

Appendix 4D

31 December 2016 Half Yearly Report

CARLTON INVESTMENTS LIMITED

ABN 85 000 020 262

1. Financial Reporting Period

The current financial reporting period is for the half year to 31 December 2016 with the previous corresponding period being the half year to 31 December 2015.

2. Results for announcement to the market

				\$000's
Revenue				
Dividends and distributions received - ordinary	Down	1.4%	to	21,711
Dividends received - special	Down	99.5%	to	11
Interest received and other income	Down	6.7%	to	223
Operating revenue	Down	11.2%	to	<u>21,945</u>
Profit				
Profit <u>before special dividends</u> and income tax	Down	1.6%	to	<u>21,482</u>
Profit <u>including special dividends</u> before income tax	Down	11.5%	to	21,493
Income tax expense	Down	11.9%	to	(296)
Net profit	Down	11.5%	to	<u>21,197</u>
Dividends		Amount per security	Franked amount per security	
Interim dividend	- Ordinary - Preference	48.0 cents 7.0 cents	48.0 cents 7.0 cents	
Half year ended 31 December 2015	- Ordinary - Preference	46.0 cents 7.0 cents	46.0 cents 7.0 cents	
Date of payment of interim dividends		20 March 2017		
Record date for determining entitlements to the interim dividends		1 March 2017		

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 4-2 of the attached condensed consolidated financial statements.

7. Details of associates and joint ventures: None

The Auditor's Review Report is attached.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	Half year to 31 December 2016 \$000	Half year to 31 December 2015 \$000
Dividends and distributions received		21,722	24,485
Interest income		223	236
Other income		-	3
Operating revenue	2-3	21,945	24,724
Administration expenses	2-4	(446)	(427)
Finance costs	3-2	(6)	(6)
Operating expenses		(452)	(433)
Profit before income tax expense		21,493	24,291
Income tax expense	2-5	(296)	(336)
Net profit for the half year		21,197	23,955
Basic and diluted earnings per ordinary share			
	2-1	\$0.801	\$0.905

The consolidated income statement is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 11.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Half year to 31 December 2016 \$000	Half year to 31 December 2015 \$000
Net profit for the half year	21,197	23,955
<hr/>		
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	36,356	102,936
(Increase)/decrease in deferred tax liability on change in fair value of investments	(5,753)	(33,610)
<hr/>		
Total other comprehensive income/(loss)	30,603	69,326
<hr/>		
Total comprehensive income/(loss) for the half year	51,800	93,281
<hr/>		

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 11.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Note	31 December 2016 \$000	30 June 2016 \$000
CURRENT ASSETS			
Cash		1,673	2,172
Receivables		493	5,484
Investments—term deposits	3-1	15,790	14,100
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		17,956	21,756
		<hr/>	<hr/>
NON CURRENT ASSETS			
Investments - equities	3-1	960,673	919,363
Deferred tax assets		2	1
		<hr/>	<hr/>
TOTAL NON CURRENT ASSETS		960,675	919,364
		<hr/>	<hr/>
TOTAL ASSETS		978,631	941,120
		<hr/>	<hr/>
CURRENT LIABILITIES			
Payables		51	54
Current tax liabilities		103	254
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		154	308
		<hr/>	<hr/>
NON CURRENT LIABILITIES			
Deferred tax liabilities	2-5	169,908	164,187
Other financial liabilities	3-2	166	166
		<hr/>	<hr/>
TOTAL NON CURRENT LIABILITIES		170,074	164,353
		<hr/>	<hr/>
TOTAL LIABILITIES		170,228	164,661
		<hr/>	<hr/>
NET ASSETS		808,403	776,459
		<hr/>	<hr/>
EQUITY			
Issued capital	4-1	20,146	20,146
Reserves		450,664	420,061
Retained earnings		337,593	336,252
		<hr/>	<hr/>
TOTAL EQUITY		808,403	776,459
		<hr/>	<hr/>

The consolidated statement of financial position is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 11.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

Half year to 31 December 2016	Share capital	Revaluation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
Equity as at 1 July 2016	20,146	420,061	336,252	776,459
Dividends paid	-	-	(19,856)	(19,856)
	20,146	420,061	316,396	756,603
Profit for the year	-	-	21,197	21,197
Other comprehensive income:-				
Increase in fair value of investments	-	36,356	-	36,356
Increase in deferred tax liability relating to change in fair value of investments	-	(5,753)	-	(5,753)
Other comprehensive income	-	30,603	-	30,603
Total comprehensive income	-	30,603	21,197	51,800
Total equity as at 31 December 2016	20,146	450,664	337,593	808,403

