Investment expenses paid                                                                |              | (778)             | (786)          |
| <b>Net cash inflow from operating activities</b>                                        | 23           | <b>2,365</b>      | <b>2,287</b>   |
| <b>Cash flows from investing activities</b>                                             |              |                   |                |
| Payments for financial assets at fair value through other comprehensive income          |              | (18,518)          | (24,299)       |
| Proceeds from sale of financial assets at fair value through other comprehensive income |              | 30,031            | 25,459         |
| Proceeds from sale of financial instruments held at fair value through P&L              |              | 613               | -              |
| Payments for financial instruments held at fair value through P&L                       |              | (692)             | -              |
| <b>Net cash inflow from investing activities</b>                                        |              | <b>11,434</b>     | <b>1,160</b>   |
| <b>Cash flows from financing activities</b>                                             |              |                   |                |
| Proceeds from rights offer                                                              |              | 10,236            | -              |
| Payments for shares bought back                                                         |              | (10,496)          | -              |
| Share issue and buy-back transaction costs                                              |              | (26)              | -              |
| Dividends paid to the Company's shareholders                                            |              | (2,618)           | (3,546)        |
| <b>Net cash (outflow) from financing activities</b>                                     |              | <b>(2,904)</b>    | <b>(3,546)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                             |              | <b>10,895</b>     | <b>(99)</b>    |
| Cash and cash equivalents at the beginning of the year                                  |              | 1,114             | 1,213          |
| <b>Cash and cash equivalents at end of year</b>                                         | 9            | <b>12,009</b>     | <b>1,114</b>   |

*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 2015. 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 25 August 2015.

#### (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

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2014 that have a material impact on the Company.

#### (iii) Historical cost convention

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

#### (iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2015 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

## 2 Summary of significant accounting policies (continued)

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

| Title of standard            | Nature of change                                                                                                                                                                                                                                                                                                                                | Impact                                                                                                                                                                                                                                                                        | Mandatory application date/ Date of adoption by the Company                                                                                                                                                                                |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AASB 9                       | AASB 9 addresses the classification,                                                                                                                                                                                                                                                                                                            | Following the changes approved by the AASB in December 2014, the Company no longer expects any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities.                                           | Must be applied for financial years commencing on or after 1 January 2018.                                                                                                                                                                 |
| <i>Financial Instruments</i> | measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In December 2014, the AASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. | There will also be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. | Based on the transitional provisions in the completed IFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. |
|                              |                                                                                                                                                                                                                                                                                                                                                 | The derecognition rules have not changed from the previous requirements, and the Company does not apply hedge accounting. The new standard also introduces expanded disclosure requirements and changes in presentation.                                                      | The Company has not yet decided when to adopt AASB 9.                                                                                                                                                                                      |
|                              |                                                                                                                                                                                                                                                                                                                                                 | The new impairment model is an expected credit loss (ECL) model which may result in the earlier recognition of credit losses.                                                                                                                                                 |                                                                                                                                                                                                                                            |
|                              |                                                                                                                                                                                                                                                                                                                                                 | The Company has not yet assessed how the impairment provisions would be affected by the new rules.                                                                                                                                                                            |                                                                                                                                                                                                                                            |



## 2 Summary of significant accounting policies (continued)

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

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

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

### (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.

## 2 Summary of significant accounting policies (continued)

### (b) Revenue recognition (continued)

#### (iii) Interest income

Interest income is recognised using the effective interest method.

### (c) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period. 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 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

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) 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.

## 2 Summary of significant accounting policies (continued)

### (f) Cash and cash equivalents

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

### (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 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.

#### *(ii) 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.

#### *(iii) 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.

#### **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 tax as these investments are long-term holding of equity investments.

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

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

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

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

#### **Derivatives**

As at 30 June 2015, 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.

### (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.

## 2 Summary of significant accounting policies (continued)

### (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.

### 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 2015 and 2014 were:

|                                 | <b>2015</b><br><b>(%)</b> |
|---------------------------------|---------------------------|
| National Australia Bank Limited | 8.09                      |
| Westpac Banking Corporation     | 8.04                      |
| Commonwealth Bank of Australia  | 7.74                      |
| BHP Billiton Limited            | 7.63                      |
| Telstra Corporation Limited     | 6.59                      |
| ANZ Banking Group Limited       | 6.40                      |
|                                 | <u>44.49</u>              |
|                                 |                           |
|                                 | <b>2014</b><br><b>(%)</b> |
| 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 Corporation Limited     | 5.91                      |
|                                 | <u>45.78</u>              |

No other security represents over 5 percent of the investment portfolio at 30 June 2015 and 30 June 2014.

