

Appendix 4E

Final Report 30 June 2011

CARLTON INVESTMENTS LIMITED	ACN 000 020 262
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1. Financial reporting period

The current financial reporting period is for the year ended 30 June 2011 with the previous corresponding period being the year ended 30 June 2010.

2. Operating results for announcement to the market

			2011 \$000	2010 \$000
Dividends and distributions received	Up	17.5%	29,132	24,794
Interest received	Up	2.8%	1,561	1,519
Total revenue before realised gains on disposal of equity investments	Up	16.7%	30,724	26,317
Income tax expense	Up	49.9%	(808)	(539)
Net profit after tax and before realised gains on disposal of equity investments	Up	16.4%	29,303	25,165
Realised gains after tax on disposal of equity investments	Down	100%	-	865
Profit for the year	Up	12.6%	29,303	26,030
3. Dividends				
		Amount per security	Franked amount per security	
Final dividends - Ordinary		48.0 cents	48.0cents	
- Preference		7.0 cents	7.0 cents	
Year ended 30 June 2010 - Ordinary		40.0 cents	40.0 cents	
- Preference		7.0 cents	7.0 cents	
Date final dividends payable	21 SEPTEMBER 2011			
Record date for determining entitlements to final dividends	6 SEPTEMBER 2011			
The dividend reinvestment plan continues to be suspended				

4. Refer to the attached Annual 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 Annual Report.

CARLTON INVESTMENTS LIMITED

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

ACN 000 020 262

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

DIRECTORS

ALAN G RYDGE (CHAIRMAN)
GRAEME L HERRING AM
ANTHONY J CLARK AM

GROUP SECRETARY

KEITH N ALLEN

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: carlton_investments@ahl.com.au

SHARE REGISTRAR

COMPUTERSHARE REGISTRY SERVICES
PTY LTD, LEVEL 3, 60 CARRINGTON
STREET, SYDNEY. N.S.W. 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)

ANNUAL GENERAL MEETING

THE 2011 ANNUAL GENERAL MEETING
WILL BE HELD IN THE ACACIA ROOM,
RYDGES NORTH SYDNEY, 54 MCLAREN
STREET, NORTH SYDNEY NSW 2060 ON 19
OCTOBER, 2011 AT 10.30 A.M.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CHAIRMAN'S REPORT TO SHAREHOLDERS

I have pleasure in presenting the Group's consolidated results for the year ended 30 June 2011.

Group's operations and results

Total revenue before realised gains on disposal of equity investments for the year was \$30,724,000. This compared to \$26,317,000 during the previous year. Dividends and distributions received from companies and trusts increased by \$4,338,000 or 17.5% from \$24,794,000 to \$29,132,000 whilst interest income of \$1,561,000 compared to \$1,519,000. Following the additional investment made during the previous year in Amalgamated Holdings Limited dividends received from that company increased by \$1,952,000.

Administration expenses amounted to \$613,000, the same as the previous year. This represented a management expense ratio (MER) of 0.11%.

Profit as reported in the income statement for the year ended 30 June 2011 was \$29,303,000 compared to \$26,030,000 for 2010, an increase of 12.6%. The profit for the 2010 year included net gains on disposal of investments of \$865,000. Following the adoption of Accounting Standard AASB 9 *Financial Instruments* as at 7 December 2009, realised gains or losses on disposal of investments since that date have been accounted for through the statement of comprehensive income and not through the income statement.

Earnings per ordinary share

Basic earnings were \$1.10 per ordinary share for the year to 30 June 2011 compared to \$0.98 per share for 2010.

Dividends

On 25 August 2011 the directors declared a final fully franked ordinary dividend of 48 cents per share payable on 21 September 2011. Total dividends payable in respect of the ordinary shares for the financial year ended 30 June 2011 amount to 78 cents per share, compared to the 67 cents per share paid in respect of the previous year. This is an increase of 16.4%.

A final preference dividend of 7 cents per share fully franked is also payable on 21 September 2011.