Half year to 31 December 2015	Share capital	Revaluation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
Equity as at 1 July 2015	20,146	414,819	323,827	758,792
Dividends paid	-	-	(17,209)	(17,209)
	20,146	414,819	306,618	741,583
Profit for the half year	-	-	23,955	23,955
Other comprehensive income:-				
Increase in fair value of investments	-	102,936	-	102,936
Increase in deferred tax liability relating to change in fair value of investments	-	(33,610)	-	(33,610)
Other comprehensive income	-	69,326	-	69,326
Total comprehensive income	-	69,326	23,955	93,281
Total equity as at 31 December 2015	20,146	484,145	330,573	834,864

The consolidated statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 11.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

	Half year to 31 December 2016 \$000	Half year to 31 December 2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends and distributions received	26,687	29,517
Interest received	246	275
Other income	-	3
Cash paid for operating expenses	(449)	(427)
Income tax paid	(584)	(610)
Income tax refunds	104	94
NET CASH PROVIDED BY OPERATING ACTIVITIES	<hr/> 26,004 <hr/>	<hr/> 28,852 <hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital returns and disposal of investments	11	9
Payments for acquisitions of investments	(4,962)	(7,099)
Net (increase) decrease in term deposits	(1,690)	(3,400)
NET CASH USED IN INVESTING ACTIVITIES	<hr/> (6,641) <hr/>	<hr/> (10,490) <hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(19,856)	(17,209)
Finance costs	(6)	(6)
NET CASH USED IN FINANCING ACTIVITIES	<hr/> (19,862) <hr/>	<hr/> (17,215) <hr/>
NET (DECREASE) INCREASE IN CASH HELD	(499)	1,147
CASH AT BEGINNING OF FINANCIAL PERIOD	2,172	1,371
CASH AT END OF FINANCIAL PERIOD	<hr/> 1,673 <hr/>	<hr/> 2,518 <hr/>

The consolidated statement of cash flows is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 11.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

SECTION 1 – BASIS OF PREPARATION

1-1 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 2016 comprises the Company and its subsidiaries (together referred to as the consolidated entity). The consolidated entity operates predominately in the acquisition and long term holding of shares and units in entities listed on the Australian Securities Exchange.

The report was authorised for issue by the Board of Directors on 14 February 2017.

1-2 BASIS OF PREPARATION

(a) Statement of Compliance

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

The consolidated financial report does not include all of the information required for a full annual financial report and is to be read in conjunction with the 30 June 2016 annual financial report. 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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that legislative instrument, 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.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Half year to 31 December 2016 \$000	Half year to 31 December 2015 \$000
SECTION 2 – EARNINGS AND COSTS		
2-1. EARNINGS PER SHARE		
Basic and diluted earnings per ordinary share (cents per share)	<u>\$0.801</u>	<u>\$0.905</u>
RECONCILIATION OF EARNINGS USED IN THE CALCULATION OF EARNINGS PER SHARE		
Earnings used in the calculation of basic and diluted earnings per ordinary share	<u>21,197</u>	<u>23,955</u>
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<u>26,474,675</u>	<u>26,474,675</u>
2-2 TIMING OF RECOGNITION OF INCOME		
Revenues from dividends and trust distributions are recognised when the right to receive payment is established. Interest income is recognised as it accrues.		
2-3. REVENUES FROM INVESTMENT ACTIVITIES		
Dividends and distributions received - ordinary	21,711	22,020
Dividends received - special	11	2,465
Interest received or due and receivable from other parties	223	236
Other Income	-	3
	<u>21,945</u>	<u>24,724</u>
2-4. ADMINISTRATION EXPENSES		
Administration expenses include:		
Directors' fees and employee benefits	247	234
Auditor's remuneration	39	36
Other expenses	160	157
	<u>446</u>	<u>427</u>

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

2-5. INCOME TAX

Accounting Policy

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

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

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

	Half year to 31 December 2016 \$000	Half year to 31 December 2015 \$000
Income tax expense		
Prima facie income tax expense calculated at 30% (2015: 30%) on profit before tax	6,448	7,287
Increase/(decrease) in income tax expense due to:		
Imputation gross up on dividends received	3,230	3,550
Franking credits on dividends received	(10,768)	(11,833)
Difference in timing of recognition of dividend income for accounting and tax	1,419	1,362
Other	(33)	(30)
Income tax expense	296	336
	31 December 2016 \$000	30 June 2016 \$000
Deferred tax liability		
Capital gains tax on unrealised investment gains	169,784	164,031
Temporary differences on timing of recognition of dividend and trust distribution income	124	156
	169,908	164,187