### 3 Financial risk management (continued)

#### (a) Market 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 |                |
|-------------------------------------------|--------------------------------------|----------------|
|                                           | 2015<br>\$'000                       | 2014<br>\$'000 |
| Change in variable +/- 5% (2014: +/-5%)   | 2,509                                | 2,529          |
| Change in variable +/- 10% (2014: +/-10%) | 5,019                                | 5,058          |

#### (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 2015

|                                                                        | Floating<br>interest rate<br>\$'000 | Non- interest<br>bearing<br>\$'000 | Total<br>\$'000 |
|------------------------------------------------------------------------|-------------------------------------|------------------------------------|-----------------|
| <b>Financial assets</b>                                                |                                     |                                    |                 |
| Cash and cash equivalents                                              | 12,009                              | -                                  | 12,009          |
| Trade and other receivables                                            | -                                   | 589                                | 589             |
| Financial assets held at fair value through profit or loss             | -                                   | 32                                 | 32              |
| Financial assets held at fair value through other comprehensive income | -                                   | 71,667                             | 71,667          |
|                                                                        | <u>12,009</u>                       | <u>72,288</u>                      | <u>84,297</u>   |
| <b>Financial liabilities</b>                                           |                                     |                                    |                 |
| Trade and other payables                                               | -                                   | (8,409)                            | (8,409)         |
|                                                                        | -                                   | <u>(8,409)</u>                     | <u>(8,409)</u>  |
| Net exposure                                                           | <u>12,009</u>                       | <u>63,879</u>                      | <u>75,888</u>   |

### 3 Financial risk management (continued)

#### (a) Market risk (continued)

30 June 2014

|                                                                        | Floating<br>interest<br>rate<br>\$'000 | Non-<br>interest<br>bearing<br>\$'000 | Total<br>\$'000   |
|------------------------------------------------------------------------|----------------------------------------|---------------------------------------|-------------------|
| <b>Financial assets</b>                                                |                                        |                                       |                   |
| 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>     |
| <b>Financial liabilities</b>                                           |                                        |                                       |                   |
| Trade and other payables                                               | -                                      | (177)                                 | (177)             |
| Dividends payable                                                      | -                                      | (1,594)                               | (1,594)           |
|                                                                        | <u>-</u>                               | <u>(1,771)</u>                        | <u>(1,771)</u>    |
| <br>Net exposure                                                       | <br><u>1,114</u>                       | <br><u>71,150</u>                     | <br><u>72,264</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 2015, 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 \$63,000 higher/\$63,000 lower (2014 changes of 75 bps/75 bps: \$5,800 lower/\$5,800 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 2015.

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<br>\$'000 | More than 1 month<br>\$'000 | Between 1 and 5 years<br>\$'000 | Over 5 years<br>\$'000 | Total contractual undiscounted cash flows<br>\$'000 |
|-------------------------------------------------|-----------------------------|-----------------------------|---------------------------------|------------------------|-----------------------------------------------------|
| <b>At 30 June 2015</b>                          |                             |                             |                                 |                        |                                                     |
| <b>Non-derivatives</b>                          |                             |                             |                                 |                        |                                                     |
| Trade and other payables                        | 8,409                       | -                           | -                               | -                      | 8,409                                               |
| Total non-derivatives                           | 8,409                       | -                           | -                               | -                      | 8,409                                               |

At 30 June 2014

|                          |     |       |   |   |       |
|--------------------------|-----|-------|---|---|-------|
| <b>Non-derivatives</b>   |     |       |   |   |       |
| Trade and other payables | 177 | -     | - | - | 177   |
| Dividends payable        | -   | 1,594 | - | - | 1,594 |
| Total non-derivatives    | 177 | 1,594 | - | - | 1,771 |

### 4 Fair value measurements

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

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

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

#### (a) Fair value hierarchy

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

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

#### 4 Fair value measurements (continued)

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

###### (i) Recognised fair value measurements

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2015 and 2014.

| At 30 June 2015                     | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
|-------------------------------------|-------------------|-------------------|-------------------|-----------------|
| <b>Financial assets</b>             |                   |                   |                   |                 |
| Derivatives                         | 32                | -                 | -                 | 32              |
| Australian listed equity securities | 71,667            | -                 | -                 | 71,667          |
| <b>Total financial assets</b>       | <b>71,699</b>     | <b>-</b>          | <b>-</b>          | <b>71,699</b>   |
| At 30 June 2014                     | Level 1<br>\$'000 | Level 2<br>\$'000 | Level 3<br>\$'000 | Total<br>\$'000 |
| <b>Financial assets</b>             |                   |                   |                   |                 |
| Derivatives                         | 2                 | -                 | -                 | 2               |
| Australian listed 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 year.

