

# Appendix 4E

## Preliminary Final Report 30 June 2013

**CARLTON INVESTMENTS LIMITED**

**ACN 000 020 262**

### 1. Financial reporting period

The current financial reporting period is for the year ended 30 June 2013 with the previous corresponding period being the year ended 30 June 2012.

### 2. Operating results for announcement to the market

	2013 \$000	2012 \$000
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<b>Revenue</b>				
Dividends and distributions received – ordinary	Up	7.9%	32,213	29,857
Dividends – special	Down	92.5%	93	1,239
Interest received	Down	23.6%	1,499	1,963
Total operating revenue	Up	2.3%	<u>33,805</u>	<u>33,059</u>
<b>Profit</b>				
Profit before income tax expense	Up	2.4%	33,163	32,386
Income tax expense	Down	5.4%	(766)	(810)
Net profit for the year	Up	2.6%	<u>32,397</u>	<u>31,576</u>

3. Dividends	Amount per security	Franked amount per security
Final dividends - Ordinary	58.0 cents	58.0cents
- Preference	7.0 cents	7.0 cents
Year ended 30 June 2012 - Ordinary	52.0 cents	52.0 cents
- Preference	7.0 cents	7.0 cents
Date final dividends payable	18 SEPTEMBER 2013	
Record date for determining entitlements to final dividends	3 SEPTEMBER 2013	
The dividend reinvestment plan continues to be suspended		

### 4. Refer to the attached Financial Report for details of the following:-

Income statement, statement of comprehensive income, statement of changes in equity, statement of financial position and statement of cash flows and notes thereon;

Dividends paid and payable;

Net tangible asset backing

### 5. Entities over which control has been gained or lost during the period:- Nil

### 6. Details of associates and joint ventures:- Nil

### 7. The Report is based on financial statements that have been audited. A copy of the audit report is included in the attached Financial Report.

# CARLTON INVESTMENTS LIMITED

(A publicly listed company limited by shares, incorporated and domiciled in Australia)

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ACN 000 020 262

## Financial Report

For the year ended 30 June 2013

Directors **Alan G Rydge (Chairman)**  
**Graeme L Herring AM**  
**Anthony J Clark AM**

Group Secretary **Peter W Horton**

Auditor **KPMG**

Bank **National Australia Bank Limited**

Registered Office **Level 22, 227 Elizabeth Street,  
Sydney NSW 2000**  
**Telephone: (02) 9373 6732**  
**Facsimile: (02) 9373 6539**  
**Email: [info@carltoninvestments.com.au](mailto:info@carltoninvestments.com.au)**  
**Website: [www.carltoninvestments.com.au](http://www.carltoninvestments.com.au)**

Share Registrar **Computershare Registry Services Pty Ltd**  
**Level 3, 60 Carrington Street,  
Sydney NSW 1115**  
**Telephone: 1300 855 080**  
**Facsimile: (02) 8235 8150**

Home Stock Exchange **The company is listed on the  
Australian Securities Exchange (Sydney) Limited  
Stock Exchange Code CIN**

Controlled Entities **Carlton Hotel Limited (ACN 000 010 266)**  
**Eneber Investment Company Limited (ACN 000 014 540)**  
**The Manly Hotels Pty Limited (ACN 000 004 473)**

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## Annual General Meeting

The 2013 Annual General Meeting will be held at

Rydges World Square Hotel,  
389 Pitt Street, Sydney NSW 2000.

On 23<sup>rd</sup> October 2013  
At 10.00a.m.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CHAIRMAN'S REPORT TO SHAREHOLDERS

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I have pleasure in presenting the Group's consolidated results for the year ended 30 June 2013.

### Group's operations and results

Profit as reported in the consolidated statement of profit or loss for the year ended 30 June 2013 was \$32,397,000 compared to \$31,576,000 for 2012, an increase of 2.6%.

Total revenue for the year was \$33,805,000 compared to \$33,059,000 during the prior year. Dividends and distributions received from companies and trusts increased by \$1,210,000 or 3.9% from \$31,096,000 to \$32,306,000. Dividends and distributions received in the prior year included a special dividend of \$1,231,000 received from Amalgamated Holdings Limited. Dividends and distributions received before special dividends increased by \$2,356,000 or 7.9% compared to the prior year. Interest income was \$1,499,000 compared to \$1,963,000 in the prior year. The fall in interest income resulted from lower interest rates, with the weighted average interest rate on term deposits decreasing from 5.85% in the prior year to 4.79%, and a reduction in average funds on deposit of approximately \$2 million.

Administration expenses amounted to \$642,000, compared to \$673,000 in the previous year. This represented a management expense ratio (MER) of 0.10%.

### Earnings per ordinary share

Basic and diluted earnings were \$1.223 per ordinary share for the year to 30 June 2013 compared to \$1.191 per share for 2012.

### Dividends

On 15 August 2013 the directors declared a final fully franked ordinary dividend of 58 cents per share payable on 18 September 2013. Total dividends payable in respect of the ordinary shares for the financial year ended 30 June 2013 amount to 92 cents per share, compared to the 84 cents per share paid in respect of the previous year. This is an increase of 9.5%.

A final preference dividend of 7 cents per share fully franked is also payable on 18 September 2013.

The record date for both the ordinary and preference final dividends is 3 September 2013.

The Dividend Reinvestment Plan remains suspended.

### Net tangible asset backing

The net tangible asset backing for each issued ordinary share at 30 June 2013, prior to the payment of the final dividend noted above and before provision for estimated capital gains tax in respect of unrealised investment portfolio gains, was \$26.23 (2012: \$21.13). Although the Board has no present intention of disposing of any of the Group's equity investments, the net tangible asset backing per share after provision for tax on unrealised capital gains was \$22.50 (2012: \$18.63). The relevant figures as at 31 July 2013 were \$27.10 and \$23.18 respectively.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CHAIRMAN'S REPORT TO SHAREHOLDERS (CONT.)

### Investments

The market value of the equity investment portfolio as at 30 June 2013 was \$659,398,000 compared to \$524,126,000 at the prior year end. Short term cash deposits at 30 June 2013 amounted to \$29,900,000 and represented 4.3% of the total of equity investments, term deposits and cash. The consolidated entity is well placed with the level of funds on deposit to take advantage of investment opportunities as and when they arise.

The Board's policy is to acquire additional investments in equities that meet the criteria of providing high levels of income through predominantly fully franked dividends and have the potential for long term capital growth. The cost of shares purchased during the year to 30 June 2013 totalled \$10,095,000 (2012: \$14,237,000).

Acquisitions above \$500,000 during the year were:

ASX Limited	\$ 511,000
Bank of Queensland Limited	\$2,000,000
Bendigo and Adelaide Bank Limited	\$2,999,000
Cromwell Property Group	\$ 509,000
Origin Energy Limited	\$ 997,000
Sonic Healthcare Limited	\$ 510,000
Tabcorp Holdings Limited	\$1,003,000
Telstra Corporation Limited	\$ 999,000

Consideration received on disposal of equity investments during the financial year totalled \$389,000 (2012: \$3,874,000).

After adjusting for the above total investment acquisitions and disposals, the market value of the investment portfolio increased by \$125,423,000 or 23.9% during the year to 30 June 2013. This compares favourably to an increase of 15.5% in the All Ordinaries Index over the same period.

The Group continues to hold its equity investments for the long term and does not act as a share trader nor does it invest in speculative stocks.

