

# Appendix 4D

## 31 December 2013 Half Yearly Report

**CARLTON INVESTMENTS LIMITED ABN 85 000 020 262**

### 1. Financial Reporting Period

The current financial reporting period is for the half year to 31 December 2013 with the previous corresponding period being the half year to 31 December 2012.

### 2. Results for announcement to the market

				\$000's
<b>Revenue</b>				
Dividends and distributions received - ordinary	Up	10.2%	to	19,232
Dividends - special	Up	418.4%	to	394
Interest received	Down	26.4%	to	599
Operating revenue	Up	10.3%	to	<u>20,225</u>
<b>Profit</b>				
Profit before income tax expense	Up	10.4%	to	19,842
Income tax expense	Down	6.0%	to	(311)
Net profit	Up	10.7%	to	<u>19,531</u>
<b>Dividends</b>		Amount per security		Franked amount per security
Interim dividend - Ordinary		37.0 cents		37.0 cents
- Preference		7.0 cents		7.0 cents
Half year ended 31 December 2012 - Ordinary		34.0 cents		34.0 cents
- Preference		7.0 cents		7.0 cents
Date of payment of interim dividends			20 March 2014	
Record date for determining entitlements to the interim dividends			5 March 2014	

**3. Net tangible asset backing:** Refer page 14.

**4. Entities over which control has been gained or lost during the period:** None

**5 & 6. Details of dividend payments and dividend reinvestment plans:** Refer to note 11 of the attached condensed consolidated financial statements.

**7. Details of associates and joint ventures:** None

**The Auditor's Review Report is attached.**

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Half year to 31 December 2013 \$000	Half year to 31 December 2012 \$000
Dividends and distributions received		19,626	17,530
Interest income		599	814
Operating revenue	3	20,225	18,344
Administration expenses	4	(377)	(366)
Finance costs	9	(6)	-
Operating expenses		(383)	(366)
Profit before income tax expense		19,842	17,978
Income tax expense	6	(311)	(331)
Net profit for the half year		19,531	17,647
Basic and diluted earnings per ordinary share	5	\$0.738	\$0.677

The consolidated statement of profit or loss is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half year to 31 December 2013 \$000	Half year to 31 December 2012 \$000
<b>Net profit for the half year</b>	<b>19,531</b>	17,647
<b>Other Comprehensive Income</b> <i>Items that will not be reclassified to the statement of profit or loss in the future:</i>		
Increase/(decrease) in fair value of investments	<b>61,042</b>	55,090
(Increase)/decrease in deferred tax liability on change in fair value of investments	<b>(13,480)</b>	(12,960)
Total other comprehensive income/(loss)	<b>47,562</b>	42,130
Total comprehensive income/(loss) for the half year ended 31 December 2013	<b>67,093</b>	59,777

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Half year to 31 December 2013	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 30 June 2013	20,312	271,169	304,367	595,848
Reclassification of preference shares	(166)	-	-	(166)
Equity as at 1 July 2013	20,146	271,169	304,367	595,682
On Market share buy-back	-	-	-	-
Dividends paid	-	-	(15,355)	(15,355)
	20,146	271,169	289,012	580,327
Profit for the year	-	-	19,531	19,531
Other comprehensive income:-				
Increase in fair value of investments	-	61,042	-	61,042
Increase in deferred tax liability relating to change in fair value of investments	-	(13,480)	-	(13,480)
Other comprehensive income	-	47,562	-	47,562
Total comprehensive income	-	47,562	19,531	67,093
Total equity as at 31 December 2013	20,146	318,731	308,543	647,420

Half year to 31 December 2012	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 30 June 2012	20,312	178,355	294,750	493,417
On Market share buy-back	-	-	-	-
Dividends paid	-	-	(13,773)	(13,773)
	20,312	178,355	280,977	479,644
Profit for the half year	-	-	17,647	17,647
Other comprehensive income:-				
Decrease in fair value of investments	-	55,090	-	55,090
Decrease in deferred tax liability relating to change in fair value of investments	-	(12,960)	-	(12,960)
Other comprehensive loss	-	42,130	-	42,130
Total comprehensive loss	-	42,130	17,647	59,777
Total equity as at 31 December 2012	20,312	220,485	298,624	539,421