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

###### (ii) Disclosed fair values

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

The carrying amounts of 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 of \$3.7m at 30 June 2015 (2014: \$3.8m). These are sufficient to cover the taxable temporary differences (deferred tax liabilities on unrealised gains on investments) of \$2.4m at 30 June 2015 (2014: \$3.6m) 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 same business test, the deferred tax asset of \$3.7 million that is currently recognised would be written off to income tax expense. Refer to Note 13 for further discussion of accounting for deferred tax assets.

## 5 Critical accounting estimates and judgements (continued)

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

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

Management has designated all investments in shares and units in 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

|                                                                                  | Year ended<br>2015<br>\$'000 | 2014<br>\$'000 |
|----------------------------------------------------------------------------------|------------------------------|----------------|
| <b>From continuing operations</b>                                                |                              |                |
| Dividends and distributions on long term investments held at the end of the year | 2,932                        | 2,931          |
| Dividends and distributions on long term investments sold during the year        | 68                           | 187            |
| Interest                                                                         | 32                           | 28             |
| Other income                                                                     | 2                            | 1              |
|                                                                                  | <b>3,034</b>                 | <b>3,147</b>   |

## 8 Income tax benefit

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

|                                                  | Year ended<br>2015<br>\$'000 | 2014<br>\$'000 |
|--------------------------------------------------|------------------------------|----------------|
| Current Income Tax Expense                       | 4                            | -              |
| Deferred tax benefit                             | (2,147)                      | (1,059)        |
| (Under)/over-provision in respect of prior years | 4                            | 2              |
|                                                  | <b>(2,139)</b>               | <b>(1,057)</b> |
| <i>Income tax benefit is attributable to:</i>    |                              |                |
| Profit from operations                           | <b>(2,139)</b>               | <b>(1,057)</b> |

## 8 Income tax benefit (continued)

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

|                                                                                            | Year ended     |                |
|--------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                            | 2015           | 2014           |
|                                                                                            | \$'000         | \$'000         |
| Profit from operations before income tax benefit                                           | 2,077          | 2,318          |
| Tax at the Australian tax rate of 30.0% (2014: 30.0%)                                      | 623            | 695            |
| Tax effect of amounts which are not deductible (taxable)<br>in calculating taxable income: |                |                |
| Franking credits on dividends received                                                     | (1,101)        | (1,061)        |
| Imputation gross up on dividends income                                                    | 330            | 318            |
| Timing differences                                                                         | 21             | (11)           |
| Under/(over-provision) in prior year                                                       | 4              | 2              |
| Withholding gross-up on dividends received                                                 | 2              | 4              |
| Reinstatement of previously written-off deferred tax asset                                 | (2,018)        | (1,004)        |
| Income tax benefit                                                                         | <u>(2,139)</u> | <u>(1,057)</u> |

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

102.99% (45.62%)

\*\*\* The significant negative weighted average effective tax rate in the current and prior 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

|                                                            | Year ended |              |
|------------------------------------------------------------|------------|--------------|
|                                                            | 2015       | 2014         |
|                                                            | \$'000     | \$'000       |
| Net unrealised gains/losses on investments taken to equity | (925)      | 2,131        |
| Net realised gains/(losses) on investments taken to equity | 1,795      | 858          |
|                                                            | <u>870</u> | <u>2,989</u> |

## 8 Income tax benefit (continued)

### (d) Tax losses

|                                                                       | Year ended<br>2015<br>\$'000 | 2014<br>\$'000 |
|-----------------------------------------------------------------------|------------------------------|----------------|
| Unused tax losses for which no deferred tax asset has been recognised | 19,813                       | 26,540         |
| Potential tax benefit @ 30%                                           | <u>5,944</u>                 | <u>7,962</u>   |

## 9 Current assets - Cash and cash equivalents

|                       | At<br>2015<br>\$'000 | 2014<br>\$'000 |
|-----------------------|----------------------|----------------|
| <b>Current assets</b> |                      |                |
| Cash at bank          | 80                   | 115            |
| 11am account          | 11,790               | 926            |
| Futures account       | <u>139</u>           | <u>73</u>      |
|                       | <b>12,009</b>        | <b>1,114</b>   |

These accounts are earning interest at rates between 0.80% and 1.50% as at 30 June 2015 (2014: 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:

|                   | At<br>2015<br>\$'000 | 2014<br>\$'000 |
|-------------------|----------------------|----------------|
| Balances as above | <u>12,009</u>        | <u>1,114</u>   |