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December	30 June
	2016	2016
	\$000	\$000

SECTION 3 – ASSETS AND LIABILITIES

3-1 INVESTMENTS

Current

Term deposits	15,790	14,100
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Term deposits are placed with major listed financial institutions and had maturity periods of between 46 to 109 days from 31 December 2016 and at that date were paying interest at rates between 2.61% and 2.71%. The weighted average effective interest rate on term deposits during the half year ended 31 December 2016 was 2.84% (2015: 2.88%). Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Credit risk on term deposits is minimised as deposits are only placed with major Australian financial institutions with acceptable credit ratings determined by a recognised rating agency. There is no exposure to currency risk.

Non Current

Shares and units in listed entities – at fair value	960,673	919,363
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Accounting Policy

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

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

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

During the half year period investments were acquired for consideration of \$4,962,000 (2015: \$7,099,000). There were no disposals of investments during the half year period to 31 December 2016 (2015: Nil).

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

3-2 OTHER FINANCIAL LIABILITIES

Cumulative preference shares	166	166
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82,978 (30 June 2016: 82,978) 7% cumulative preference shares fully paid. Preference shares were not classified as redeemable when issued.

Dividends on these preference shares are recorded as a finance cost for accounting purposes.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	31 December 2016 \$000	30 June 2016 \$000
SECTION 4 – SHARE CAPITAL AND DIVIDENDS PAID		
4-1 ISSUED CAPITAL		
Issued and Paid Up Capital		
26,474,675 (30 June 2016: 26,474,675) ordinary shares fully paid	20,146	20,146
Movements in Ordinary Issued Capital		
Balance at the beginning of the financial period	20,146	20,146
On market buy back	-	-
	20,146	20,146
Balance at end of the financial period	20,146	20,146

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 2017. There were no on market share buy backs during the half year ended 31 December 2016 or year to 30 June 2016.

4-2 DIVIDENDS

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

	Cents per share	Total amount \$000	Franked/ unfranked	Date of payment
2016 final dividend – ordinary shares	68.0	18,003	Franked	26 September 2016
2016 special dividend – ordinary shares	7.0	1,853	Franked	26 September 2016

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

2017 interim dividend – ordinary shares	48.0	12,708	Franked	20 March 2017
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The financial effect of the interim dividends, which has not been brought to account in the financial statements for the half year ended 31 December 2016, will be recognised in the 30 June 2017 Annual Report.

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

SECTION 5 – OTHER INFORMATION

5-1 EVENTS SUBSEQUENT TO REPORTING DATE

For the 2017 interim dividends declared after 31 December 2016 refer note 4-2 above.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2016

- 1 In the opinion of the Directors of Carlton Investments Limited ("the Company"):
- (a) the financial statements and notes set out on pages 2 to 11 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2016 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 14 February 2017

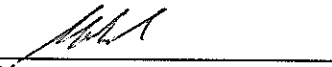
Signed in accordance with a resolution of the Directors:

A G RYDGE



:DIRECTORS

A J CLARK



CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

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 2016 and the auditor's review report thereon.

DIRECTORS

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

Name	Period of directorship
Mr Alan G Rydge - Chairman	Chairman of Directors since 1980. Non Executive Director
Mr Anthony J Clark AM – Lead Independent Director and Chairman of the Nominations and Remuneration Committee and Chairman of Audit and Risk Committee	Independent Non Executive Director since 2000
Mr Murray E Bleach	Independent Non Executive Director since 2014

CONSOLIDATED OPERATING PROFIT

The consolidated net profit for the half year to 31 December 2016 attributable to the members of Carlton Investments Limited was:

	31 December 2016	31 December 2015
	\$000	\$000
Profit before income tax	21,493	24,291
Income tax expense thereon	(296)	(336)
Net profit for the half year	21,197	23,955

REVIEW OF OPERATIONS

Net profit for the half year to 31 December 2016 decreased by \$2,758,000 or 11.5% compared to the previous corresponding half year. Dividends and distributions received and receivable of \$21,722,000 decreased by \$2,763,000 compared to the corresponding prior six months. Most of this decrease was attributable to the special dividend, amounting to \$2,465,000 received from Event Hospitality & Entertainment in the prior year. Special dividends received during the period totalled only \$11,000.

