

Appendix 4D

31 December 2010 Half Yearly Report

CARLTON INVESTMENTS LIMITED ABN 000 020 262

1. Financial Reporting Period

The current financial reporting period is for the half year to 31 December 2010 with the previous corresponding period being the half year to 31 December 2009.

2. Results for announcement to the market

Dividends and distributions received	Up	26.1%	to	\$000's 16,195
Interest received	Down	24.8%	to	662
Revenue before realised gains on disposal of equity investments	Up	23.0%	to	16,888
Net profit before realised gains on disposal of equity investments	Up	24.1%	to	16,221
Profit for the half year	Up	16.4%	to	16,221
Total income tax expense	Down	35.5%	to	329
2.4 Dividends		Amount per security		Franked amount per security
Interim dividend - Ordinary - Preference		30 cents 7.0 cents		30 cents 7.0 cents
Half year ended 31 December 2009 - Ordinary - Preference		27.0 cents 7.0 cents		27.0 cents 7.0 cents
Date of payment of interim dividends			24	March 2011
Record date for determining entitlements to the interim dividends			9	March 2011

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 8 of the attached consolidated interim 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 INCOME STATEMENT FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

	Note	Half year to 31 December 2010 \$000	Half year to 31 December 2009 \$000
Dividends and distributions received	2	16,195	12,845
Interest income		662	881
Sundry income		31	-
		<hr/>	<hr/>
Total revenue before realised gains on disposal of investments		16,888	13,726
Administration expenses	3	(338)	(346)
		<hr/>	<hr/>
Profit before income tax expense and realised gains on disposal and impairment write downs of investments		16,550	13,380
Income tax expense *		(329)	(306)
		<hr/>	<hr/>
Net profit before realised gains on disposal of investments		16,221	13,074
Gains on disposal of investments		-	1,069
Income tax expense thereon *		-	(204)
		<hr/>	<hr/>
Profit for the half year		16,221	13,939
		<hr/>	<hr/>
* Total income tax expense	5	(329)	(510)
Basic and diluted earnings per ordinary share after realised gains on disposal of equity investments	4	\$0.61	\$0.52

The income statement is to be read in conjunction with the notes to the consolidated financial statements set out on pages 8 to 11.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Half year to 31 December 2010 \$000	Half year to 31 December 2009 \$000
Net profit	16,221	13,939
Other Comprehensive Income		
Increase in fair value of investments	46,898	108,803
(Increase) in deferred tax liability on change in fair value of investments	(12,718)	(27,087)
Net gains on disposal of investments	107	(865)
Total other comprehensive income	34,287	80,851
Total comprehensive income for the half year ended 31 December 2010	50,508	94,790

The statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements set out on pages 8 to 11.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR
ENDED 31 DECEMBER 2010**

**Half year to 31
December 2010**

	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 30 June 2010	21,162	172,721	273,655	467,538
On Market share buy-back	(259)	-	-	(259)
	20,903	172,721	273,655	467,279
Dividends paid	-	-	(10,610)	(10,610)
	20,903	172,721	263,045	456,669
Profit for the half year	-	-	16,221	16,221
Other comprehensive income				
Increase in fair value of investments	-	46,898	-	46,898
Increase in deferred tax liability on change in fair value of investments		(12,718)	-	(12,718)
Net gain on disposal of investments	-	107	-	107
Other comprehensive income	-	34,287	-	34,287
Total comprehensive income	-	34,287	16,221	50,508
Total equity as at 31 December 2010	20,903	207,008	279,266	507,177

The statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements set out on pages 8 to 11.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR
ENDED 31 DECEMBER 2010 (cont)**

**Half year to 31
December 2009**

	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 30 June 2009 (As previously reported)	21,162	141,842	244,675	407,679
Adoption of AASB 9	-	(20,734)	20,734	-
Revised equity as at 30 June 2009	21,162	121,108	265,409	407,679
Dividend paid	-	-	(10,617)	(10,617)
	21,162	121,108	254,792	397,062
Profit for the half year	-	-	13,939	13,939
Other comprehensive income				
Increase in fair value of investments	-	108,803	-	108,803
(Increase) in deferred tax liability on change in fair value of investments	-	(27,087)	-	(27,087)
Other comprehensive income	-	81,716	-	81,716
Total comprehensive income	-	81,716	13,939	95,655
Total equity as at 31 December 2009	21,162	202,824	268,731	492,717

The statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements set out on pages 8 to 11.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Note	31 December 2010 \$000	30 June 2010 \$000
CURRENT ASSETS			
Cash		943	931
Receivables		829	3,633
Investments—term deposits	6	30,100	21,700
TOTAL CURRENT ASSETS		31,872	26,264
NON CURRENT ASSETS			
Investments	6	549,794	503,075
TOTAL NON CURRENT ASSETS		549,794	503,075
TOTAL ASSETS		581,666	529,339
CURRENT LIABILITIES			
Payables		32	48
Current tax liabilities		184	97
TOTAL CURRENT LIABILITIES		216	145
NON CURRENT LIABILITIES			
Deferred tax liabilities		74,273	61,656
TOTAL NON CURRENT LIABILITIES		74,273	61,656
TOTAL LIABILITIES		74,489	61,801
NET ASSETS		507,177	467,538
EQUITY			
Issued capital	7	20,903	21,162
Reserves		207,008	172,721
Retained earnings		279,266	273,655
TOTAL EQUITY		507,177	467,538