### (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

|                                        | At         |            |
|----------------------------------------|------------|------------|
|                                        | 2015       | 2014       |
|                                        | \$'000     | \$'000     |
| Dividends and distributions receivable | 530        | 641        |
| Interest receivable                    | 3          | 2          |
| GST receivable                         | 38         | 17         |
| Due from brokers                       | 18         | -          |
|                                        | <b>589</b> | <b>660</b> |

### (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.

## 11 Derivative financial instruments (continued)

| 2015    | Notional values<br>\$'000 | Fair values \$'000 |             |
|---------|---------------------------|--------------------|-------------|
|         |                           | Assets             | Liabilities |
| Futures | 1,754                     | -                  | (37)        |
| Options | 100                       | 89                 | (20)        |
|         |                           |                    |             |
| 2014    | Notional values<br>\$'000 | Fair values \$'000 |             |
|         |                           | Assets             | Liabilities |
| Futures | 134                       | -                  | -           |
| Options | 16                        | 3                  | (1)         |

\*At 30 June 2015, the fair value of futures is \$36,950 (2014: (\$25)).

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

|                                          | At<br>2015<br>\$'000 | 2014<br>\$'000 |
|------------------------------------------|----------------------|----------------|
| <b>Listed securities</b>                 |                      |                |
| Investment in shares and property trusts | 71,667               | 72,259         |

The list showing investments treated as equity instruments and revalued through Other Comprehensive Income can be found on pages 57-58 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 \$30,049m (2014: \$24,891m). The cumulative profit on these disposals was \$5,986,628 for the year before tax (2014: profit \$2,859,948), 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 4.

## 13 Non-current assets - Deferred tax assets

As at 30 June 2015 a deferred tax asset totalling \$9.67m arising from total prior year tax losses of \$32.25m are available to the Company. In the previous financial years \$7.96m 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 2015, the Company reinstated an amount of \$2.02m from the previously written off deferred tax asset due to significant unrealised gains. The unrecognised deferred tax asset remaining on the cumulative written down capital losses amounted to \$5.94m as at 30 June 2015. Refer to Note 8(d).

The Board considers the current level of deferred tax asset from recorded tax losses of \$12.44m to be reasonable and adequate, providing the opportunity to utilise these losses against gains of up to \$12.44m.

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

|                                                                     | At<br>2015<br>\$'000 | 2014<br>\$'000  |
|---------------------------------------------------------------------|----------------------|-----------------|
| <b>The balance comprises temporary differences attributable to:</b> |                      |                 |
| Realised capital losses at 30%                                      | 9,675                | 11,717          |
| Cumulative write down of capital losses                             | (5,944)              | (7,962)         |
| Audit fees and director's superannuation accruals at 30%            | 9                    | 10              |
| Imputation credits to utilise in future years                       | 319                  | 225             |
| Buy back related fees                                               | 18                   | 11              |
| Unrealised losses                                                   | 20                   | -               |
| Total deferred tax assets                                           | <u>4,097</u>         | <u>4,001</u>    |
| <b>Movements</b>                                                    |                      | Total<br>\$'000 |
| <b>At 1 July 2013</b>                                               |                      | 3,676           |
| (Charged)/credited                                                  |                      |                 |
| - to other comprehensive income                                     |                      | 248             |
| - to profit or loss                                                 |                      | 77              |
| <b>At 30 June 2014</b>                                              |                      | <u>4,001</u>    |
| <b>At 30 June 2014</b>                                              |                      | 4,001           |
| (Charged)/credited                                                  |                      |                 |
| - to other comprehensive income                                     |                      | 2               |
| - to profit or loss                                                 |                      | 94              |
| <b>At 30 June 2015</b>                                              |                      | <u>4,097</u>    |

### 14 Current liabilities - Trade and other payables

|                          | At<br>2015<br>\$'000 | 2014<br>\$'000 |
|--------------------------|----------------------|----------------|
| Management fees payable  | 79                   | 82             |
| Performance fees payable | 147                  | -              |
| Due to brokers           | 8,070                | 38             |
| Other payables           | 113                  | 57             |
|                          | <u>8,409</u>         | <u>177</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