Excluding special dividends, the dividend and distribution income decreased by \$309,000 or 1.4% compared to the previous half year to 31 December 2015. Lower dividend receipts from the Group's investment in mining, energy and retailing stocks, as well as ANZ Bank, were only partially offset by increased dividends from other stocks. There was an increased ordinary dividend from Event Hospitality & Entertainment of \$616,000.

Interest income decreased by \$13,000 compared to the previous corresponding half year, to \$223,000. Average funds held on term deposit decreased by \$257,000 and the weighted average effective interest rate on term deposits decreased by 0.04%.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (cont.) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2016 prior to payment of the interim dividends detailed in note 4-2 and before provision for tax on unrealised capital gains was \$36.95 (30 June 2016: \$35.52). The net tangible asset backing per share after provision for tax on unrealised capital gains was \$30.53 at 31 December 2016 (30 June 2016: \$29.33). The relevant figures as at 31 January 2017 were \$37.93 before provision for capital gains tax and \$31.22 after providing for capital gains tax.

INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 48.0 cents per Ordinary Share, fully franked, payable on 20 March 2017. Notwithstanding the decrease in profit for the half year, this interim dividend is an increase of 2 cents per share (4.3%) on that paid in 2016. This is a consequence of Directors seeking to progressively increase the level of the interim dividend as a percentage of total annual dividends. 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 1 March 2017.

ON MARKET SHARE BUY BACK

During the half year, the Directors resolved to extend the period of the On Market Share Buy Back to 28 November 2017. There were no ordinary shares bought back during the half year ended 31 December 2016.

INVESTMENTS

During the half year investments (over \$500,000) were made in ASX Limited, Boral Limited, Perpetual Limited, Sydney Airport and Woodside Petroleum. The purchase of the shares in Boral Limited resulted from the take up of an entitlement offers. The cost of shares purchased during the half year to 31 December 2016 totalled \$4,962,000.

The twenty largest investments, at quoted market values, as at 31 December 2016 were:

	\$000's		\$000's
Event Hospitality & Entertainment	423,933	Bank of Queensland	16,896
National Australia Bank	67,377	Gowing Bros	16,078
Westpac Bank	58,081	Bendigo & Adelaide Bank	14,199
Commonwealth Bank	47,236	James Hardie	13,739
AGL	35,445	Amcor	12,754
ANZ Bank	30,551	Orica	9,578
Wesfarmers	25,680	APA Group	7,770
Telstra	22,101	Origin Energy	7,509
Perpetual	20,673	LendLease Group	7,237
BHP Billiton	20,059	Rio Tinto	6,490
			<u>863,386</u>
Total market value of shares and units in listed entities as at 31 December 2016			<u>960,673</u>

There were no disposals of investments during the half year to 31 December 2016.

The market value of the investment portfolio in listed entities increased by 3.95% during the six months ended 31 December 2016, after adjusting for total acquisitions and capital returns. This compares to an increase of 8.3% in the S&P/ASX 200 Index over the same period. On a total portfolio return basis (measured by the movement in NTA per share assuming dividends are reinvested), the return for the six months was 6.2% compared to an increase in the S&P/ASX 200 Accumulation Index of 10.6%. The market value of the Group's holding in banking and mining stocks recovered during the half year, however the market value of Group's investment in Event Hospitality and Entertainment, whose share price had increased significantly over recent prior years, decreased during the period.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (cont.) FOR THE HALF YEAR ENDED 31 DECEMBER 2016

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

The lead auditor's independence declaration is attached and forms part of the directors' report for the half year ended 31 December 2016.

ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, in accordance with that legislative instrument, 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 14 February 2017.



A G RYDGE
Chairman of Directors
14 February 2017



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 2016 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 signature

KPMG



John Teer

Partner

Sydney

14 February 2017



Independent Auditor's Review Report

To the members of Carlton Investments Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Carlton Investments Limited.

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:

- giving a true and fair view of the **Group's** financial position as at 31 December 2016 and of 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*.

The **Half-year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2016
- 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 1-1 to 5-1 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Carlton Investments Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors 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*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

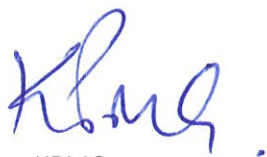
Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 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*.



KPMG



John Teer

Partner

Sydney

14 February 2017