

REPORT TO SHAREHOLDERS ON HALF YEAR RESULTS TO 31 DECEMBER 2017

The Company's Appendix 4D and financial report for the half-year ended 31 December 2017 were lodged with the Australian Securities Exchange (ASX) on 13 February 2018 and are available to be downloaded from the Company's website or the ASX website.

HIGHLIGHTS

- Profit for the half year was \$22,372,000, a 5.5% increase on the \$21,197,000 result for the previous corresponding half-year.
- Interim dividend of 51 cents per ordinary share, to be paid on 20 March 2018, reflects an increase of 3 cents per share (6.25%) compared to that paid in 2017.

GROUP'S OPERATIONS AND RESULTS

The consolidated net profit for the half year to 31 December 2017 attributable to the members of Carlton Investments Limited was:

	31 December 2017	31 December 2016
	\$000	\$000
Profit before income tax	22,744	21,493
Income tax expense thereon	(372)	(296)
	<hr/>	<hr/>
Net profit for the half year	22,372	21,197

Net profit for the half year to 31 December 2017 increased by \$1,175,000 or 5.5% compared to the previous corresponding half year. Dividends and distributions received and receivable of \$23,044,000 increased by \$1,322,000 or 6.1%. Included in dividends received were special dividends of \$124,000 compared to \$11,000 in the previous half year to 31 December 2016. Although the Event Hospitality & Entertainment dividend and most bank dividends remained unchanged from the corresponding prior year period, there was a recovery in the level of dividends received from the Group's investments in mining, retail and some energy stocks.

Interest income decreased by \$31,000 compared to the previous corresponding half year, to \$192,000, due to lower interest rates.

NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2017 prior to payment of the interim dividends detailed in note 4-2 and before provision for tax on unrealised capital gains was \$37.38 (30 June 2017: \$36.65). The net tangible asset backing per share after provision for tax on unrealised capital gains was \$30.97 at 31 December 2017 (30 June 2017: \$30.37). The relevant figures as at 31 January 2018 were \$37.54 before provision for capital gains tax and \$31.09 after providing for capital gains tax.

INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 51.0 cents per Ordinary Share, fully franked, payable on 20 March 2018. 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 2018.

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 2018. There were no ordinary shares bought back during the half year ended 31 December 2017.

INVESTMENTS

During the half year investments were made in Rio Tinto, Fortescue Metals Group, Sydney Airport and Macquarie Atlas Roads. The total cost of shares and securities purchased during the half year to 31 December 2017 was \$3,072,000.

The twenty largest investments, at quoted market values, as at 31 December 2017 were:

	\$000's		\$000's
Event Hospitality & Entertainment	408,539	Telstra	15,731
National Australia Bank	64,960	Gowing Bros	14,997
Westpac Bank	55,854	James Hardie	14,146
Commonwealth Bank	46,049	Amcor	13,155
AGL	39,087	Bendigo & Adelaide Bank	13,037
ANZ Bank	28,864	Origin Energy	10,734
Wesfarmers	27,070	Rio Tinto	10,023
BHP Billiton	23,669	Orica	9,806
Perpetual	20,499	LendLease Group	8,093
Bank of Queensland	18,106	APA Group	7,552
			<u>849,971</u>
			<u>969,012</u>
Total market value of shares and units in listed entities as at 31 December 2017			

Also during the half year, shares in Ten Network Holdings, which had been written down to nil value in the prior financial year, were transferred to CBS for no consideration by Administrators appointed to Ten Network.

The market value of the investment portfolio in listed entities increased by 1.6% during the six months ended 31 December 2017, after adjusting for total acquisitions. This compares to an increase of 6.0% 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 3.9% compared to an increase in the S&P/ASX 200 Accumulation Index of 8.4%.

Recently we have seen a sell-off of equities globally with market values for most equities falling. Since 31 December 2017, the S&P/ASX 200 Index has decreased by 4.0% to market close on 12 February 2018. The Group's investment portfolio has experienced an estimated fall in market value of 4.25% since 31 December 2017 to market close on 12 February 2018.