

Appendix 4D

31 December 2018 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 2018 with the previous corresponding period being the half year to 31 December 2017.

2. Results for announcement to the market

			2018 \$000's	2017 \$000's
Revenue				
Dividends and distributions received - ordinary	Up	2.3% to	23,444	22,920
Dividends received - special	Up	79.8% to	223	124
Interest received	Up	23.4% to	237	192
Sundry Income	Up	100% to	17	-
Operating revenue	Up	2.9% to	<u>23,921</u>	<u>23,236</u>
Profit				
Profit before income tax	Up	3.0% to	23,433	22,744
Income tax expense	Up	6.7% to	(397)	(372)
Net profit	Up	3.0% to	<u>23,036</u>	<u>22,372</u>

Dividends	Amount per security	Franked amount per security
Interim dividend - Ordinary	55.0 cents	55.0 cents
- Preference	7.0 cents	7.0 cents
Half year ended 31 December 2017 - Ordinary	51.0 cents	51.0 cents
- Preference	7.0 cents	7.0 cents

Date of payment of interim dividends	25 March 2019
Record date for determining entitlements to the interim dividends	1 March 2019

3. Net tangible asset backing: Refer page 13.

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 2018

	Note	Half year to 31 December 2018 \$000	Half year to 31 December 2017 \$000
Dividends and distributions received		23,667	23,044
Interest income		237	192
Sundry Income		17	-
Operating revenue	2-3	23,921	23,236
Administration expenses	2-4	(482)	(486)
Finance costs		(6)	(6)
Operating expenses		(488)	(492)
Profit before income tax expense		23,433	22,744
Income tax expense	2-5	(397)	(372)
Net profit for the half year		23,036	22,372
Basic and diluted earnings per ordinary share			
	2-1	\$0.870	\$0.845

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 2018**

	Half year to 31 December 2018 \$000	Half year to 31 December 2017 \$000
Net profit for the half year	23,036	22,372
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Other Comprehensive Income		
<i>Items that will not be reclassified to the income statement in the future:</i>		
Increase/(decrease) in fair value of investments	(58,179)	14,814
(Increase)/decrease in deferred tax liability on change in fair value of investments	13,241	(3,322)
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Total other comprehensive income/(loss)	(44,938)	11,492
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Total comprehensive income/(loss) for the half year	(21,902)	33,864
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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 2018**

	Note	31 December 2018 \$000	30 June 2018 \$000
CURRENT ASSETS			
Cash		1,903	2,356
Receivables		611	5,674
Investments—term deposits	3-1	18,200	14,400
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		20,714	22,430
		<hr/>	<hr/>
NON CURRENT ASSETS			
Investments - equities	3-1	908,316	960,316
Deferred tax assets		14	9
		<hr/>	<hr/>
TOTAL NON CURRENT ASSETS		908,330	960,325
		<hr/>	<hr/>
TOTAL ASSETS		929,044	982,755
		<hr/>	<hr/>
CURRENT LIABILITIES			
Payables		92	78
Current tax liabilities		227	305
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		319	383
		<hr/>	<hr/>
NON CURRENT LIABILITIES			
Deferred tax liabilities	2-5	153,529	166,742
Other financial liabilities	3-2	166	166
		<hr/>	<hr/>
TOTAL NON CURRENT LIABILITIES		153,695	166,908
		<hr/>	<hr/>
TOTAL LIABILITIES		154,014	167,291
		<hr/>	<hr/>
NET ASSETS		775,030	815,464
		<hr/>	<hr/>
EQUITY			
Issued capital	4-1	20,146	20,146
Reserves		396,866	441,804
Retained earnings		358,018	353,514
		<hr/>	<hr/>
TOTAL EQUITY		775,030	815,464
		<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 2018**

Half year to 31 December 2018	Share capital	Revaluation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
Equity as at 1 July 2018	20,146	441,804	353,514	815,464
Dividends paid	-	-	(18,532)	(18,532)
	20,146	441,804	334,982	796,932
Profit for the period	-	-	23,036	23,036
Other comprehensive income:-				
Increase/(decrease) in fair value of investments	-	(58,179)	-	(58,179)
(Increase)/decrease in deferred tax liability relating to change in fair value of investments	-	13,241	-	13,241
Other comprehensive income	-	(44,938)	-	(44,938)
Total comprehensive income	-	(44,938)	23,036	(21,902)
Total equity as at 31 December 2018	20,146	396,866	358,018	775,030