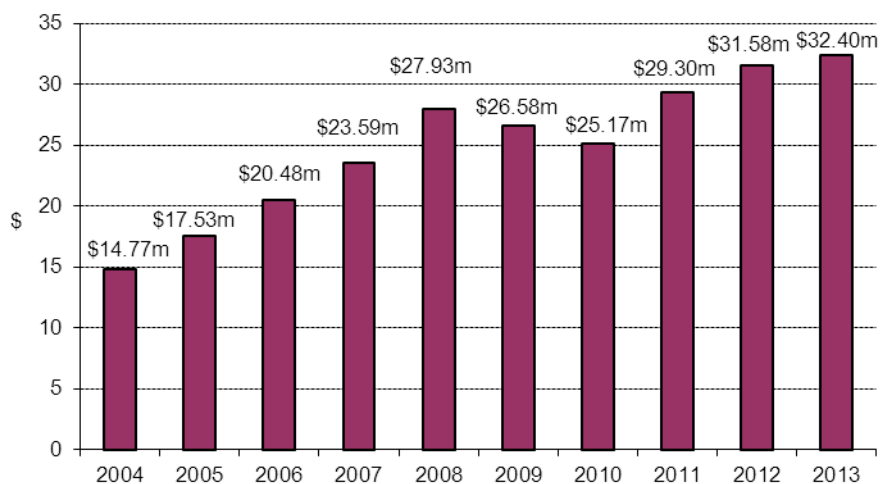


A.G. RYDGE  
Chairman

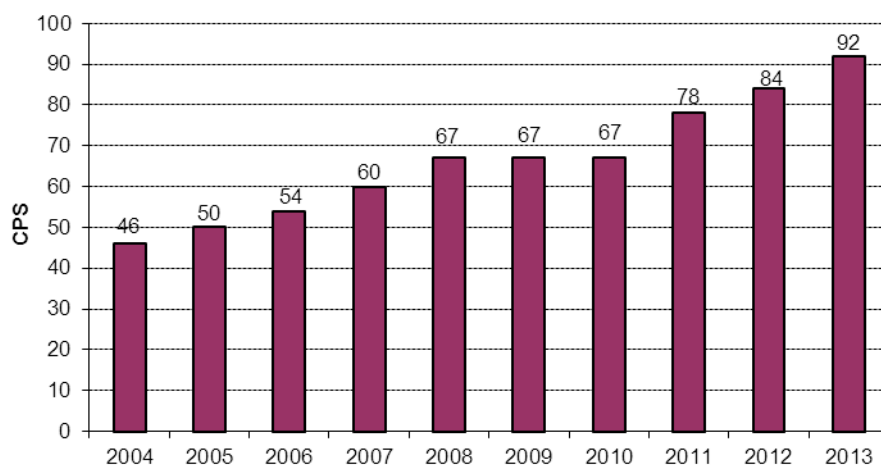
15 August 2013

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

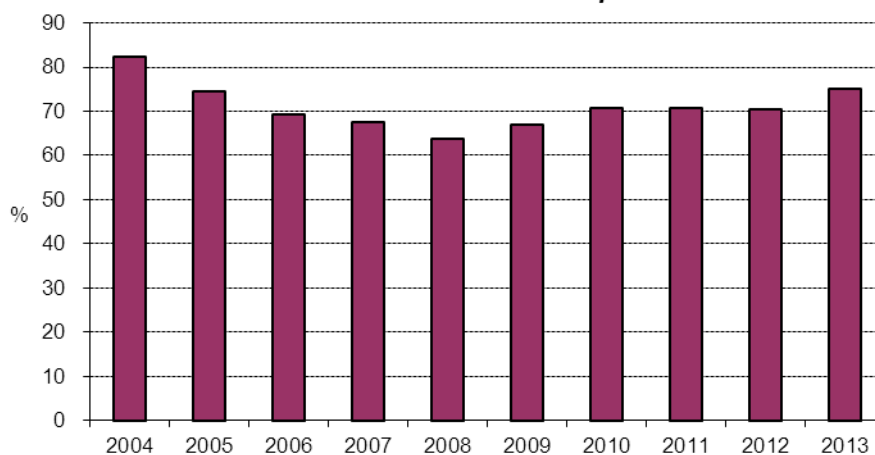
*Ten year summary of net profits*



*Fully franked dividends per ordinary share*



*Dividends as a % of net profit*



# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013

The directors present their report together with the consolidated financial report of Carlton Investments Limited ("the Company") and its controlled entities for the year ended 30 June 2013 and the auditor's report thereon.

### Directors

The directors of the Company in office at any time during or since the end of the financial year are:

#### Mr. Alan G Rydge

Chairman of Directors since 1980. Non executive director.

Broad experience as a director of various listed and private entities, formerly Deputy Chairman of Australia Post.

Director (since 1978) and Chairman (since 1980) of Amalgamated Holdings Limited. Also a director of Enbearn Pty Limited, Alphoeb Pty Limited, and Aygeear Pty Limited.

#### Mr. Graeme L Herring AM

Bachelor of Commerce (Melbourne), Diploma of Education (Melbourne).

Independent Non Executive Director since 1988.

Chairman of the Audit Committee.

Broad experience as a director of listed companies and previously practised as a Chartered Accountant. He retired as a partner of Peat Marwick Mitchell & Co. in 1983.

Other directorships include Louis Vuitton Australia Pty Limited. A former directorship was WIN Corporation Pty Limited (retired 15 July 2010).

#### Mr. Anthony J Clark AM, FCA, FAICD.

Fellow of the Institute of Chartered Accountants in Australia and Fellow of the Australian Institute of Company Directors.

Independent Non Executive Director since 2000.

Chairman of the Nominations and Remuneration Committee.

Broad experience as a director of listed companies and previously practised as a Chartered Accountant retiring as a partner of KPMG in 1998.

Other directorships include Amalgamated Holdings Limited (since 1998), Ramsay Health Care Limited (since 1998) and Sphere Minerals Limited (since 2011).

### Company Secretary and Chief Financial Officer

Mr Peter W Horton was appointed Company Secretary and Chief Financial Officer in October 2011. He practised as a Chartered Accountant for over 20 years prior to his retirement as a partner of KPMG in 2001. Immediately prior to joining the Company, Mr Horton was the Director of Finance and Accounting for a public company engaged in the hospitality and leisure industries, a position which he held for almost 10 years. He is a member of the Institute of Chartered Accountants in Australia.

### Officers who were previously partners of the audit firm

GL Herring, AJ Clark, and PW Horton were officers of the Company during the year and were previously partners of the current audit firm, KPMG or its antecedent firms, at a time when the audit firm undertook an audit of the Company. The earliest that any of these officers previously worked with KPMG was more than 11 years ago.

### Directors' meetings

The number of directors' meetings and meetings of committees of directors held during the year together with the number of meetings attended by each director during the financial year were:

Name of Director	Directors' Meetings	Audit Committee	Nominations and Remuneration Committee
No. of meetings held:	8	3	1
No. of meetings attended:			
Mr A G Rydge	8	3	1
Mr G L Herring	8	3	1
Mr A J Clark	8	3	1

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013 (CONT.)

### Corporate Governance statement

This statement outlines the main Corporate Governance practices that have been adopted by the Board which, unless otherwise stated, comply with the ASX Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. The appropriateness of the adopted practices is subject to continuous review by the Board. Companies listed on the Australian Securities Exchange are required under the ASX Listing Rules to detail in their annual reports the principles and recommendations with which they have not complied and provide reasons as to why they have not done so.

The eight ASX Corporate Governance Principles and the Company's approach to them are as follows:-

#### 1. *Lay solid foundations for management and oversight*

The Company has a Board of three non-executive directors and two employees, namely a company secretary/chief financial officer and an office administrator. Due to the lack of complexity in the Company's operations no director acts as chief executive officer. In accordance with Board policy the company secretary/chief financial officer is primarily and directly responsible to the directors for the general and overall management of the Company.

The terms and conditions relating to the appointment and retirement of all directors are determined on a case by case basis within the requirements of the Corporations Act 2001 and the ASX Listing Rules. The Company provides directors and senior management on appointment a letter setting out key terms and conditions relative to their appointment so that they clearly understand their corporate expectations.

Under the Company's Constitution directors are subject to re-election by shareholders by rotation every three years.

Details regarding the current directors are included on page 5.

The primary responsibility of the Board is to develop the overall strategy of the Company and to preside over the management of the Company to protect and enhance shareholders' interests. The Board's role is to ensure the Company meets its obligations and responsibilities in all areas affecting shareholders, the market and the community generally. The Board's roles and responsibilities which include strategic direction of the Company, governance and operating performance, are set out in its Charter which is reviewed on a regular basis. Copies of the Charter are available on request from the company secretary. The policies and procedures detailed in this Statement have been instituted by the Board to ensure that the Board's roles and responsibilities are complied with. The Board is assisted in the execution of its responsibilities by the Audit Committee and Nomination and Remuneration Committee both of which are chaired by independent non-executive Directors.

Meetings of the Board are held regularly during the year. In any month where a meeting does not take place the company secretary prepares a detailed report for the Board's information and consideration.

The most recent performance evaluations and remuneration reviews conducted by the Nominations and Remuneration Committee for the company secretary/chief financial officer and the office administrator were carried out in May 2013, after reference to current market rates. Detail of remuneration for the company secretary/chief financial officer is set out on page 12.

The company secretary/chief financial officer is responsible to the Board for the implementation of the strategy and management of the Company. He manages the Company's operations in accordance with the strategy, business plans and policies approved by the Board to achieve agreed goals. He acts as public officer for taxation matters and is responsible for the Company's continuous disclosure requirements of the ASX.