|                                     | At<br>2015<br>\$'000 | 2014<br>\$'000          |
|-------------------------------------|----------------------|-------------------------|
| Net unrealised gains on investments | 2,389                | 3,553                   |
| Interest and dividend accruals      | 29                   | 38                      |
|                                     | <u>2,418</u>         | <u>3,591</u>            |
| <b>Movements</b>                    |                      | <b>Total<br/>\$'000</b> |
| <b>At 1 July 2013</b>               |                      | <b>1,320</b>            |
| Charged/(credited)                  |                      |                         |
| - profit or loss                    |                      | 11                      |
| - to other comprehensive income     |                      | 2,260                   |
| <b>At 30 June 2014</b>              |                      | <u><b>3,591</b></u>     |
| Charged/(credited)                  |                      |                         |
| - profit or loss                    |                      | (1,164)                 |
| - to other comprehensive income     |                      | (9)                     |
| <b>At 30 June 2015</b>              |                      | <u><b>2,418</b></u>     |

## 16 Issued capital

### (a) Share capital

|                              |                 | At<br>30 June<br>2015<br>Shares | 30 June<br>2014<br>Shares | At<br>2015<br>\$'000 | 2014<br>\$'000 |
|------------------------------|-----------------|---------------------------------|---------------------------|----------------------|----------------|
|                              | Notes           |                                 |                           |                      |                |
| Ordinary shares - fully paid | 16(b),<br>16(c) | 80,320,732                      | 79,689,496                | 73,120               | 73,457         |

### (b) Movements in ordinary share capital

| Details                     | Notes | Number of shares  | \$'000        |
|-----------------------------|-------|-------------------|---------------|
| Opening balance 1 July 2013 |       | 79,689,496        | 73,457        |
| Balance 30 June 2014        |       | <u>79,689,496</u> | <u>73,457</u> |
| Share buyback-on market     |       | (11,468,076)      | (10,573)      |
| Rights entitlement offer    | 16(f) | <u>12,099,312</u> | <u>10,236</u> |
|                             |       | 80,320,732        | 73,120        |
| Balance 30 June 2015        |       | <u>80,320,732</u> | <u>73,120</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.

## 16 Issued capital (continued)

### (c) Ordinary shares (continued)

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

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.

### (f) Non-renounceable entitlement offer

On 12 May 2015, the Company invited its eligible shareholders to subscribe to a non-renounceable entitlement offer of 1 new share for every 5 existing shares held at an issue price of \$0.846 per share. 12,099,312 shares were issued on 18 June 2015.

### (g) Capital risk management

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

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

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

## 17 Reserves and accumulated losses

### (a) Reserves

|                                                    | At<br>2015<br>\$'000 | 2014<br>\$'000 |
|----------------------------------------------------|----------------------|----------------|
| Investment portfolio revaluation reserve           | 5,320                | 7,478          |
| Investment portfolio realised gains/losses reserve | 2,629                | (1,562)        |
|                                                    | <u>7,949</u>         | <u>5,916</u>   |

## 17 Reserves and accumulated losses (continued)

### (a) Reserves (continued)

|                                                           | Year ended |         |
|-----------------------------------------------------------|------------|---------|
|                                                           | 2015       | 2014    |
|                                                           | \$'000     | \$'000  |
| <b>Movements:</b>                                         |            |         |
| <i>Investment portfolio revaluation reserve</i>           |            |         |
| Opening balance                                           | 7,478      | 2,467   |
| Net unrealised gains/losses on investments                | (3,083)    | 7,142   |
| Income tax on net unrealised gains/losses on investments  | 925        | (2,131) |
| Closing balance                                           | 5,320      | 7,478   |
| <i>Investment portfolio realised gains/losses reserve</i> |            |         |
| Opening balance                                           | (1,562)    | (3,564) |
| Net realised gains/losses on investments                  | 5,986      | 2,860   |
| Income tax on net realised gains/losses on investments    | (1,795)    | (858)   |
| Closing balance                                           | 2,629      | (1,562) |

### (b) Accumulated losses

Movements in accumulated losses were as follows:

|                         |       | Year ended |         |
|-------------------------|-------|------------|---------|
|                         |       | 2015       | 2014    |
|                         | Notes | \$'000     | \$'000  |
| Balance 1 July          |       | (6,674)    | (4,909) |
| Net profit for the year |       | 4,216      | 3,375   |
| Dividends               | 18    | (1,024)    | (5,140) |
| Balance 30 June         |       | (3,482)    | (6,674) |

## 18 Dividends

|                                            | Year ended |        |
|--------------------------------------------|------------|--------|
|                                            | 2015       | 2014   |
|                                            | \$'000     | \$'000 |
| <b>a) Ordinary shares</b>                  |            |        |
| Final dividend for the 2014 financial year | -          | 1,594  |
| Final dividend for the 2013 financial year | -          | 1,155  |
| Interim dividend                           | 1,024      | 2,391  |
|                                            | 1,024      | 5,140  |