The statement of financial position is to be read in conjunction with the notes to the condensed consolidated interim financial statements set out on pages 8 to 11.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Half year to 31 December 2010 \$000	Half year to 31 December 2009 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	19,168	15,690
Interest received	914	1,054
Sundry income	30	-
Distributions from property trusts	190	158
Cash paid for operating expenses	(353)	(358)
Income tax paid	(904)	(1,013)
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	19,045	15,531
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital returns and disposal of investments	767	2,268
Payments for acquisitions of investments	(481)	(27,066)
Net (increase)/reduction in term deposits	(8,450)	19,650
	<hr/>	<hr/>
NET CASH (USED IN) INVESTING ACTIVITIES	(8,164)	(5,148)
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares bought back	(259)	-
Dividends paid	(10,610)	(10,617)
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NET CASH USED IN FINANCING ACTIVITIES	(10,869)	(10,617)
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NET INCREASE/(DECREASE) IN CASH HELD	12	(236)
CASH AT BEGINNING OF FINANCIAL PERIOD	931	1,069
	<hr/>	<hr/>
CASH AT END OF FINANCIAL PERIOD	943	833
	<hr/>	<hr/>

The statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements set out on pages 8 to 11

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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 2010 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 and solely within Australia.

The report was authorised for issue by the directors on 24 February 2011.

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 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 2010. 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 the exception of the following:

(c) 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.

d) 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 sheet 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 sheet 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.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

(e) **Investments**

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

Listed equity investments are carried at their market value. Market value is determined by reference to the quoted bid price at the reporting date. Any change in market value is recognised directly in equity. Where equity investments are disposed of any cumulative gain or loss previously recognised in profit or loss is now recognised in the statement of comprehensive income following the adoption of AASB 9: *Financial Statements* with initial application date of 7 December 2009.

	Half year to 31 December 2010 \$000	Half year to 31 December 2009 \$000
2. REVENUES FROM INVESTMENT ACTIVITIES		
Dividends received	15,982	12,727
Distributions from trusts	213	118
Interest received or due and receivable from other parties	662	881
Sundry	31	-
	<u>16,888</u>	<u>13,726</u>
3. ADMINISTRATION EXPENSES		
Administration expenses include:		
Directors' fees and employee benefits	172	165
Auditor's remuneration	19	37
Other expenses	147	144
	<u>338</u>	<u>346</u>
4. EARNINGS PER SHARE		
Basic and diluted earnings per ordinary share (cents per share)	\$0.61	\$0.52
RECONCILIATION OF EARNINGS USED IN THE CALCULATION OF EARNINGS PER SHARE		
Net profit for the half year	16,221	13,939
Less: preference share dividend appropriated	(6)	(6)
Earnings used in the calculation of basic and diluted earnings per ordinary share	<u>16,215</u>	<u>13,933</u>
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<u>26,513,738</u>	<u>26,543,863</u>

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Half year to 31 December 2010 \$000	Half year to 31 December 2009 \$000
5. INCOME TAX		
Income tax expense		
Prima facie income tax expense calculated at 30% (2009: 30%) on profit before tax	4,965	4,335
Increase/(decrease) in income tax expense due to:		
Imputation gross up on dividends received	2,365	1,947
Franking credits on dividends received	(7,883)	(6,492)
Difference between book and tax gains on disposal of equity investments	-	(127)
Difference in timing of recognition of dividend income for accounting and tax	915	874
Other	(33)	(27)
Income tax expense	329	510
	31 December 2010 \$000	30 June 2010 \$000
6. INVESTMENTS		
Current		
Term deposits	30,100	21,700
Term deposits are placed with major listed financial institutions and have maturity periods of between 13 to 167 days from 31 December 2010 and at that date are paying interest at rates between 5.65% and 6.18%. The weighted average effective interest rate on term deposits during the half year ended 31 December 2010 was 5.82% (2009: 4.12 %). 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 listed 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	549,794	503,075

Equity investments held by the consolidated entity are not directly exposed to interest or currency risk.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31 December 2010 \$000	30 June 2010 \$000
7. ISSUED CAPITAL		
Issued and Paid Up Capital		
26,511,777 (30 June 2010: 26,527,467) ordinary shares fully paid	20,737	20,996
82,978 (30 June 2009: 82,978) 7% cumulative preference shares fully paid	166	166
	20,903	21,162
Movements in Ordinary Issued Capital		
Balance at the beginning of the financial period	20,996	20,966
On market buy-back 15,690 ordinary shares (2010:Nil)	(259)	-
Balance at end of the financial period	20,737	20,996

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 2011. During the half year ended 31 December 2010, 15,690 ordinary shares were bought back (year to 30 June 2010: Nil shares).