The consolidated statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

**CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

	Note	31 December 2013 \$000	30 June 2013 \$000
<b>CURRENT ASSETS</b>			
Cash		674	638
Receivables		485	5,087
Investments—term deposits	7	30,000	29,900
<b>TOTAL CURRENT ASSETS</b>		<b>31,159</b>	<b>35,625</b>
<b>NON CURRENT ASSETS</b>			
Investments - equities	7	728,924	659,398
Deferred tax assets		4	4
<b>TOTAL NON CURRENT ASSETS</b>		<b>728,928</b>	<b>659,402</b>
<b>TOTAL ASSETS</b>		<b>760,087</b>	<b>695,027</b>
<b>CURRENT LIABILITIES</b>			
Payables		46	64
Current tax liabilities		98	161
<b>TOTAL CURRENT LIABILITIES</b>		<b>144</b>	<b>225</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liabilities	8	112,357	98,954
Other financial liabilities	9	166	166
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>112,523</b>	<b>99,120</b>
<b>TOTAL LIABILITIES</b>		<b>112,667</b>	<b>99,345</b>
<b>NET ASSETS</b>		<b>647,420</b>	<b>595,682</b>
<b>EQUITY</b>			
Issued capital	10	20,146	20,146
Reserves		318,731	271,169
Retained earnings		308,543	304,367
<b>TOTAL EQUITY</b>		<b>647,420</b>	<b>595,682</b>

The consolidated statement of financial position is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

**CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	Half year to 31 December 2013 \$000	Half year to 31 December 2012 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Dividends and distributions received	24,194	21,707
Interest received	633	1,001
Cash paid for operating expenses	(395)	(367)
Income tax paid	(582)	(689)
Income tax refunds	132	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>23,982</b>	<b>21,652</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from capital returns and disposal of investments	314	317
Payments for acquisitions of investments	(8,799)	(4,949)
Net increase in term deposits	(100)	(3,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(8,585)</b>	<b>(7,632)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(15,355)	(13,773)
Finance costs	(6)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(15,361)</b>	<b>(13,773)</b>
<b>NET INCREASE IN CASH HELD</b>	<b>36</b>	<b>247</b>
<b>CASH AT BEGINNING OF FINANCIAL PERIOD</b>	<b>638</b>	<b>330</b>
<b>CASH AT END OF FINANCIAL PERIOD</b>	<b>674</b>	<b>577</b>

The consolidated statement of cash flows is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

### 1. REPORTING ENTITY

Carlton Investments Limited is a company domiciled in Australia. The consolidated financial report of the Company for the half year ended 31 December 2013 comprises the Company and its subsidiaries (together referred to as the consolidated entity). The consolidated entity operates predominately in the acquisition and long term holding of shares and units in entities listed on the Australian Securities Exchange.

The report was authorised for issue by the directors on 18 February 2014.

### 2. BASIS OF PREPARATION

#### (a) Statement of Compliance

The consolidated financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated financial report does not include all of the information required for a full annual financial report and is to be read in conjunction with the most recent annual financial report prepared as at 30 June 2013. This report must also be read in conjunction with any public announcements made by the Company during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

#### (b) Basis of Preparation

The financial report is presented in Australian dollars (the Company's functional currency) on the historical cost basis except that investments in equities listed on the Australian Securities Exchange have been stated at their fair value. The balances and effects of transactions between controlled entities included in the consolidated accounts have been eliminated.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Revisions to accounting estimates are recognised in the period when the estimate is revised and in any future reporting periods affected.

The accounting policies adopted by the consolidated entity are consistent with those adopted during the previous corresponding half year and financial year with exception to the following:

#### ***Classification of cumulative preference shares***

Under Accounting Standard AASB132 *Financial Instruments: Presentation*, cumulative preference shares are now classified on the Statement of Financial Position as a financial liability rather than an equity instrument. Dividends paid on these preference shares are now reported as a finance cost rather than dividends paid from 1 July 2013. As this change is not material to net profit and cash flows, prior period comparative figures have not been adjusted in the statement of profit or loss and the statement of cash flows. The comparative statement of financial position has, however, been adjusted to provide a consistent presentation for this reclassification.