## 18 Dividends (continued)

### (b) Dividend franking account

|                                                                                                                               | Year ended     |         |
|-------------------------------------------------------------------------------------------------------------------------------|----------------|---------|
|                                                                                                                               | 2015           | 2014    |
|                                                                                                                               | \$'000         | \$'000  |
| <b>Opening balance of franking account</b>                                                                                    | <b>512</b>     | 971     |
| Franking credits on dividends received                                                                                        | <b>1,044</b>   | 1,061   |
| Tax paid during the year                                                                                                      | -              | -       |
| Franking credits paid on ordinary dividends paid                                                                              | <b>(1,122)</b> | (1,520) |
| Loss of franking credits under 45 day rule                                                                                    | <b>(1)</b>     | -       |
| Closing balance of franking account                                                                                           | <b>433</b>     | 512     |
| Adjustments for tax payables/refundable in respect of the current year's profits, receipt of dividends and dividends declared | <b>186</b>     | (468)   |
| <b>Adjusted franking account balance</b>                                                                                      | <b>619</b>     | 44      |

### (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 |
|---------------------------|---------------|--------------|-----------------|-----------|
| <b>2015</b>               |               |              |                 |           |
| Ordinary shares - final   | 1.75 cps      | \$1,433      | 30/09/2015      | 100       |
| Ordinary shares - interim | 1.5 cps       | \$1,024      | 20/03/2015      | 100       |
| <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       |

## 19 Key management personnel disclosures

### (a) Key management personnel compensation

|                              | Year ended     |         |
|------------------------------|----------------|---------|
|                              | 2015           | 2014    |
|                              | \$             | \$      |
| Short-term employee benefits | <b>79,038</b>  | 57,682  |
| Post-employment benefits     | <b>40,962</b>  | 62,318  |
|                              | <b>120,000</b> | 120,000 |

Detailed remuneration disclosures are provided in the remuneration report on pages 18 to 20.

## 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

#### (i) Audit and other assurance services

|                                                           | Year ended        |                   |
|-----------------------------------------------------------|-------------------|-------------------|
|                                                           | 30 June<br>2015   | 30 June<br>2014   |
|                                                           | \$                | \$                |
| <i>Audit and other assurance services</i>                 |                   |                   |
| Audit and review of financial statements                  | 44,000            | 49,075            |
| Total remuneration for audit and other assurance services | 44,000            | 49,075            |
| <br><b>Total auditors' remuneration</b>                   | <br><b>44,000</b> | <br><b>49,075</b> |

## 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

On 12 May 2015, the Company announced a non-renounceable 1 for 5 rights issue and shortfall offer to shareholders, under which shareholders could participate as to their entitlements and also participate for a similar amount in any shortfall (Entitlement Offer). After the Entitlement Offer closed on 11 June 2015, there was a shortfall of shares taken up which were offered pro rata to Eligible Shareholders under the Entitlement Offer who are sophisticated or professional investors. This shortfall offer resulted in new shares of 1,544,972 being issued on 3 July 2015.

Other than the shortfall of shares issued, no other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

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

|                                                                            | Year ended |        |
|----------------------------------------------------------------------------|------------|--------|
|                                                                            | 2015       | 2014   |
|                                                                            | \$'000     | \$'000 |
| Profit for the period                                                      | 4,216      | 3,375  |
| Fair value losses on financial assets at fair value through profit or loss | 55         | 14     |
| Realised losses/(gains) on futures and options                             | (8)        | 16     |
| Change in operating assets and liabilities:                                |            |        |
| (Increase) in trade and other receivables                                  | 90         | (66)   |
| Decrease in current tax assets                                             | -          | 1      |
| (Increase) in other current assets                                         | 5          | (3)    |
| (Increase) in deferred tax assets                                          | (96)       | (325)  |
| Increase/(decrease) in trade and other payables                            | 148        | 8      |
| (Decrease)/increase in deferred tax liabilities                            | (2,045)    | (733)  |
| Net cash inflow from operating activities                                  | 2,365      | 2,287  |

## 24 Non-cash investing and financing activities

There were no non-cash investing and financing activities for the year ended 30 June 2015 (2014: nil).