#### 2. *Structure the Board to add value*

The Board's policy is that of the three directors comprising the Board, two must be independent non-executive directors not having a major shareholding in the Company, not having been a principal or employee of a professional advisor or consultant to the Company within the previous three years, has not been employed in an executive capacity by the Company and is free of any business or other relationship that could materially

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013 (CONT.)

#### *2. Structure the Board to add value (cont.)*

interfere with the exercise of their unfettered and independent judgement. Both Mr Herring and Mr Clark are independent non-executive directors having served on the Board since 1988 and 2000 respectively. Due to the nature of the Company's activities it is not considered that either Mr Herring's or Mr Clark's length of service as a director could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Company. The Chairman, Mr A G Rydge, due to his related interests in the Company, is not considered to be independent however, the remaining members of the Board do not consider that this in any way diminishes the efficient organisation and conduct of the Board's function.

Each of the directors has the mix of skills for which the Board is looking to achieve in membership of the Board; namely, a broad experience as a director of public listed companies and a knowledge of and involvement in the finance and investment sectors. It is the Company's policy that there is to be no discrimination in respect of race, creed or gender when seeking potential candidates for Board positions.

The Company has a Nominations and Remuneration Committee comprising the three current non executive directors. The Committee, whose roles and responsibilities are set out in its Charter which is reviewed on a regular basis for appropriateness, is chaired by an independent non-executive director. In accordance with the Charter it evaluates by discussion the Board's and each individual director's performance on an annual basis, assesses the necessary and desirable competencies of Board members and reviews succession plans taking into consideration the range of skills, experience and expertise of the current members. The last such review was performed in May 2013. Each director is required to notify the Board of any change in circumstances that could impair their position as a director.

Fees paid to the non executive directors (there are no executive directors) are set each year by the Committee and, after reference to current market rates, are based on the nature of each director's performance and responsibilities. In accordance with the Corporations Act 2001 total fees for all directors are within the maximum amount of fees that have been approved by the shareholders at general meetings to be paid to the directors.

Directors do not receive any form of remuneration or retirement benefits other than by way of payment of directors' fees and the Superannuation Guarantee levy. They do not receive any options over shares in the Company. Details of directors' remuneration are set out on page 12. The Chairman meets with each director and officer to discuss matters affecting Board and management effectiveness as and when they arise. Each director also may at any stage raise appropriate matters with the Chairman.

Subject to prior discussions in a Board meeting, each director is entitled to seek independent professional advice at the Company's expense provided such advice is essential for the execution of the director's obligations. A copy of the advice received by the director is made available to all other members of the Board.

#### *3. Promote ethical and responsible decision making*

The Company through its Code of Ethics and Business Conduct recognises the importance of the Company's directors and employees conforming to the highest standards of ethical and responsible decision making. All directors and employees are made aware that they are expected to act in their business dealings for the Company in accordance with the Law and high standards of propriety. The Code covers areas such as the Company's and the Board's policy on diversity and its responsibilities towards employees and shareholders, dealings with third parties, conflicts of interest, safeguarding assets, financial reports and accounting records and insider information and trading in the Company's shares. Directors and employees must keep the Board advised on an ongoing basis of any interest that could potentially conflict with those of the Company.

As detailed above, the Company's policy on diversity stipulates that there is to be no discrimination in respect of race, creed or gender when seeking potential candidates for Board positions. This policy also applies to employees. Currently the Company has a Board of three male members and two employees one of whom is a female in the part time position of office administrator. The female position represents 20% of the Company's total workforce, a level that would be expected to be maintained. The size of the Company's operations does not provide widespread opportunities to have a workforce covering all sections of the community.



## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013 (CONT.)

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#### 3. *Promote ethical and responsible decision making (cont.)*

The Company has a Trading Policy that specifies the periods of the year where trading in its shares by key management personnel are prohibited.

A copy of the Code and the Trading Policy are available on request from the company secretary.

#### 4. *Safeguard integrity in financial reporting*

The Company, in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, has an Audit Committee whose roles and responsibilities are set out in its Charter. The Charter is reviewed annually for appropriateness. A copy of the Charter can be obtained on request from the company secretary. The Committee acts as an independent and objective body to monitor the Company's financial reporting processes, corporate risk assessment, systems of internal controls and the results of the external audit (including a review of the independence of the external auditor). The Committee consists of the three non-executive Board members and is chaired by an independent non-executive director. Committee members receive comprehensive regular reports on the Company's affairs from the company secretary/chief financial officer and have unrestricted access to Company records and information. The Committee requires the company secretary/chief financial officer to provide it with a declaration under Section 295(A) of the Corporations Act each half year and annually whether, in his opinion, the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and whether they are in accordance with the relevant accounting standards. He is also required to state whether, in his opinion, the integrity of the financial statements has been founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and whether the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

The engagement partner of the external auditor meets with the Audit Committee each six months when finalising the half year and annual results to discuss the audit findings including whether there are any significant issues that have arisen during the audit. The engagement partner has been requested to raise with the Board at any other time any pertinent issues that should be addressed by the Board. The Committee also meets with the external auditor to review the auditor's performance and to discuss the proposed audit plan and fees. The Committee, after reviewing the auditor's performance, has the responsibility for determining whether a recommendation be made to the Board that there should be a change of external auditor. It is responsible for ensuring that there is a rotation of audit engagement partner in accordance with legislation currently in force.

The Committee reviews the appropriateness of any significant non-audit service proposed to be provided by the external auditor before giving its approval.

#### 5. *Make timely and balanced disclosure*

The company secretary/chief financial officer has, in accordance with the Company's written Continuous Disclosure Policy, been nominated as the person with primary responsibility for the Company's communications with the ASX and is required to be fully conversant with the ASX Continuous Disclosure Listing Rules as they affect the Company. He is responsible for ensuring that communications are made in a timely manner, are factual and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. Members of the Board, in accordance with the Board Charter, meet with the company secretary/chief financial officer on a six monthly basis to review the Company's ongoing compliance with the continuous disclosure requirements. Each member of the Board has a responsibility to advise the company secretary/chief financial officer of any relevant disclosure matters of which they become aware.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013 (CONT.)

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#### 6. *Respect the rights of shareholders*

It is Company policy to maintain full and informative communications with all shareholders. This is achieved by way of detailed reports to shareholders on the half year and annual results, net tangible asset backing details disclosed monthly to the market and through the Chairman's address at general meetings. Copies of these documents, together with any other announcements made to the ASX are available from the websites of the Company, the ASX and various brokers. Copies of documents covering Corporate Governance matters such as the Board and committee charters, risk management policy, communications, code of conduct, continuous disclosure policy, etc. are available to shareholders on request from the company secretary. The website address for the Company is [www.carltoninvestments.com.au](http://www.carltoninvestments.com.au).

The engagement partner from the external auditor attends the annual general meetings and is available to answer shareholders' questions at that meeting.

#### 7. *Recognise and manage risk*

The Company has a detailed policies, procedures and controls manual that sets out the roles of the Board and management in recognising risks associated with the consolidated entity's operations and the safeguards instituted to control those risks. It is the Audit Committee's responsibility to review the risk management policies and to ensure that they are both appropriate for the Company's operations and are being adhered to. The Company does not have an internal audit function due to the lack of complexity in its operations. The company secretary/chief financial officer reports to the Audit Committee and Board as at each half year and financial year end whether, in his opinion, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects. The Audit Committee meets with the engagement partner of the external auditor at least every six months to discuss the auditor's review or audit findings. These requirements have been undertaken in respect of the year ended 30 June 2013.

A copy of the Company's risk management policy is available on request from the company secretary.

#### 8. *Remunerate fairly and responsibly*

As detailed under 2 above the Company has a combined Nomination and Remuneration Committee that has as one of its responsibilities the determination of appropriate remuneration policies for Board members and employees. The Committee has a Charter that sets out its role and responsibilities, composition, structure and membership requirements. The membership of the Committee consists of the three non executive directors and is chaired by an independent director.

#### **Compliance with ASX Corporate Governance Principles and Recommendations**

The Company complies, to the extent appropriate for an organisation of its size, with the ASX Corporate Governance Principles and Recommendations with the exception of Recommendation 2.2 as the Chairman is not considered to be an independent director.

#### **Principal activities**

The principal activity of the Group is the acquisition and long term holding of shares and units in entities listed on the Australian Securities Exchange. There have been no significant changes in the activity of the consolidated entity during the year under review.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013 (CONT.)

#### Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

#### Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in subsequent financial years.