Half year to 31 December 2017	Share capital	Revaluation reserve	Retained earnings	Total
	\$000	\$000	\$000	\$000
Equity as at 1 July 2017	20,146	440,680	343,354	804,180
Dividends paid	-	-	(18,003)	(18,003)
	20,146	440,680	325,351	786,177
Profit for the period	-	-	22,372	22,372
Other comprehensive income:-				
Increase in fair value of investments	-	14,814	-	14,814
Increase in deferred tax liability relating to change in fair value of investments	-	(3,322)	-	(3,322)
Other comprehensive income	-	11,492	-	11,492
Total comprehensive income	-	11,492	22,372	33,864
Total equity as at 31 December 2017	20,146	452,172	347,723	820,041

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 2018**

	Half year to 31 December 2018 \$000	Half year to 31 December 2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends and distributions received	28,733	28,050
Interest received	234	183
Other income	17	-
Cash paid for operating expenses	(468)	(458)
Income tax paid	(451)	(507)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<hr/> 28,065 <hr/>	<hr/> 27,268 <hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital returns and disposal of investments	109	-
Payments for acquisitions of investments	(6,289)	(3,072)
Net increase in term deposits	(3,800)	(6,400)
NET CASH USED IN INVESTING ACTIVITIES	<hr/> (9,980) <hr/>	<hr/> (9,472) <hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(18,532)	(18,003)
Finance costs	(6)	(6)
NET CASH USED IN FINANCING ACTIVITIES	<hr/> (18,538) <hr/>	<hr/> (18,009) <hr/>
NET DECREASE IN CASH HELD	(453)	(213)
CASH AT BEGINNING OF FINANCIAL PERIOD	2,356	2,271
CASH AT END OF FINANCIAL PERIOD	<hr/> 1,903 <hr/>	<hr/> 2,058 <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 2018

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 2018 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 19 February 2019.

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 2018 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 2018

	Half year to 31 December 2018 \$000	Half year to 31 December 2017 \$000
SECTION 2 – EARNINGS AND COSTS		
2-1. EARNINGS PER SHARE		
Basic and diluted earnings per ordinary share (cents per share)	<u>\$0.870</u>	<u>\$0.845</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>23,036</u>	<u>22,372</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	23,444	22,920
Dividends received - special	223	124
Interest received or due and receivable from other parties	237	192
Other income	17	-
	<u>23,921</u>	<u>23,236</u>
2-4. ADMINISTRATION EXPENSES		
Administration expenses include:		
Directors' fees and employee benefits	272	271
Auditor's remuneration	42	50
Other expenses	168	165
	<u>482</u>	<u>486</u>

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2018

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 directly to the revaluation reserve 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 2018 \$000	Half year to 31 December 2017 \$000
Income tax expense		
Prima facie income tax expense calculated at 30% (2017: 30%) on profit before tax	7,030	6,823
Increase/(decrease) in income tax expense due to:		
Imputation gross up on dividends received	3,427	3,359
Franking credits on dividends received	(11,422)	(11,196)
Difference in timing of recognition of dividend income for accounting and tax	1,427	1,428
Other	(65)	(42)
Income tax expense	397	372
	31 December 2018 \$000	30 June 2018 \$000
Deferred tax liability		
Capital gains tax on unrealised investment gains	153,154	166,565
Temporary differences on timing of recognition of dividend and trust distribution income	59	177
Temporary differences on timing of income tax payable due to corporate tax rate differences between Group entities	316	-
	153,529	166,742

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	31 December 2018 \$000	30 June 2018 \$000
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SECTION 3 – ASSETS AND LIABILITIES

3-1 INVESTMENTS

Current

Term deposits	18,200	14,400
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Term deposits are placed with major listed financial institutions and had maturity periods of between 51 to 198 days from 31 December 2018 and at that date were paying interest at rates between 2.62% and 2.70%. The weighted average effective interest rate on term deposits during the half year ended 31 December 2018 was 2.59% (2017: 2.49%). 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	908,316	960,316
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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 to the revaluation reserve 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 total consideration of \$6,289,000 (2017: \$3,072,000). The Group also received shares in Coles Group during the half year, which had an initial market value of \$7,828,000, when Wesfarmers demerged the Coles business to a separate listed entity.

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 2018: 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 2018

	31 December 2018 \$000	30 June 2018 \$000
SECTION 4 – SHARE CAPITAL AND DIVIDENDS PAID		
4-1 ISSUED CAPITAL		
Issued and Paid Up Capital		
26,474,675 (30 June 2018: 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 2019. There were no shares bought back during the half year ended 31 December 2018 or year to 30 June 2018.