The record date for both the ordinary and preference final dividends is 6 September 2011.

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

Net tangible asset backing

The net tangible asset backing for each issued ordinary share at 30 June 2011 was \$21.17 (2010: \$20.00) based on the market value of the investment portfolio. Although the Board has no present intention of disposing of any of the consolidated entity's equity investments, if notional selling costs were applied and capital gains tax charged on unrealised gains, the net tangible asset backing at 30 June 2011 would have been \$18.60 (2010: \$17.60). The relevant figures as at 31 July 2011 were \$20.73 and \$18.21 respectively.

On Market Share Buy-Back

15,690 ordinary shares were bought back during the year by the Company under the on market buy back facility available to it. The total number of ordinary shares bought back since the Buy Back was introduced in 2001 is 769,510 at a cost of \$10,109,000.

CHAIRMAN'S REPORT TO SHAREHOLDERS (CONT.)

Investments

The value of the equity investment portfolio based on the market value as at 30 June 2011 increased during the year from \$503,075,000 to \$522,695,000, an increase of 3.9%. Short term cash deposits at 30 June 2011 amounted to \$30,950,000 compared to \$21,700,000 at 30 June 2010 and represented 5.6% of the total fair value of the portfolio of equity investments and deposits. The increase in short term deposits resulted from decisions taken by the Board to build up the consolidated entity's cash resources whilst there was uncertainty in the equities market. The consolidated entity is still well placed with the level of funds on deposit to take advantage of investment opportunities as and when they arise. Subsequent to 30 June new investments totalling \$1,315,000 have been made.

The Board's policy is to acquire additional investments in equities that meet the criteria of providing both high levels of income through franked dividends and long term capital growth. The cost of shares purchased during the 2011 financial year totalled \$2,387,000 (2010: \$27,685,000) and included Boral, Cromwell Group, Leighton, Origin and Telstra. Investments were acquired in Fletcher Building as a result of a takeover of Crane Group and Dulux, Echo and Treasury Wine Estates as a result of demergers by Orica, Tabcorp and Fosters Group. Investments disposed of during the year included Alinta Energy, Intoll, Keycorp and Prime Infrastructure.

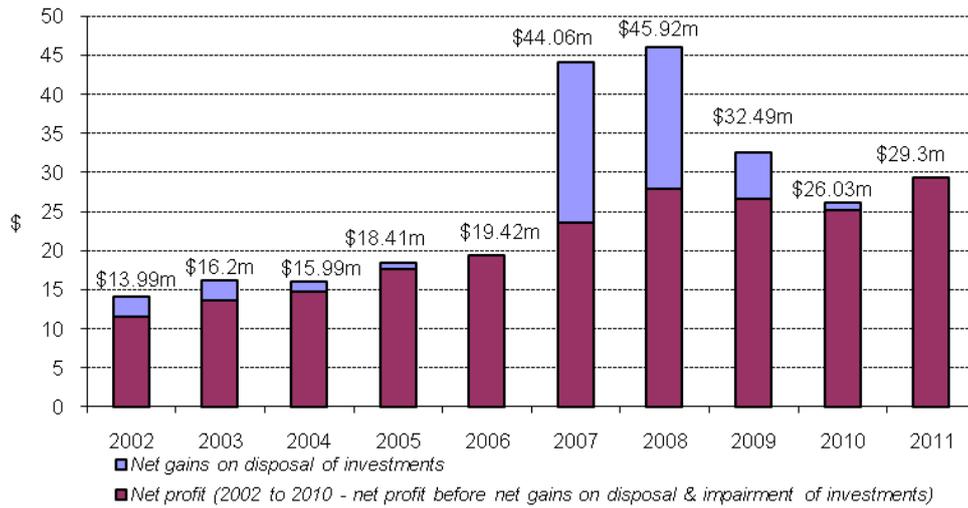
The consolidated entity continues to hold its equity investments for the long term and does not act as a share trader nor does it invest in speculative stocks. The Board considers that for this reason the fall in fair values of investments quoted on the Australian Stock Exchange subsequent to 30 June 2011 will not impact the ongoing operations of the consolidated entity.