#### Results and review of operations

The consolidated profit for the year attributable to the members of Carlton Investments Limited was:

	2013 \$000	2012 \$000
Operating revenue	33,805	33,059
Administration expenses	(642)	(673)
Profit before income tax expense	33,163	32,386
Income tax expense	(766)	(810)
Net profit for the year	32,397	31,576

Dividends and distributions received during the year increased by 3.9% to \$32,306,000 compared to \$31,096,000 during the prior year. Dividends and distributions received in the prior year included a special dividend of \$1,231,000 received from Amalgamated Holdings Limited. Dividends and distributions received before special dividends increased by \$2,356,000 or 7.9% compared to the prior year.

Interest income decreased from \$1,963,000, in the prior year, to \$1,499,000. This fall in interest income of \$464,000 resulted from lower interest rates, with the weighted average interest rate on term deposits decreasing from 5.85% in the prior year to 4.79%, and a reduction in average funds on deposit of approximately \$2 million.

Administration expenses amounted to \$642,000 (2012: \$673,000). These expenses represent a Management Expense Ratio (MER) of 0.10% (2012: 0.12%) based on the average of total assets as at 30 June 2012 and 30 June 2013.

The investment portfolio held by the Group is valued at market values. Increments and decrements in the market value of equity investments are recognised as other comprehensive income and taken to the revaluation reserve. The market value of the investment portfolio enjoyed strong growth increasing by \$125,423,000 or 23.9%, after adjusting for acquisitions and disposals, during the year to 30 June 2013. This compares favourably to an increase of 15.5% in the All Ordinaries Index over the same period.

Major additions to the portfolio included the increase in holdings in Bendigo and Adelaide Bank, Bank of Queensland, Tabcorp Holding, Telstra and Origin Energy. The Group continued to invest in Australian listed entities that are considered to be well managed and are anticipated to provide attractive levels of sustainable income through predominantly franked dividends and also long term capital growth. Details of investment acquisitions over \$500,000 during the year to 30 June 2013 are given in the Chairman's Report.

After a period of strong portfolio returns driven partly by falling interest rates and increasing confidence in the U.S. economy we see the Australian domestic economy remaining subdued in the near term with concerns about slowing growth in China, uncertainty about timing of the U.S. Federal Reserve unwinding its monetary expansion program and weak domestic business and consumer confidence.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013 (CONT.)

#### Dividends

- Paid during the year in respect of the prior financial year:

- (i) As proposed in last year's report, a final ordinary dividend of 52 cents per share, fully franked, amounting to \$13,767,000 was paid on 19 September 2012.
- (ii) As proposed in last year's report, a final preference dividend of 7 cents per share, fully franked, amounting to \$6,000 was paid on 19 September 2012.

- In respect of the current financial year:

	\$000
(i) An interim ordinary dividend of 34 cents per share, fully franked, was declared and paid on 21 March 2013.	9,001
(ii) A final ordinary dividend of 58 cents per ordinary share in respect of the year ended 30 June 2013 has been declared. The dividend will be fully franked.	15,355
(iii) An interim preference dividend of 7 cents per share, fully franked, was paid on 21 March 2013.	6
(iv) A final preference dividend of 7 cents per share, fully franked, has been declared.	6

Total dividends paid or payable in respect of the year ended 30 June 2013	<u>24,368</u>
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#### Likely developments

The Group will continue to pursue its policy of holding equity investments on a long term basis and reinvesting dividends and other income in entities listed on the Australian Securities Exchange, together with accepting takeover offers which would prove to be of advantage to the Group.

#### Remuneration Report - Audited

The Company has a Board of three directors and employs two staff, one of whom is the company secretary/ chief financial officer. The Board reviews the performance of the company secretary / chief financial officer and the office administrator and determines their remuneration after having reference to current market rates. Directors' fees for the non-executive directors (there are no executive directors) are recommended to the Board each year by the Nominations and Remuneration Committee and, after reference to current market rates, are based on the nature of each director's work and responsibilities. Directors do not receive additional fees for Committee participation. These fees are within the maximum amount of \$250,000 that was approved by the shareholders at the 2005 annual general meeting. Performance evaluation and remuneration reviews are carried out in May each year, with any remuneration increases being effective from 1 July. No director or the company secretary/chief financial officer has a service agreement.

Directors and the company secretary/chief financial officer do not receive any remuneration subject to performance conditions including bonuses or options over shares in the Company. There were no non-monetary benefits given to directors or the company secretary/chief financial officer. Their only remuneration is by way of fees and salary respectively, together with superannuation contributions which are paid to defined contribution funds.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013 (CONT.)

### Directors' and officer's remuneration

		Short term base emolument \$	Post employment superannuation contributions \$	Leave entitlements movements \$	Total \$
<b>Directors</b>					
Mr A G Rydge	2013	66,972	6,028	-	73,000
	2012	64,220	5,780	-	70,000
Mr G L Herring	2013	63,000	-	-	63,000
	2012	60,000	-	-	60,000
Mr A J Clark	2013	63,000	-	-	63,000
	2012	60,000	-	-	60,000
	2013	192,972	6,028	-	199,000
	2012	184,220	5,780	-	190,000
<b>Company Secretary / Chief Financial Officer</b>					
Mr P W Horton	2013	128,000	25,000	3,003	156,003
	2012*	78,132	7,035	7,944	93,111
Mr K N Allen Retired 28/10/11	2013	-	-	-	-
	2012	20,647	28,020	52,368	101,035
	2013	128,000	25,000	3,003	156,003
	2012	98,779	35,055	60,312	194,146

\*Mr PW Horton was appointed on 31 October 2011.

The table below sets out the Group's performance indices in respect of the current year and the previous four years.

	2013	2012	2011	2010	2009
Net profit for year (\$000)	32,397	31,576	29,303	25,165	26,577
Dividends cents per ordinary share#	92	84	78	67	67
Net tangible asset backing before capital gains tax*	\$26.23	\$21.13	\$21.07	\$20.00	\$16.82
Share price*	\$21.10	\$15.80	\$16.95	\$16.50	\$14.73
Management Expense Ratio	0.10%	0.12%	0.11%	0.13%	0.12%

\*At 30 June

# Interim and final dividend in respect of year

End of Remuneration Report

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013 (CONT.)

#### Directors' interests

The relevant interest of each director in the share capital of the Group, as notified by the directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

#### Shares held in Carlton Investments Limited

	Held Directly		Other Relevant Interests		Aggregate Relevant Interests	
	Ordinary Shares		Ordinary Shares		Ordinary Shares	
	2013	2012	2013	2012	2013	2012
Mr A G Rydge	660,322	660,322	14,867,116	14,867,116	15,527,438	15,527,438
Mr G L Herring	5,960	5,960	-	-	5,960	5,960
Mr A J Clark	-	-	5,000	5,000	5,000	5,000

None of the directors or entities in which the directors have a beneficial interest, hold preference shares. Mr Rydge and Mr Clark also have a non-beneficial interest in 630,169 (2012: 630,169) ordinary shares and 37,941 (2012: 37,941) preference shares by virtue of their directorships of Amalgamated Holdings Limited.

No options were granted over unissued ordinary shares in the Company to any officer of the Company during or since the end of the financial year and at the date of this report there are no unissued ordinary shares under option.

#### Indemnification of officers

The Company has agreed to indemnify the current directors and company secretary of the Company and its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

No premium has been paid, or agreed to be paid, for insurance against a current or former officer's or auditor's liability for legal costs.

#### Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to its statutory duties. The Directors are satisfied that:

- (a) the non-audit services provided during the financial year by KPMG as the external auditor were compatible with the general standard of independence for auditors imposed by the Corporations Act 2001; and
- (b) any non-audit services provided during the financial year by KPMG as the external auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:
  - (i) the nature and scope of any non-audit service provided is reviewed and approved by the Audit Committee to ensure that they do not adversely affect the integrity and objectivity of the auditor; and
  - (ii) the amount of non-audit fees paid to KPMG in comparison to the amount of audit fees are considered to be significantly within an appropriate threshold to maintain auditor independence.

	2013 \$	2012 \$
Details of amounts paid to KPMG for audit and non-audit services provided during the year are:		
<b>Statutory Audit</b>		
- Audit and review of financial reports	53,460	50,655
<b>Services other than statutory audit</b>		
- Taxation compliance services	12,100	25,410
	<b>65,560</b>	<b>76,065</b>

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2013 (CONT.)

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#### **Lead auditors' independence declaration**

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act 2001 is included on page 35.


#### **Parent entity financial statements**

The Group has applied amendments to the Corporations Act (2001) that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures detailed in note 19 to the consolidated entity's financial statements.