## 25 Earnings per share

### (a) Basic earnings per share

|                                                                                           | Year ended |       |
|-------------------------------------------------------------------------------------------|------------|-------|
|                                                                                           | 2015       | 2014  |
|                                                                                           | Cents      | Cents |
| From continuing operations attributable to the ordinary equity holders of the Company     | 5.78       | 4.24  |
| Total basic earnings per share attributable to the ordinary equity holders of the Company | 5.78       | 4.24  |

### (b) Diluted earnings per share

|                                                                                             | Year ended |       |
|---------------------------------------------------------------------------------------------|------------|-------|
|                                                                                             | 2015       | 2014  |
|                                                                                             | Cents      | Cents |
| Diluted earnings per share                                                                  | 5.78       | 4.24  |
| Total diluted earnings per share attributable to the ordinary equity holders of the Company | 5.78       | 4.24  |

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

|                                                                                                                 | Year ended<br>2015<br>\$'000 | 2014<br>\$'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                                                                                      | 4,216                        | 3,375          |
| <i>Diluted earnings per share</i>                                                                               |                              |                |
| Profit from continuing operations attributable to the ordinary equity holders of the Company                    |                              |                |
| From continuing operations                                                                                      | 4,216                        | 3,375          |

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

|                                                                                                                                     | Year ended<br>2015<br>Number | 2014<br>Number |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------|
| Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share              | <u>72,946,130</u>            | 79,689,496     |
| Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share | <u>72,946,130</u>            | 79,689,496     |

## 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 2015 (2014: nil).

**Century Australia Investments Limited**  
**Directors' Declaration**  
**30 June 2015**

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 23 to 52 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the Company's financial position as at 30 June 2015 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  
25 August 2015



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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 2015, 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.

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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.

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 2015 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 18 to 20 of the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD

Chartered Accountants



Grant Layland

Director – Audit & Assurance

Sydney, 25 August 2015

Century Australia Investments Limited  
Investment Holdings at 30 June 2015

Investment Holdings at 30 June 2015

| Security Code                    | Security Name         | Portfolio Value \$ | % of Total Portfolio Value |
|----------------------------------|-----------------------|--------------------|----------------------------|
| <b>CONSUMER DISCRETION</b>       |                       |                    |                            |
| AHD                              | AMALGAMATED HOLDINGS  | 1,066,574          | 1.41%                      |
| ALL1                             | ARISTOCRAT LEISURE    | 935,684            | 1.23%                      |
| CWN                              | CROWN RESORTS LIMITED | 1,060,843          | 1.39%                      |
| FLT                              | FLIGHT CENTRE TRAVEL  | 678,181            | 0.89%                      |
| FXJ                              | FAIRFAX MEDIA LTD     | 775,769            | 1.02%                      |
| HVN                              | HARVEY NORMAN HLDGS   | 1,257,717          | 1.65%                      |
| MYR                              | MYER HOLDINGS LTD     | 338,423            | 0.44%                      |
| NWS                              | NEWS CORP CL B        | 813,307            | 1.07%                      |
| SUL                              | SUPER RETAIL GRP LTD  | 291,564            | 0.38%                      |
| <b>TOTAL CONSUMER DISCRETION</b> |                       | <b>7,218,062</b>   | <b>9.48%</b>               |
| <b>CONSUMER STAPLES</b>          |                       |                    |                            |
| CCL                              | COCA COLA AMATIL      | 613,722            | 0.81%                      |
| GNC                              | GRAINCORP LIMITED     | 606,102            | 0.80%                      |
| WES                              | WESFARMERS            | 1,047,930          | 1.38%                      |
| WOW                              | WOOLWORTHS LIMITED    | 1,122,710          | 1.48%                      |
| <b>TOTAL CONSUMER STAPLES</b>    |                       | <b>3,390,464</b>   | <b>4.47%</b>               |
| <b>ENERGY</b>                    |                       |                    |                            |
| AWE                              | AWE LIMITED           | 456,411            | 0.60%                      |
| ORG                              | ORIGIN ENERGY LTD     | 1,763,294          | 2.32%                      |
| WPL                              | WOODSIDE PETROLEUM    | 1,961,160          | 2.58%                      |
| <b>TOTAL ENERGY</b>              |                       | <b>4,180,865</b>   | <b>5.50%</b>               |
| <b>HEALTHCARE</b>                |                       |                    |                            |
| ANN                              | ANSELL LIMITED        | 469,826            | 0.62%                      |
| <b>TOTAL HEALTHCARE</b>          |                       | <b>469,826</b>     | <b>0.62%</b>               |
| <b>INDUSTRIALS</b>               |                       |                    |                            |
| AIO                              | ASCIANO LIMITED       | 1,259,056          | 1.65%                      |
| CIM1                             | CIMIC GROUP LIMITED   | 834,087            | 1.10%                      |
| DOW                              | DOWNER EDI LTD        | 813,522            | 1.07%                      |
| S32                              | SOUTH32 LIMITED       | 476,208            | 0.63%                      |
| XJOSM8                           | S&P ASX 160715 P5250  | 88,708             | 0.12%                      |
| XJOSM8                           | S&P ASX 160715 P5000  | (19,780)           | (0.03%)                    |
| <b>TOTAL INDUSTRIALS</b>         |                       | <b>3,451,801</b>   | <b>4.54%</b>               |
| <b>MATERIALS</b>                 |                       |                    |                            |
| BHP                              | BHP BILLITON LIMITED  | 5,466,852          | 7.18%                      |
| BKW                              | BRICKWORKS LIMITED    | 914,788            | 1.20%                      |
| BLD                              | BORAL LIMITED         | 1,001,040          | 1.32%                      |
| BSL                              | BLUESCOPE STEEL LTD   | 405,058            | 0.53%                      |
| ILU                              | ILUKA RESOURCES LTD   | 662,857            | 0.87%                      |
| NCM                              | NEWCREST MINING       | 999,051            | 1.31%                      |
| NUF                              | NUFARM LIMITED        | 36,504             | 0.05%                      |
| ORA                              | ORORA LIMITED ORDINA  | 762,821            | 1.00%                      |
| ORI                              | ORICA LIMITED         | 1,211,584          | 1.59%                      |
| RIO                              | RIO TINTO LIMITED     | 1,909,543          | 2.51%                      |
| SFR                              | SANDFIRE RESOURCES N  | 421,625            | 0.55%                      |
| SGM                              | SIMS METAL MGT LTD    | 1,004,410          | 1.32%                      |
| <b>TOTAL MATERIALS</b>           |                       | <b>14,796,133</b>  | <b>19.43%</b>              |