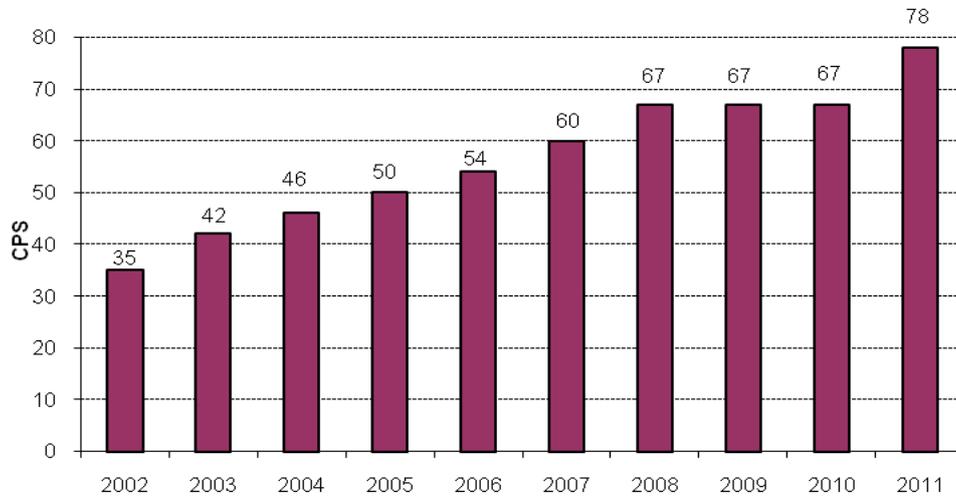
A G RYDGE - CHAIRMAN

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

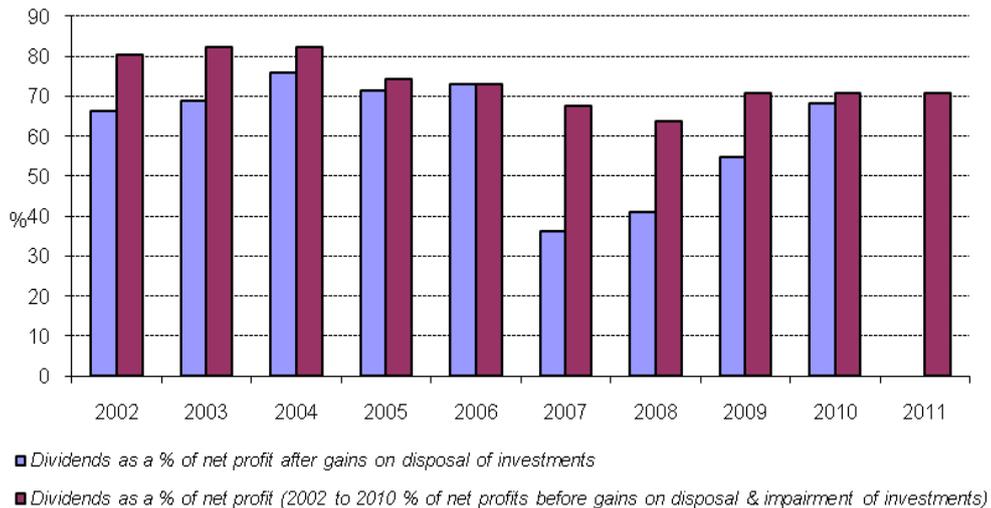
Ten year summary of net profits



Fully franked dividends per ordinary share



Dividends as a % of net profits



CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011

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 2011 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 Enbear Pty Limited, Alpoeb Pty Limited, Aygeear Pty Limited and Surf Life Saving Foundation.

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 Keith Allen was appointed Company Secretary and Chief Financial Officer in July 2000. He practised as a Chartered Accountant for over 30 years prior to his retirement as a partner of KPMG in 1997.