#### (c) New and Revised Accounting Standards

##### ***Accounting Standard AASB 13 - Fair Value Measurement and AASB 2011-8 Amendment to Accounting Standard arising from AASB 13***

Accounting Standard AASB 13 - *Fair Value Measurement* and AASB 2011-8 *Amendment to Accounting Standard arising from AASB 13* became mandatory for the financial year ending 30 June 2014. These standards provide guidance on how to determine fair value and also require enhanced fair value determination method disclosure. The adoption of these standards has had no material effect on the measurement of the Group's assets and liabilities. Additional disclosure on the fair value determination method of the Group's shares and units held in listed entities is given under note 1 (f) below.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

**(c) New and Revised Accounting Standards – (cont.)**

***Other new accounting standards and interpretations***

A number of other new accounting standards and interpretations became mandatory for the current financial year ending 30 June 2014. These new accounting standards and interpretations have not had a material effect on the Group's consolidated financial statements.

**(d) Revenue Recognition**

Revenues from dividends and trust distributions are recognised when the right to receive payment is established. Interest income is recognised as it accrues.

**(e) Income Tax**

Income tax expense in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax liability is the expected tax payable on the taxable income for the half year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years. Deferred tax, being predominantly capital gains tax, is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets, using tax rates enacted or substantially enacted at balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(f) Investments**

Short term deposits with major financial institutions form part of the consolidated entity's investment portfolio and are carried at cost.

Shares and units in listed entities are valued continuously at fair value. Inputs used to determine fair value are the unadjusted last-sale price, last-bid price and last-sell price quoted on the Australian Securities Exchange at balance date. Fair value is determined at a value within the quoted bid/sell price spread with most investments being valued at the quoted last-sale price. As the inputs used to determine the fair value of shares and units in listed entities are prices quoted in an active market, being the Australian Securities Exchange, values are categorised within Level 1 of the fair value hierarchy of measurement under Accounting Standards AASB 13.

Any change in fair value of shares and units in listed entities is recognised, through the Statement of Comprehensive Income, directly in equity.



## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half year to 31 December 2013 \$000	Half year to 31 December 2012 \$000
<b>3. REVENUES FROM INVESTMENT ACTIVITIES</b>		
Dividends and distributions received - ordinary	19,232	17,454
Dividends received - special	394	76
Interest received or due and receivable from other parties	599	814
	20,225	18,344
 <b>4. ADMINISTRATION EXPENSES</b>		
Administration expenses include:		
Directors' fees and employee benefits	199	192
Auditor's remuneration	35	37
Other expenses	143	137
	377	366
 <b>5. EARNINGS PER SHARE</b>		
Basic and diluted earnings per ordinary share (cents per share)	\$0.738	\$0.667
 <b>RECONCILIATION OF EARNINGS USED IN THE CALCULATION OF EARNINGS PER SHARE</b>		
Net profit for the half year	19,531	17,647
Less: preference share dividend appropriated	-	(6)
Earnings used in the calculation of basic and diluted earnings per ordinary share	19,531	17,641
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	26,474,675	26,474,675

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half year to 31 December 2013 \$000	Half year to 31 December 2012 \$000
<b>6. INCOME TAX</b>		
<b>Income tax expense</b>		
Prima facie income tax expense calculated at 30% (2012: 30%) on profit before tax	5,952	5,394
Increase/(decrease) in income tax expense due to:		
Imputation gross up on dividends received	2,949	2,648
Franking credits on dividends received	(9,829)	(8,827)
Difference in timing of recognition of dividend income for accounting and tax	1,278	1,141
Other	(39)	(25)
Income tax expense	311	331
	<b>31 December 2013 \$000</b>	<b>30 June 2013 \$000</b>
<b>7. INVESTMENTS</b>		
<b>Current</b>		
Term deposits	30,000	29,900

Term deposits are placed with major listed financial institutions and had maturity periods of between 52 to 149 days from 31 December 2013 and at that date were paying interest at rates between 3.55% and 3.85%. The weighted average effective interest rate on term deposits during the half year ended 31 December 2013 was 3.98% (2012: 5.06%). Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Credit risk on term deposits is minimised as deposits are only placed with major Australian financial institutions with acceptable credit ratings determined by a recognised rating agency. There is no exposure to currency risk.