#### **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 the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors at Sydney on 15 August 2013



A G RYDGE  
Director



G L HERRING AM  
Director

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$000	2012 \$000
Dividends and distributions received	4	32,306	31,096
Interest income		1,499	1,963
Operating revenue		33,805	33,059
Administration expenses	5	(642)	(673)
Profit before income tax expense		33,163	32,386
Income tax expense	8	(766)	(810)
Profit for the year		32,397	31,576
Basic and diluted earnings per ordinary share	7	\$1.223	\$1.191

The consolidated statement of profit or loss is to be read in conjunction with the notes to the financial statements set out on pages 20 to 33.



# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$000	2012 \$000
Net profit for the year	<b>32,397</b>	31,576
Other comprehensive income:		
<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>125,423</b>	(8,805)
(Increase)/decrease in deferred tax liability relating to change in fair value of investments	<b>(32,609)</b>	298
Total other comprehensive income/(loss)	<b>92,814</b>	(8,507)
Total comprehensive income for the year	<b>125,211</b>	23,069

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 20 to 33.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

<b>Year to 30 June 2013</b>	<b>Share capital \$000</b>	<b>Revaluation reserve \$000</b>	<b>Retained earnings \$000</b>	<b>Total \$000</b>
Equity as at 30 June 2012	20,312	178,355	294,750	493,417
On Market share buy-back	-	-	-	-
Dividends paid	-	-	(22,780)	(22,780)
	20,312	178,355	271,970	470,637
Profit for the year	-	-	32,397	32,397
Other comprehensive income:-				
Increase in fair value of investments	-	125,423	-	125,423
Increase in deferred tax liability relating to change in fair value of investments	-	(32,609)	-	(32,609)
Other comprehensive income	-	92,814	-	92,814
Total comprehensive income	-	92,814	32,397	125,211
Total equity as at 30 June 2013	20,312	271,169	304,367	595,848

<b>Year to 30 June 2012</b>	<b>Share capital \$000</b>	<b>Revaluation Reserve \$000</b>	<b>Retained earnings \$000</b>	<b>Total \$000</b>
Equity as at 30 June 2011	20,903	186,862	284,388	492,153
On Market share buy-back	(591)	-	-	(591)
Dividends paid	-	-	(21,214)	(21,214)
	20,312	186,862	263,174	470,348
Profit for the year	-	-	31,576	31,576
Other comprehensive income:-				
Decrease in fair value of investments	-	(8,805)	-	(8,805)
Decrease in deferred tax liability relating to change in fair value of investments	-	298	-	298
Other comprehensive loss	-	(8,507)	-	(8,507)
Total comprehensive income/(loss)	-	(8,507)	31,576	23,069
Total equity as at 30 June 2012	20,312	178,355	294,750	493,417

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 20 to 33.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	2013 \$000	2012 \$000
<b>CURRENT ASSETS</b>			
Cash	22(i)	638	330
Receivables	9	5,087	4,826
Investments - term deposits	10	29,900	30,700
<b>TOTAL CURRENT ASSETS</b>		<b>35,625</b>	<b>35,856</b>
<b>NON CURRENT ASSETS</b>			
Investments - equities	10	659,398	524,126
Investments - other	10	-	128
Deferred tax assets	8	4	3
<b>TOTAL NON CURRENT ASSETS</b>		<b>659,402</b>	<b>524,257</b>
<b>TOTAL ASSETS</b>		<b>695,027</b>	<b>560,113</b>
<b>CURRENT LIABILITIES</b>			
Payables	11	64	50
Current tax liabilities	8	161	297
<b>TOTAL CURRENT LIABILITIES</b>		<b>225</b>	<b>347</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liabilities	8	98,954	66,349
<b>TOTAL LIABILITIES</b>		<b>99,179</b>	<b>66,696</b>
<b>NET ASSETS</b>		<b>595,848</b>	<b>493,417</b>
<b>EQUITY</b>			
Share capital	12	20,312	20,312
Revaluation reserve	12	271,169	178,355
Retained profits		304,367	294,750
<b>TOTAL EQUITY</b>		<b>595,848</b>	<b>493,417</b>

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 20 to 33.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$000	2012 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Dividends and distributions received		31,863	30,523
Interest received		1,667	1,823
Cash paid for operating expenses		(628)	(662)
Income tax paid		(997)	(554)
Income tax refunds		89	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	22(ii)	<b>31,994</b>	<b>31,130</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of investments		389	3,874
Payments for acquisition of investments		(10,095)	(14,237)
Proceeds from reduction in term deposits		800	250
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(8,906)</b>	<b>(10,113)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
On Market share buy-backs	12	-	(591)
Dividends paid		(22,780)	(21,214)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(22,780)</b>	<b>(21,805)</b>
Net (decrease)/increase in cash held		308	(788)
<b>CASH AT BEGINNING OF FINANCIAL YEAR</b>		<b>330</b>	<b>1,118</b>
<b>CASH AT END OF FINANCIAL YEAR</b>	22(i)	<b>638</b>	<b>330</b>

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 20 to 33.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 1. **Reporting Entity**

Carlton Investments Limited (The Company) is a company domiciled in Australia. The address of the Company's registered office is Level 22, 227 Elizabeth Street, Sydney, NSW. The consolidated financial report of the Company as at and for the year ended 30 June 2013 comprises the Company and its subsidiaries (collectively referred to as the "Group"). The Group is a for-profit entity and 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 consolidated financial statements were authorised for issue by the Board of Directors on 15 August 2013.

### 2. **Basis of preparation**

#### (a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

#### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except that investments in equities have been stated at their market values at balance date.

#### (c) Functional currency and presentation

These consolidated financial statements are presented in Australian dollars which is the Group's functional currency. 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 the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### (d) Critical accounting estimates and judgements

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

A deferred tax liability has been recognised, in accordance with the requirements of Accounting Standards, in respect of Capital Gains Tax calculated on the unrealised gain applicable to the listed equity investments. It is the intention of Group entities to hold these investments for the long term and not to dispose of them. Accordingly the deferred tax liability may not be realised at the amount disclosed in the financial statements and may also be affected by subsequent changes in tax legislation in regard to capital gains.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### (e) Changes in accounting policies

The accounting policies adopted by the Group are consistent with those adopted during the previous corresponding financial year, with exception of the following change to disclosure requirements:

#### *Presentation of transactions recognised in other comprehensive income*

From 1 July 2012 the Group applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. This change only relates to disclosures and has had no impact on consolidated earnings per share or net income. The changes require the Group to separately disclose those items of other comprehensive income that may be reclassified to profit or loss in the future from those that will never be reclassified to profit or loss. This disclosure is now made in the consolidated statement of comprehensive income on page 16. In the current and comparative financial years, the Group only had items recognised in comprehensive income that will not be reclassified into the statement of profit or loss in future periods.

#### (f) Parent entity financial statements

The Group has applied amendments to the Corporations Act 2001 that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures detailed in note 19.

## CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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#### **3. Significant accounting policies**

##### **(a) Revenue recognition**

Revenues from dividends and trust distributions are recognised in the profit or loss when the right to receive payment is established, which is the date that the investment trades "ex-dividend". Interest income comprising interest on short term deposits is recognised as it accrues.

##### **(b) Income tax**

Income tax expense comprises current and deferred tax. Current or deferred tax is recognised in profit or loss except to the extent that it relates to items recognised through other comprehensive income, when it is recognised into the revaluation reserve or directly in equity.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting 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 the balance date. Deferred tax assets are reviewed at each reporting 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.

##### **(c) Investments**

Short term deposits with major financial institutions form part of the Group'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 current quoted market price at the reporting date. The Group holds investments for the long term and any change in market value is recognised in other comprehensive income through the revaluation reserve, after deducting the estimated deferred capital gains tax liability relating to the accumulated increment.

All investments are classified as Level 1 investments as their fair values are determined by unadjusted quoted prices in an active market.

##### **(d) Transactions eliminated on consolidation**

The balances and effects of transactions between controlled entities have been eliminated in the consolidated financial statements.

##### **(e) Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is the same as basic EPS as there are no dilutive potential ordinary shares on issue by the Company.

##### **(f) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

##### **(g) Operating segments**

The Group operates only in Australia, investing predominantly in Australian listed securities and has no reportable segments.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 3. Significant accounting policies (cont.)

(h) New accounting standards and interpretations not yet adopted

A number of new accounting standards, amendments to accounting standards and interpretations, which are not yet mandatory, however can be applied for annual periods beginning after 1 July 2012, have not been adopted in preparing these consolidated financial statements. From an initial assessment, it is not expected that these amended accounting standards and interpretations will have a significant effect on the consolidated financial statements of the Group when they become mandatory and are adopted.