OFFICERS WHO WERE PREVIOUSLY PARTNERS OF THE AUDIT FIRM

Each of Messrs Herring, Clark and Allen 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.

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	7	3	1
Mr A J Clark	8	3	1

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011 (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 only 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 of the Annual Report.

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 Company employs a staff of only two persons, being the company secretary/ chief financial officer and the office administrator. The most recent performance evaluation of these employees and review of their remuneration after having reference to performance and market rates was carried out in May 2011. As part of the annual performance review the Committee seeks input from the engagement partner of the external auditor on the adequacy of the company secretary/chief financial officer's administration of the company.

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 2011 (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 2011. 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 directors' fees and the 9% Superannuation Guarantee levy where the director has not reached the age of 70. They do not receive any options over shares in the Company. Details of directors' remuneration are set out on page 12 of the annual report. 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.

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.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011 (CONT.)

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 whether the audit has highlighted any departures from the Company's Policies, Procedures and Controls Manual and 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.

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 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 company does not maintain a website as all information concerning the Company is readily available as noted above.

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

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011 (CONT.)

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 satisfy its members that appropriate risk management policies have been adopted and that a sound system of internal controls exists. These requirements have been undertaken as at 30 June 2011.

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 chairman.

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.

STATE OF AFFAIRS

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

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. As the Group holds its equity investments for the long term and not for trading purposes the fall in equity fair values quoted on the Australian Stock Exchange subsequent to 30 June 2011 (refer note 21) will not, in the opinion of the directors, have an impact on its ongoing operations.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011 (CONT.)

RESULTS AND REVIEW OF OPERATIONS

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

	2011	2010
	\$000	\$000
Revenue before realised gains on disposal of equity investments	30,724	26,317
Administration expenses		
Profit before income tax expense and realised gains on disposal of equity investments	30,111	25,704
Income tax expense	(808)	(539)
Profit before gains on disposal of equity investments	29,303	25,165
Gains on disposal of equity investments	-	1,069
Income tax expense thereon	-	(204)
	-	865
Operating profit as per the income statement	29,303	26,030

Dividends and distributions received during the year increased by 17.5% to \$29,132,000 compared to \$24,794,000 during the previous year. A total of \$1,952,000 or 45.0% of the increase was received from Amalgamated Holdings Limited following the additional investment made in that company during the previous year. Interest income of \$1,561,000 compared to \$1,519,000.

Since 7 December 2009 realised gains or losses on disposal of investments are accounted for through the Statement of Comprehensive Income. Net gains for the year ended 30 June 2011 amounted to \$622,000 before income tax expense of \$73,000. The level of such gains fluctuates each year as it is dependent on takeovers, schemes of arrangement, demergers, etc relating to equities in which the consolidated entity holds investments.

Administration expenses amounted to \$613,000. These expenses represent a Management Expense Ratio of 0.11% based on the fair value of average total assets as at 30 June 2010 and 2011.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011 (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 40 cents per share, fully franked, amounting to \$10,605,000 was paid on 15 September 2010.
- (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 15 September 2010.

- In respect of the current financial year:

\$000

- (i) An interim ordinary dividend of 30 cents per share, fully franked, was declared and paid on 24 March 2011. 7,954
- (ii) A final ordinary dividend of 48 cents per ordinary share in respect of the year ended 30 June 2011 has been proposed. The dividend will be fully franked. 12,726
- (iii) An interim preference dividend of 7 cents per share, fully franked, was paid on 24 March 2011. 6
- (iv) A final preference dividend of 7 cents per share, fully franked, has been proposed. 6

Total dividends paid or payable in respect of the year ended 30 June 2011

20,692

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

Remuneration policies

The Company has a Board of three directors and employs a staff of only two persons, 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 fees that were approved by the shareholders at the 2005 annual general meeting to be paid to the directors. Performance evaluation and remuneration reviews are carried out as at 1 July each year. 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 bonuses, non-cash benefits or options over shares in the Company. Their only remuneration is by way of fees and salary respectively, together with the 9% Superannuation Guarantee levy which is paid to a post employment defined contribution plan where the officer has not reached the age of 70.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011 (CONT.)