**Century Australia Investments Limited**  
**Investment Holdings at 30 June 2015**

(continued)

**Investment Holdings at 30 June 2015**

| Security Code                  | Security Name        | Portfolio Value   | % of Total Portfolio Value |
|--------------------------------|----------------------|-------------------|----------------------------|
| <b>PROPERTY TRUSTS</b>         |                      |                   |                            |
| AOG                            | AVEO GROUP ORDINARY  | 241,650           | 0.32%                      |
| LLC                            | LEND LEASE GROUP     | 1,160,138         | 1.52%                      |
| SGP                            | STOCKLAND            | 1,355,422         | 1.78%                      |
| <b>TOTAL PROPERTY TRUSTS</b>   |                      | <b>2,757,210</b>  | <b>3.62%</b>               |
| <b>TELECOM SERVICES</b>        |                      |                   |                            |
| TLS                            | TELSTRA CORP LIMITED | 4,719,438         | 6.20%                      |
| <b>TOTAL TELECOM SERVICES</b>  |                      | <b>4,719,438</b>  | <b>6.20%</b>               |
| <b>UTILITIES</b>               |                      |                   |                            |
| AGL                            | AGL ENERGY LTD       | 1,800,883         | 2.37%                      |
| <b>TOTAL UTILITIES</b>         |                      | <b>1,800,883</b>  | <b>2.37%</b>               |
| <b>FIN-X-PROP TRUSTS</b>       |                      |                   |                            |
| AMP                            | AMP LIMITED          | 1,806,528         | 2.37%                      |
| ANZ                            | ANZ BANKING GROUP    | 4,583,399         | 6.02%                      |
| CBA                            | COMMONWEALTH BANK    | 5,547,355         | 7.29%                      |
| HGG1                           | HENDERSON GROUP CDI  | 875,714           | 1.15%                      |
| MQG                            | MACQUARIE GROUP LTD  | 2,532,820         | 3.33%                      |
| NAB                            | NATIONAL AUST. BANK  | 5,798,296         | 7.62%                      |
| QBE                            | QBE INSURANCE        | 2,043,200         | 2.68%                      |
| WBC                            | WESTPAC BANKING CORP | 5,764,148         | 7.57%                      |
| <b>TOTAL FIN-X-PROP TRUSTS</b> |                      | <b>28,951,460</b> | <b>38.03%</b>              |
| <b>OTHER</b>                   |                      |                   |                            |
|                                | SPI FUTURES          | (36,950)          | (0.05%)                    |
|                                | CASH                 | 4,407,141         | 5.79%                      |
| <b>TOTAL OTHER</b>             |                      | <b>4,370,191</b>  | <b>5.74%</b>               |
| <b>TOTAL</b>                   |                      | <b>76,106,333</b> | <b>100%</b>                |