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
2018 final dividend – ordinary shares	70.0	18,532	Franked	24 September 2018

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

2019 interim dividend – ordinary shares	55.0	14,561	Franked	25 March 2019
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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 2018, will be recognised in the 30 June 2019 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 2019 interim dividends declared after 31 December 2018 refer note 4-2 above.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2018

- 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 2018 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 19 February 2019

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 2018

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 2018 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 2018 attributable to the members of Carlton Investments Limited was:

	31 December 2018 \$000	31 December 2017 \$000
Profit before income tax	23,433	22,744
Income tax expense thereon	(397)	(372)
Net profit for the half year	<u>23,036</u>	<u>22,372</u>

REVIEW OF OPERATIONS

At 31 December 2018 net profit for the half year increased by \$664,000 or 3.0% compared to the previous corresponding half year. Dividends and distributions received and receivable of \$23,667,000 increased by \$623,000 or 2.7%. Included in dividends received were special dividends of \$223,000 compared to \$124,000 in the previous half year to 31 December 2017. During the half year the Group has benefited from increased dividend levels from the Group's investments in mining and some energy stocks, which was partly offset by the decrease in Telstra dividends.

Interest income of \$237,000 increased by \$45,000 compared to the previous corresponding half year. Average funds held on term deposit increased by \$3 million and the weighted average effective interest rate on term deposits increased by 0.10%.

NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2018 prior to payment of the interim dividends detailed in note 4-2 and before provision for tax on unrealised capital gains was \$35.06 (30 June 2018: \$37.09). The net tangible asset backing per share after provision for tax on unrealised capital gains was \$29.27 at 31 December 2018 (30 June 2018: \$30.80). The relevant figures as at 31 January 2019 were \$35.46 before provision for capital gains tax and \$29.57 after providing for capital gains tax.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (cont.) FOR THE HALF YEAR ENDED 31 DECEMBER 2018

INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 55 cents per Ordinary Share, fully franked, payable on 25 March 2019. 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 2019.

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 2019. There were no ordinary shares bought back during the half year ended 31 December 2018.

INVESTMENTS

Major additions (over \$400,000) to the portfolio during the half year were in BHP Billiton, Fortescue Metals Group, G8 Education, Treasury Wine Estates, and Woodside Petroleum. The total cost of shares and securities purchased during the half year to 31 December 2018 was \$6,289,000.

The Group also received shares in Coles Group during the half year, which had an initial market value of \$7,828,000, when Wesfarmers demerged the Coles business to a separate listed entity.

The twenty largest investments, at quoted market values, as at 31 December 2018 were:

	\$000's		\$000's
Event Hospitality & Entertainment	418,699	Telstra	12,351
National Australia Bank	52,878	Gowing Bros	12,223
Westpac Bank	44,612	Bendigo & Adelaide Bank	12,054
Commonwealth Bank	41,493	Amcor	11,304
AGL	33,532	Rio Tinto	10,892
BHP Billiton	29,015	James Hardie	9,455
ANZ Bank	24,565	Orica	9,345
Wesfarmers	19,635	APA Group	8,160
Bank of Queensland	13,807	Origin Energy	7,373
Perpetual	13,771	Coles Group	7,154
			<hr/>
			792,318
			<hr/>
Total market value of shares and units in listed entities as at 31 December 2018			908,316

In the half year we saw market values reach decade highs in August 2018 and then in the following months to 31 December 2018 there were large value falls across the Australian share market. The market value of the Group's investment portfolio decreased by 6.1% during the six months ended 31 December 2018, after adjusting for acquisitions and capital returns. This compares to a decrease of 8.8% 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), there was a negative return for the six months of 3.7% compared to a decrease in the S&P/ASX 200 Accumulation Index over the same period of 6.8%.

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 2018.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**DIRECTORS' REPORT (cont.)
FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

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 19 February 2019.

A handwritten signature in black ink, appearing to read 'A G Rydge', written in a cursive style.

A G RYDGE
Chairman of Directors
19 February 2019



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 of Carlton Investments Limited for the half-year ended 31 December 2018 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

Duncan McLennan

Partner

Sydney

19 February 2019



Independent Auditor's 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 2018 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 2018;
- 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; and
- 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*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility 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 2018 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.

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

KPMG

Duncan McLennan
Partner
Sydney
19 February 2019