#### **Non Current**

Shares and units in listed entities –  
at fair value

728,924

659,398

During the half year period investments were acquired for consideration of \$8,799,000 (2012: \$4,949,000). There were no disposals of investments during the half year to 31 December 2013. Proceeds from disposal of investments in the prior half year to 31 December 2012 totalled \$317,000, resulting in a realised loss, based on original cost values, of \$33,000. Proceeds of \$314,000 were received from a capital return made by Wesfarmers during the half year (2012: Nil).

Shares and units held by the consolidated entity are not directly exposed to interest or currency risk.

**CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2013**

	31 December 2013 \$000	30 June 2013 \$000
<b>8. DEFERRED TAX LIABILITIES</b>		
Capital gains tax on unrealised investment gains	112,280	98,800
Temporary differences on timing of recognition of dividend and trust distribution income	<u>77</u>	<u>154</u>
	<u>112,357</u>	<u>98,954</u>

**9. OTHER FINANCIAL LIABILITIES**

Cumulative preference shares	<u>166</u>	<u>166</u>
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82,978 (30 June 2013: 82,978) 7% cumulative preference shares fully paid. Preference shares were not classified as redeemable when issued.

Dividends on these preference shares are recorded as a finance cost for accounting purposes from 1 July 2013.

	31 December 2013 \$000	30 June 2013 \$000
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**10. ISSUED CAPITAL**

**Issued and Paid Up Capital**

26,474,675 (30 June 2013: 26,474,675) ordinary shares fully paid	<u>20,146</u>	<u>20,146</u>
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**Movements in Ordinary Issued Capital**

Balance at the beginning of the financial period	20,146	20,146
On market buy back	-	-
Balance at end of the financial period	<u>20,146</u>	<u>20,146</u>

On 14 November 2001 the Company announced an On Market Buy Back of up to 2,500,000 of the Company's ordinary shares. This Buy Back has been extended until 28 November 2014. There were no on market share buy backs during the half year ended 31 December 2013 or year to 30 June 2013.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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#### 11. DIVIDENDS

Dividends recognised in the current half year by the Company are:

	<b>Cents per share</b>	<b>Total amount \$000</b>	<b>Franked/ unfranked</b>	<b>Date of payment</b>
2013 final dividend – ordinary shares	58.0	<u>15,355</u>	Franked	18 September 2013

Since the end of the financial period the directors have declared the following interim dividends.

2014 interim dividend – ordinary shares	37.0	<u>9,796</u>	Franked	20 March 2014
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The financial effect of the interim dividends, which has not been brought to account in the financial statements for the half year ended 31 December 2013, will be recognised in the 30 June 2014 Annual Report.

The Dividend Reinvestment and Bonus Share Plans continue to be suspended.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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## DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2013

- 1 In the opinion of the Directors of Carlton Investments Limited ("the Company"):
- (a) the financial statements and notes set out on pages 2 to 12 are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance, as represented by the results of its operations and cash flows, for the half year ended on that date; and
    - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; 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.

Dated at Sydney 18 February 2014

Signed in accordance with a resolution of the Directors:

  
A. G. RYDGE

:DIRECTORS

  
G. L. HERRING

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2013

The Directors present their report together with the consolidated financial report of Carlton Investments Limited and its controlled entities for the half year ended 31 December 2013 and the auditor's review report thereon.

### DIRECTORS

The following were Directors of the Company during the half year and up to the date of this report:

Name	Period of directorship
Mr Alan G Rydge - Chairman	Chairman of Directors since 1980. Non Executive Director
Mr Graeme L Herring AM – Chairman of the Audit Committee	Independent Non Executive Director since 1988
Mr Anthony J Clark AM – Lead Independent Director and Chairman of the Nominations and Remuneration Committee	Independent Non Executive Director since 2000

### CONSOLIDATED OPERATING PROFIT

The consolidated net profit for the half year to 31 December 2013 attributable to the members of Carlton Investments Limited was:

	31 December 2013 \$000	31 December 2012 \$000
Profit before income tax	19,842	17,978
Income tax expense thereon	(311)	(331)
Net profit for the half year	<u>19,531</u>	<u>17,647</u>

### REVIEW OF OPERATIONS

Net profit for the half year to 31 December 2013 increased by \$1,884,000 or 10.7% compared to the previous corresponding half year. Dividends and distributions received of \$19,626,000 increased by \$2,096,000 or 12.0%. Dividends and distributions received included special dividends totalling \$394,000 compared to \$76,000 in the previous corresponding period.