	Note	2013 \$000	2012 \$000
<b>4. Dividends and distributions received</b>			
Dividends and distributions received from listed entities:			
Dividends – ordinary		31,714	29,526
Dividends – special		93	1,239
Distributions from trusts		499	331
		<b>32,306</b>	<b>31,096</b>
Dividends from:			
Investments held at year end		32,301	30,994
Investments disposed of during the year		5	102
		<b>32,306</b>	<b>31,096</b>
<b>5. Administration expenses</b>			
Directors' fees and employee remuneration		383	412
Auditor's remuneration	6	66	76
Rent and office service charges		28	24
Other administration costs		165	161
		<b>642</b>	<b>673</b>
		<b>\$</b>	<b>\$</b>
<b>6. Auditor's remuneration</b>			
Amounts paid or due and payable for:			
Audit services: KPMG			
Audit and review of financial reports		53,460	50,655
Other services: KPMG			
Taxation services - Compliance		12,100	25,410
		<b>65,560</b>	<b>76,065</b>
<b>7. Earnings per share</b>			
Basic and diluted earnings per ordinary share		<b>\$1.223</b>	<b>\$1.191</b>
		<b>\$000</b>	<b>\$000</b>
<b>Reconciliation of earnings used in the calculation of earnings per share:</b>			
Profit as per the consolidated statement of profit		32,397	31,576
Less: preference share dividends appropriated		(12)	(12)
Net profit applicable to ordinary shareholders		<b>32,385</b>	<b>31,564</b>
		<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share		<b>26,474,675</b>	<b>26,497,085</b>

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$000	2012 \$000
<b>8. Income tax</b>		
<b>Income tax expense</b>		
Prima facie income tax expense calculated at 30% (2012: 30%) on operating profit	9,949	9,715
Increase/(decrease) in income tax expense due to:		
Imputation gross up on dividends received	3,865	3,760
Franking credits on dividends received	(12,884)	(12,533)
Other adjustments	(159)	(84)
Over provision in previous year	(5)	(48)
<b>Income tax expense</b>	<b>766</b>	<b>810</b>
Income tax expense in the statement of profit or loss comprises:		
Current income tax expense	776	820
Over provision current income tax prior year	(5)	(48)
Deferred income tax expense	(5)	38
	<b>766</b>	<b>810</b>
<b>Current tax liability</b>		
Balance at beginning of year	297	77
Income tax paid	(907)	(554)
Current year's income tax	776	820
Capital gains tax on disposal of equity investments	-	2
Over provision in previous year	(5)	(48)
<b>Balance at end of year</b>	<b>161</b>	<b>297</b>
<b>Deferred tax liability</b>		
Balance at beginning of year	66,349	66,606
Increase/(decrease) in deferred tax liability on change in market value of investments recognised directly in equity	32,609	(298)
Origination and reversal of timing differences	(4)	41
<b>Balance at end of year</b>	<b>98,954</b>	<b>66,349</b>
Represented by:		
Capital gains tax on unrealised investment gains	98,800	66,191
Temporary differences on timing of recognition of dividend and trust distribution income	154	158
	<b>98,954</b>	<b>66,349</b>
<b>Deferred tax asset</b>		
Balance at beginning of year	3	-
Origination and reversal of temporary differences	1	3
<b>Balance at end of year</b>	<b>4</b>	<b>3</b>
Represented by:		
Temporary differences - employee entitlements accrued	4	3



# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$000	2012 \$000
<b>9. Receivables</b>			
<b>Current</b>			
Dividends and interest receivable		5,087	4,826
<b>10. Investments</b>			
<b>Current</b>			
Term deposits		29,900	30,700

Term deposits are placed with major financial institutions and at 30 June 2013 had maturity periods of between 22 to 141 days (2012: 23 to 80 days) with interest rates of between 4.07% and 4.53% (2012: 5.05% and 6.00%). The weighted average effective interest rate on term deposits for the year ended 30 June 2013 was 4.79% (2012: 5.85%). 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 made with major Australian financial institutions with acceptable credit ratings determined by a recognised rating agency.

### Non Current Investments and equities

Shares and units held in listed entities - at fair value

23	659,398	524,126
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Shares and units in listed entities are valued continuously at fair value, which is the quoted market price. During the year to 30 June 2013 investments were acquired for consideration of \$10,095,000 (2012: \$14,237,000). Proceeds from disposal of investments in the year totalled \$389,000 (2012: \$3,874,000), resulting in a realised loss, based on original cost values, of \$276,000 (2012: gain of \$1,657,000). In the year to 30 June 2013 and prior year, investment disposals largely resulted from the takeover or restructure of companies in which the Group held shares.

The group is not directly exposed to interest or currency risk through its equity investments.

The only individual, material investment in a listed equity, that is neither a subsidiary nor an interest in an associate or joint venture accounted for using the equity method, is:

Name	Principal Activities	Ownership		Carrying Amount		Dividends Received	
		2013 %	2012 %	2013 \$000	2012 \$000	2013 \$000	2012 \$000
Amalgamated Holdings Limited	Entertainment, hospitality, tourism and leisure	19.2	19.2	253,375	198,574	12,315	12,623

	2013 \$000	2012 \$000
<b>Investments - other</b>		
Payments for shares not issued until following period	-	128

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$000	2012 \$000
<b>11. Payables</b>		
Current		
Other creditors and accruals	64	50
The consolidated entity's exposure to liquidity risk related to creditors is disclosed in Note 18.		
<b>12. Share capital and reserves</b>		
<b>Issued and paid up capital</b>		
<b>26,474,675</b> (2012: 26,474,675) ordinary shares fully paid	20,146	20,146
<b>82,978</b> (2012: 82,978) 7% cumulative preference shares fully paid	166	166
	<b>20,312</b>	<b>20,312</b>
<b>Movements in ordinary share capital</b>		
Balance at the beginning of the financial year	20,146	20,737
On market share buy-back – <b>nil</b> (2012: 37,102) shares	-	(591)
Balance at the end of the financial year	<b>20,146</b>	<b>20,146</b>

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 2013. There were no shares bought back during the year ended 30 June 2013 (2012: 37,102 shares). At 30 June 2013 the cumulative number of shares bought back since 14 November 2001 is 806,612 at a cost of \$10,700,000.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after preference shareholders and creditors and are fully entitled to any proceeds of liquidation.

Holders of preference shares are entitled to receive a fixed cumulative preferential dividend at the rate of 7% per annum. In the event of a winding up of the Company, preference shareholders are entitled to the capital and all arrears of dividends up to the date of the commencement of the winding up paid off in priority to any payment of capital on the ordinary shares. Holders of preference shares may attend and speak at general meetings but do not have a right to vote except where at the date of the meeting any dividend or part of a dividend is in arrears or on matters which directly or indirectly affect the rights attaching to the preference shares. The preference shares when issued were not classified as redeemable.

### Revaluation reserve

The revaluation reserve comprises the cumulative change in the fair value of equity investments net of the estimated capital gains tax relating thereto.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 13. Dividends

The following dividends were declared and paid by the Company:

Declared and paid during the year

	Cents per share	Total amount \$000	Franked/ unfranked	Date of payment
2012				
Final - ordinary	52.0	13,767	Franked	19 September 2012
Final - preference	7.0	6	Franked	19 September 2012
		13,773		
2013				
Interim - ordinary	34.0	9,001	Franked	21 March 2013
Interim - preference	7.0	6	Franked	21 March 2013
		9,007		
Total		22,780		

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Declared after the end of the financial year

Final - ordinary	58.0	15,355	Franked	18 September 2013
Final - preference	7.0	6	Franked	18 September 2013
Total		15,361		

The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2013 and will be recognised in subsequent financial reports.

### Dividend franking account

30% franking credits available to shareholders of Carlton Investments Limited for subsequent financial years

2013 \$000	2012 \$000
33,030	28,883

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for franking credits that will arise from the payment of the current tax liability.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance date but not recognised as a liability is to reduce it by **\$6,583,000** (2012: \$5,903,000).

### 14. Capital management

The Board manages the Group's capital base so as to maintain investors' value, market confidence and to sustain future growth of the business. In addition to endeavouring to achieve an increase in the value of capital invested by ordinary shareholders, the Board aims to be able to pay dividends which can be increased over future years. The actual level of dividends payable is dependent upon the level of income the Group receives from its investments. Capital management initiatives undertaken when appropriate from time to time include a share purchase plan, a dividend reinvestment plan and on market share buy-backs. The Group's capital consists of total shareholders' equity. Changes in the capital base are shown in the Consolidated Statement of Change in Equity.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 15. Related parties

#### (a) Key management personnel compensation

Directors and the company secretary / chief financial officer do not receive any bonuses, non-cash benefits or the granting of options over shares in the Company. Their only remuneration is by way of fees and salary respectively, together with the Superannuation Guarantee levy.