8. DIVIDENDS

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

	Cents per share	Total amount \$000	Franked/ unfranked	Date of payment
2010 final dividend				
Ordinary	40.0	10,604	Franked	15 September 2010
Preference	7.0	6	Franked	15 September 2010
Total		10,610		

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

Ordinary	30.0	7,953	Franked	24 March 2011
Preference	7.0	6	Franked	24 March 2011
Total		7,959		

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 2010 will be recognised in the 30 June 2011 Annual Report.

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

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

- 1 In the opinion of the Directors of Carlton Investments Limited:
- (a) the financial statements and notes set out on pages 2 to 11 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2010 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 24 February 2011.

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 2010

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 2010 and the auditor's review report thereon.

DIRECTORS

The Directors of the Company during or since the end of the half-year are:

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 2010 attributable to the members of Carlton Investments Limited was derived as follows:

	31 December 2010 \$000	31 December 2009 \$000
Profit before gains on disposal and impairment write downs of investments and income tax	16,550	13,380
Income tax expense thereon	(329)	(306)
Net profit before gains on disposal of investments	16,221	13,074
Gains on disposal of investments	-	1,069
Income tax expense thereon	-	(204)
Operating profit for the half year	16,221	13,939

REVIEW OF OPERATIONS

The profit for the year before gains on disposal of investments increased by \$3,147,000 or 24.1% compared to the previous corresponding half year. Dividends and distributions received of \$16,195,000 reflected an increase of \$3,350,000 or 26.1%. A major contributing factor to the increase in dividend income was the decision by the Board during the 2010 financial year to increase the level of investment in Amalgamated Holdings Limited (AHL). The increased investment resulted in an additional amount of \$1,844,000 in dividends being received from AHL from both the increased number of shares held and a higher rate of dividend being paid. Interest income of \$662,000 fell by \$219,000 due mainly to the reduced level of funds on deposit primarily as a result of the additional investment in AHL.

Following the adoption of Accounting Standard AASB 9: *Financial Statements* at the date of initial application of 7 December 2009, realised gains on disposal of investments since that date have been recognised through the Statement of Comprehensive Income and not the Income Statement. The Income Statement for the half year ended 31 December 2009 recognised net gains of \$865,000.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (cont) FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2010 prior to payment of the interim dividends detailed in note 10 and prior to provision of capital gains tax and selling costs was \$21.94 (30 June 2010: \$20.00). Although the directors have no intention of disposing of the consolidated entity's equity investments, if notional selling costs were applied and capital gains tax charged on unrealised gains, the net tangible asset backing at 31 December 2010 would have been \$19.06 (30 June 2010: \$17.60).

INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 30.0 cents per Ordinary Share, fully franked, payable on 24 March 2011. This is an increase of 3 cents per ordinary share compared to the 27 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 9 March 2011.

ON MARKET SHARE BUY-BACK

On 18 November the Directors resolved to extend the period of the On Market Share Buy-Back to 28 November 2011. 15,690 ordinary shares were bought back during the half year ended 31 December 2010.

INVESTMENTS

During the half-year investments were made in Boral and Cromwell Group. The twenty largest investments at market value as at 31 December 2010 were:

	\$000's		\$000's
Amalgamated Holdings	199,806	Rio Tinto	7,798
National Australia Bank	45,956	Bank of Queensland	7,784
Westpac Bank	39,241	Telstra	7,623
BHP Billiton	32,066	Origin	7,593
Commonwealth Bank	24,238	Bendigo Adelaide Bank	7,507
ANZ Bank	20,420	Perpetual	7,405
Wesfarmers	20,125	Santos	6,270
AGL	16,975	Amcor	5,750
Orica	13,484	CC Amatil	4,722
Gowings	10,214	Bluescope Steel	4,548

During the half year the investments in Keycorp and Intoll were disposed of with the net gain of \$107,000 being credited direct to the Revaluation Reserve in accordance with Australian Accounting Standards.

The market value of the investment portfolio in listed entities increased by 9.3% after adjustment for acquisitions during the six months ended 31 December 2010. This compares to a rise of 13.9% in the S & P /ASX 300 Accumulation 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 set out on page 17 and forms part of the directors' report for the half year ended 31 December 2010.

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 24 February 2011.

A.G. RYDGE
Chairman of Directors
24 February 2011





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 2010 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

A handwritten signature in blue ink, appearing to read 'David Sinclair'.

David Sinclair
Partner

Sydney

24 February 2011



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 2010, 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 8 comprising a statement of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity 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 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 Consolidated Entity's financial position as at 31 December 2010 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 Consolidated Entity's financial position as at 31 December 2010 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

David Sinclair
Partner

Sydney

24 February 2011