Interest income decreased by \$215,000 compared to the previous corresponding half year, to \$599,000. Average funds held on term deposit decreased by approximately \$2 million and the weighted average effective interest rate on term deposits decreased to 3.98% compared to 5.06% for the previous half year.

### NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2013 prior to payment of the interim dividends detailed in note 11 and before provision for tax on unrealised capital gains was \$28.70 (30 June 2013: \$26.23). The net tangible asset backing per share at 31 December 2013 after provision for tax on unrealised capital gains was \$24.45 (30 June 2013: \$22.50).

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT (cont.) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

### INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 37.0 cents per Ordinary Share, fully franked, payable on 20 March 2014. This is an increase of 3 cents per ordinary share compared to the 34 cents per share paid in respect of the previous year. An interim dividend of 7.0 cents per Preference Share, fully franked, will be paid on the same date. The Record Date for the interim dividends is 5 March 2014.

### ON MARKET SHARE BUY BACK

During the half year, the Directors resolved to extend the period of the On Market Share Buy Back to 28 November 2014. There were no ordinary shares bought back during the half year ended 31 December 2013.

### INVESTMENTS

During the half year investments (over \$500,000) were made in AGL Energy, APA Group, Bank of Queensland, Bendigo and Adelaide Bank, National Australia Bank, Origin Energy, Santos, Telstra Corporation and WAM Capital. The cost of shares purchased during the half year to 31 December 2013 totalled \$8,799,000. Shares in Orora, with a market value of \$1,041,000, were also received following the demerger of that business from Amcor during the half year.

The twenty largest investments, at quoted market values, as at 31 December 2013 were:

	\$000's		\$000's
Amalgamated Holdings	251,219	Bank of Queensland	15,518
National Australia Bank	69,315	Bendigo & Adelaide Bank	13,118
Westpac Bank	57,063	Orica	12,927
Commonwealth Bank	42,736	Gowing Bros	11,112
ANZ Bank	30,444	Origin Energy	9,612
Wesfarmers	27,311	Amcor	9,001
BHP Billiton	26,921	Santos	8,990
Telstra	21,313	James Hardie	8,092
AGL	20,097	Rio Tinto	6,221
Perpetual	19,411	Lend Lease	5,514
			<u>665,935</u>
Total shares and units in listed entities as at 31 December 2013			<u>728,924</u>

There were no disposals of equity investments during the half year to 31 December 2013, however a capital return totalling \$314,000 was received from Wesfarmers.

The market value of the investment portfolio in listed entities increased by 9.3% after adjustment for acquisitions, capital returns and disposals during the six months ended 31 December 2013. This compares to an increase of 12.1% in the All Ordinaries Index over the same period.

### LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is attached and forms part of the directors' report for the half year ended 31 December 2013.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

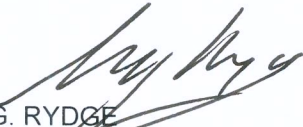
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### DIRECTORS' REPORT (cont.) FOR THE HALF YEAR ENDED 31 DECEMBER 2013

#### ROUNDING OFF

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in this report and the financial report have been rounded off to the nearest one thousand dollars unless otherwise indicated.

This report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors on 18 February 2014.



A.G. RYDGE  
Chairman of Directors  
18 February 2014





***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Carlton Investments Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review

*KPMG*

KPMG

David Rogers  
*Partner*

Sydney, 18 February 2014



## Independent auditor's review report to the members of Carlton Investments Limited

### Report on the financial report

We have reviewed the accompanying half-year financial report of Carlton Investments Limited, which comprises the consolidated statement of financial position as at 31 December 2013, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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

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

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Carlton Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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

### Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

David Rogers

Partner

Sydney, 18 February 2014