The key management personnel compensation comprised:

	2013 \$	2012 \$
Short-term:		
- Base emolument	320,972	282,999
- Leave entitlements	3,003	32,742
Post-employment:		
- Superannuation	31,028	40,835
- Leave entitlements – long service leave	-	27,570
	<b>355,003</b>	<b>384,146</b>

Apart from details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year, and there were no material contracts involving directors' interests existing at 30 June 2013.

#### Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares of the Company held, directly, indirectly or beneficially, by each key management person, their spouses and their personally-related entities is as follows:

	Held at 1 July 2012	Held at 1 July 2011	Purchases/(Sales) 2013	2012	Held at 30 June 2013	Held at 30 June 2012
Mr A G Rydge	15,530,502	15,499,988	-	30,514	15,530,502	15,530,502
Mr G L Herring	5,960	5,960	-	-	5,960	5,960
Mr A J Clark	5,000	4,900	-	100	5,000	5,000

The 15,530,502 ordinary shares disclosed above as being held directly, indirectly or beneficially by Mr A G Rydge includes 13,351,639 ordinary shares held by Enbearn Pty Limited representing 50.4% of the Company's issued ordinary shares.

#### (b) Other related party transactions in respect of the Company

Investments in controlled entities	Class of Share	Interest Held 2013 %	2012 %
<i>Controlled Entities</i>			
Carlton Hotel Limited	Preference	100	100
Carlton Hotel Limited	Ordinary	100	100
Eneber Investment Company Limited	Ordinary	100	100
The Manly Hotels Pty Limited	Ordinary	100	100

#### Amounts receivable from controlled entities

	The Company 2013 \$000	2012 \$000
Inter-Company loans receivable		
Non Current	157,577	147,853

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

The amounts due to the Company are non interest bearing and are at call. Receipt of payment is not expected within twelve months and therefore the balance due is disclosed as non-current. Carlton Investments Limited has undertaken not to require repayment of all or part of the amounts owing to it by the controlled entities before 31 July 2015 if repayment would result in the controlled entities not having sufficient funds to pay their other debts as and when they fall due.

### **Rent of premises**

Rent and office service charges totalling \$23,752 (2012: \$24,274) were paid to an entity which is controlled by a listed public company of which two of the Company's directors are also directors. Rent and office service charges are paid monthly at commercial rates.

### **Management fees**

The Company provided accounting, administrative and other services during the year to its controlled entities for a management fee of \$1,275,000 (2012: \$1,221,000). The management fee is based upon 4% of the dividend and trust income of the controlled entities. These management fees eliminate on group consolidation.

### **16. Financing facilities**

The Company has not negotiated any financing facilities.

### **17. Investment transactions**

The total number of transactions in securities that occurred during the financial year was 29 (2012: 45). The total brokerage paid on these transactions was \$29,399 (2012: \$31,511).

### **18. Financial risk management**

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The risks associated with the Group's assets fall into three categories, namely, credit risk, liquidity risk and market risk. Market risk includes interest rate risk, currency risk and other price risk. The Group is not currently materially exposed to interest rate risk as its cash and term deposits are short term and for a fixed interest rate. There is no material direct exposure to currency risk as almost all financial assets and liabilities are denominated in Australian dollars.

#### **Credit risk**

Credit risk is the risk of financial loss to the Group if a counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from investment securities and term deposits. For the Company it arises from receivables due from subsidiaries. The credit risk with respect to term deposits is referred to in note 10. None of these assets are considered to be impaired.

#### **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another asset.

The only financial liabilities the Group has are for tax payable from time to time to the Australian Taxation Office, administration cost payables and payables for the purchases of investments. Cash flow forecasts are prepared on a monthly basis allowing for dividends and interest to be received, movements in term deposits, investments to be purchased, dividends to be paid and other outgoings. If the level of dividends or interest to be received were to reduce significantly the Group can reduce its planned acquisition of investments so that adequate liquid funds are available to meet any liabilities. Investments in listed entities could readily be sold on the Australian Securities Exchange to generate required funds.

#### **Market risk**

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

As the Group invests in equities listed on the Australian Securities Exchange there will always be a market risk as the price of the equities is subject to fluctuation. Equity investments represent 94.9% of total assets at 30 June 2013 (2012: 93.6%). If the market prices applicable to the listed equity portfolio were to fall by 5% or 10%, and if this fall was spread equally over all assets in the portfolio, total equity represented by share capital, reserves and retained profits would reduce by \$25,262,000 and \$50,524,000 respectively after tax.

A major part of the Group's income consists of dividends received from its investments. The level of these dividends fluctuates depending on the profits earned by the companies in which investments are held. There is a risk that in downturns in the economy the level of these profits will fall and consequently may affect dividends and distributions received.

The portfolio of listed equity investments is spread over a number of market sectors so as to reduce the market risk of a major fall in a particular sector. Details of investments held and the relevant market sectors are included in note 23 of the financial statements.

### 19. Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2013 the immediate parent entity of the Group was Carlton Investments Limited.

	2013 \$000	2012 \$000
<b>Result of Parent Entity</b>		
Profit for the year	32,449	30,390
Other comprehensive income	-	-
Total comprehensive income for the year	32,449	30,390
<b>Financial position of parent entity at year end</b>		
Current assets	37	57
Total assets	163,094	153,387
Current liabilities	252	214
Total liabilities	252	214
Net assets	162,842	153,173
<b>Total equity of parent entity comprising of:</b>		
Share capital	20,312	20,312
Retained profits	142,530	132,861
Total equity	162,842	153,173

### 20. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned controlled entities listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the Class Order that the Company and each of the controlled entities enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

The controlled entities subject to the Deed are Carlton Hotel Limited, The Manly Hotels Pty Limited and Eneber Investment Company Limited. There are no controlled entities that are not party to the Deed.

The consolidated statement of profit or loss, the consolidated statement of comprehensive income and the consolidated statement of financial position, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between those entities at 30 June 2013, are set out on pages 15, 16 and 18 of the financial statements.

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 21. Events subsequent to reporting date

For final dividends declared after 30 June 2013 refer note 13.

### 22. Notes to the consolidated statements of cash flows

#### (i) Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown on the Statements of Cash Flows is reconciled to the items in the balance sheet as follows:

	2013	2012
	\$000	\$000
Cash	638	330

#### (ii) Reconciliation of profit after income tax to net cash provided by operating activities

Profit for the year as per the consolidated statement of profit or loss	32,397	31,576
Net cash provided by operating activities before changes in assets and liabilities	32,397	31,576
(Decrease)/increase in current tax payable	(136)	219
(Decrease)/increase in deferred income tax	(5)	38
Increase in other creditors	14	11
Increase in receivables	(261)	(714)
In-specie distribution received	(15)	-
Net cash provided by operating activities	31,994	31,130



# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 23. Investments in listed equities valued at fair value through other comprehensive income

SECTOR	2013			2012		
	No of shares or units	\$ '000	%	No of shares or units	\$ '000	%
<b>CONSUMER DISCRETIONARY</b>						
<i>Media</i>						
Amalgamated Holdings Ltd	30,786,687	253,375		30,786,687	198,574	
Seven West Media Ltd	525,000	998		350,000	611	
Ten Network Holdings Ltd	1,485,000	408		600,000	303	
Fairfax Media Ltd	200,000	99		200,000	111	
APN News & Media Ltd	100,000	25		100,000	66	
Consolidated Media	-	-		48,804	165	
		254,905	38.66		199,830	38.13
<i>Consumer Services</i>						
Tabcorp Holdings Ltd	612,500	1,868		307,500	901	
Echo Entertainment Group Ltd	369,000	1,129		307,500	1,316	
Crown Ltd	48,804	591		48,804	414	
		3,588	0.54		2,631	0.50
<i>Consumer Durables and Apparel</i>						
McPherson's Ltd	120,928	152	0.02	120,928	194	0.04
		258,645	39.22		202,655	38.67
<b>FINANCIALS</b>						
<i>Banks</i>						
National Australia Bank Ltd	1,961,099	58,166		1,961,099	46,164	
Westpac Banking Corporation	1,707,379	49,309		1,707,379	36,077	
Westpac SPS II	17,500	1,796		17,500	1,790	
Commonwealth Bank of Aust.	549,300	38,001		549,300	29,168	
ANZ Banking Group Ltd	944,598	26,997		944,598	20,809	
Bendigo & Adelaide Bank Ltd	1,070,455	10,780		753,455	5,583	
Bendigo & Adelaide Bank Prefs	286	28		286	25	
Bank of Queensland Ltd	1,234,162	10,750		994,162	6,581	
		195,827	29.70		146,197	27.89
<i>Capital Markets</i>						
Perpetual Ltd	262,332	9,287		262,332	6,007	
The Trust Company Ltd	768,579	4,181		768,579	3,451	
Milton Corporation Ltd	119,028	2,190		119,028	1,810	
WAM Capital Ltd	881,000	1,445		881,000	1,357	
WAM Capital Ltd Options	441,000	12		881,000	20	
Aust. Found. Inv. Co. Ltd	245,167	1,334		245,167	1,020	
Aust. United Inv. Co. Ltd	187,500	1,284		187,500	1,041	
Argo Investments Ltd	18,118	117		18,118	93	
		19,850	3.01		14,799	2.82
<i>Multi-Sector Holdings</i>						
Gowing Bros Ltd	4,273,768	10,257	1.56	4,273,768	8,847	1.69
<i>Insurance</i>						
Suncorp Group Ltd	200,266	2,387	0.36	200,266	1,620	0.31
<i>Other Diversified Financial Holdings</i>						
ASX Ltd	16,300	539		-	-	
Challenger Ltd	4,339	17		4,339	14	
		556	0.09		14	0.003
<i>Real Estate Management &amp; Development</i>						
Lend Lease Corporation Ltd	494,978	4,133	0.63	494,978	3,564	0.68
<i>Real Estate Investment Trusts (REITS)</i>						
Cromwell Property Group	1,128,619	1,100		513,333	352	
Mirvac Ltd	426,575	685		426,575	544	
Stockland	96,053	334		96,053	296	
		2,119	0.32		1,192	0.23
		235,129	35.67		176,233	33.62



# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 23. Investments in listed equities valued at fair value through other comprehensive income (cont.)

SECTOR	2013			2012		
	No of shares or units	\$ '000	%	No of shares or units	\$ '000	%
<b>MATERIALS</b>						
<i><b>Diversified Metals &amp; Mining</b></i>						
BHP Billiton Ltd	708,646	22,230		708,646	22,287	
Rio Tinto Ltd	91,245	4,779		91,245	5,155	
Iluka Resources Ltd	43,057	430		43,057	487	
		27,439	4.16		27,929	5.33
<i><b>Steel</b></i>						
Bluescope Steel Ltd	471,711	2,203		2,830,258	849	
Sims Metal Management Ltd	100,000	826		100,000	961	
Arrium Ltd (formerly OneSteel Ltd)	368,327	287		368,327	319	
		3,316	0.50		2,129	0.41
<i><b>Gold</b></i>						
Newcrest Mining Ltd	6,164	61	0.01	6,164	139	0.03
<i><b>Chemicals</b></i>						
Orica Ltd	541,764	11,160		541,764	13,376	
Dulux Group Ltd	541,764	2,281		541,764	1,631	
		13,441	2.04		15,007	2.86
<i><b>Construction Materials</b></i>						
James Hardie Inds. SE	625,362	5,872		625,362	4,978	
Boral Ltd	661,053	2,783		661,053	1,950	
		8,655	1.31		6,928	1.32
<i><b>Containers &amp; Packaging</b></i>						
Ampcor Ltd	853,133	8,634	1.31	853,133	6,049	1.15
		61,546	9.33		58,181	11.10
<b>CONSUMER STAPLES</b>						
<i><b>Food, Beverage &amp; Tobacco</b></i>						
Coca Cola Amatil Ltd	456,761	5,806		456,761	6,112	
Treasury Wine Estates Ltd	211,142	1,229		211,142	918	
		7,035	1.07		7,030	1.34
<i><b>Food &amp; Staples Retailing</b></i>						
Wesfarmers Ltd	521,043	20,633		521,043	15,579	
Wesfarmers Ltd PPS	106,878	4,311		106,878	3,373	
Woolworths Ltd	100,000	3,281		100,000	2,680	
		28,225	4.28		21,632	4.13
		35,260	5.35		28,662	5.47
<b>ENERGY</b>						
<i><b>Oil, Gas &amp; Consumable Fuels</b></i>						
Origin Energy Ltd	641,229	8,060		547,229	6,676	
Santos Ltd	477,500	5,983		477,500	5,085	
Caltex Australia Ltd	100,000	1,805		100,000	1,352	
Woodside Petroleum Ltd	50,000	1,751		50,000	1,551	
		17,599	2.67		14,664	2.80
<b>UTILITIES</b>						
<i><b>Gas Utilities</b></i>						
APA Group	515,994	3,091	0.47	515,994	2,575	0.49
<i><b>Multi-Utilities</b></i>						
AGL Energy Ltd	1,302,050	18,854		1,302,050	19,231	
Brookfield Infrastructure	818	32		818	27	
		18,886	2.86		19,258	3.67
		21,977	3.33		21,833	4.16

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### 23. Investments in listed equities valued at fair value through other comprehensive income (cont.)

SECTOR	2013			2012		
	No of shares or units	\$ '000	%	No of shares or units	\$ '000	%
<b>INFORMATION TECHNOLOGY</b>						
<b>Software &amp; Services</b>						
Computershare Ltd	20,000	205	0.03	20,000	148	0.03
<b>TELECOMMUNICATION SERVICES</b>						
<b>Diversified Telecommunication Services</b>						
Telstra Corporation Ltd	3,664,200	17,442	2.65	3,446,200	12,717	2.43
<b>INDUSTRIALS</b>						
<b>Capital Goods</b>						
Fletcher Building Ltd	243,760	1,740		243,760	1,121	
Leighton Holdings Ltd	97,223	1,502		97,223	1,582	
Seven Group Holdings Ltd	100,000	690		100,000	774	
CSR Ltd	235,000	524		235,000	329	
Paperlinx Ltd	721,864	38		721,864	41	
		4,494	0.68		3,847	0.73
<b>Commercial &amp; Professional Services</b>						
Brambles Industries Ltd	45,758	427		43,579	269	
Spotless Group Ltd	-	-		56,802	145	
PMP Ltd	100,000	27		100,000	35	
Opus Group Limited	30,232	3		30,232	18	
		457	0.07		467	0.09
<b>Transportation</b>						
Sydney Airport Holdings Ltd	329,029	1,112		329,029	954	
Transurban Ltd	26,833	181		26,833	153	
Macquarie Atlas Roads Group	91,770	178		91,770	137	
		1,471	0.22		1,244	0.24
		6,422	0.97		5,558	1.06
<b>HEALTH CARE</b>						
<b>Health Care Equipment &amp; Services</b>						
Ansell Ltd	222,044	3,915		222,044	2,931	
Sonic Healthcare	81,600	1,208		42,600	541	
		5,123	0.77		3,472	0.66
<b>Pharmaceuticals, Biotechnology &amp; Life Sciences</b>						
MEI Pharma Inc	5,657	44		-	-	
Novogen Ltd	33,000	6		33,000	3	-
		50	0.007		3	-
		5,173	0.78		3,475	0.66
<b>TOTAL</b>		<b>659,398</b>	<b>100.00</b>		<b>524,126</b>	<b>100.00</b>

# CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

## DIRECTORS' DECLARATION

1. In the opinion of the Directors of Carlton Investments Limited ("the Company"):
  - (a) the consolidated financial statements and notes that are set out on pages 15 to 33, and the Remuneration Report on pages 11 and 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 30 June 2013 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
  - (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;
  - (c) there are reasonable grounds to believe that the Company and the Group entities identified in note 20 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Class Order 98/1418.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief financial officer for the financial year ended 30 June 2013.
3. The directors draw attention to note 2(a) to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

  
A. G. RYDGE

:DIRECTORS

  
G L HERRING AM

Dated at Sydney 15 August 2013



*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 audit for the financial year ended 30 June 2013 there have been:

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

*KPMG*

KPMG

David Rogers  
Partner

Sydney

15 August 2013



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

### **Report on the financial report**

We have audited the accompanying financial report of Carlton Investments Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2013, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 23 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 year's end or from time to time during the financial year.

#### *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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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. These Auditing Standards require that we 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.

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 entity'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 entity'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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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 the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

### **Report on the remuneration report**

We have audited the Remuneration Report included in pages 11 to 12 of the directors' report for the year ended 30 June 2013. 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 auditing standards.

### *Auditor's opinion*

In our opinion, the remuneration report of Carlton Investments Limited for the year ended 30 June 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

  
David Rogers  
Partner

Sydney

15 August 2013