REMUNERATION REPORT (cont.)

Directors' and officer's remuneration

	Short Term Base Emolument		Post Employment Superannuation Contributions		Total	
	\$	\$	\$	\$	\$	\$
	2011	2010	2011	2010	2011	2010
Directors						
Mr A G Rydge	62,385	59,630	5,615	5,370	68,000	65,000
Mr G L Herring	58,000	55,000	-	-	58,000	55,000
Mr A J Clark	58,000	55,000	-	-	58,000	55,000
	178,385	169,630	5,615	5,370	184,000	175,000
Company Secretary						
Mr K N Allen	128,440	122,000	11,560	11,000	140,000	133,000

End of Remuneration Report

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	
	2011	2010	2011	2010	2011	2010
Mr A G Rydge	660,322	660,322	14,836,602	14,836,602	15,496,924	15,496,924
Mr G L Herring	5,960	5,960	-	-	5,960	5,960
Mr A J Clark	4,900	4,900	-	-	4,900	4,900

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** (2010: 630,169) ordinary shares and **37,941** (2010: 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.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2011 (CONT.)

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) all non-audit services are reviewed and approved by the Audit Committee to ensure that they do not adversely affect the integrity and objectivity of the auditor;
 - (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; and
 - (iii) the nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

	2011	2010
	\$	\$
Details of amounts paid to KPMG for audit and non-audit services provided during the year are:		

Statutory Audit

- Audit and review of financial reports	48,620	66,000
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Services other than statutory audit

- Taxation compliance services	10,400	19,480
	<u>59,020</u>	<u>85,480</u>

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act 2001 is included on page 34.

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 25 August 2011.


A G RYDGE
Director


G L HERRING AM
Director

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$000	2010 \$000
Dividends and distributions received	4	29,132	24,794
Interest income		1,561	1,519
Sundry income		31	4
Total revenue before realised gains on disposal of investments		30,724	26,317
Administration expenses	5	(613)	(613)
Profit before income tax expense and realised gains on disposal of investments		30,111	25,704
Income tax expense	8	(808)	(539)
Net profit before realised gains on disposal of investments		29,303	25,165
Gains on disposal of investments	3(c)	-	1,069
Income tax expense thereon	8	-	(204)
		-	865
Profit for the year		29,303	26,030
Basic and diluted earnings per ordinary share	7	\$1.10	\$0.98

The income statements are to be read in conjunction with the notes to the financial statements set out on pages 20 to 32.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$000	2010 \$000
Net profit *		29,303	26,030
Other comprehensive income			
Increase in fair value of investments		18,569	73,093
Increase in deferred tax liability on change in fair value of investments		(4,977)	(19,931)
Net gains/(losses) on disposal of investments		622	(1,548)
Income tax expense thereon *		(73)	-
Total other comprehensive income		<u>14,141</u>	<u>51,614</u>
Total comprehensive income for the year ended 30 June 2011		<u>43,444</u>	<u>77,644</u>
*Total income tax expense for the year	8	(881)	(743)

The statements of comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 20 to 32.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

Year to 30 June 2011

	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 30 June 2010	21,162	172,721	273,655	467,538
On Market share buy-back	(259)	-	-	(259)
Dividends paid	-	-	(18,570)	(18,570)
	20,903	172,721	255,085	448,709
Profit for the year	-	-	29,303	29,303
Other comprehensive income:-				
Net gain on disposal of investments	-	622	-	622
Income tax expense thereon	-	(73)	-	(73)
Increase in fair value of investments	-	18,569	-	18,569
Increase in deferred tax liability on change in fair value of investments	-	(4,977)	-	(4,977)
Other comprehensive income	-	14,141	-	14,141
Total comprehensive income	-	14,141	29,303	43,444
Total equity as at 30 June 2011	20,903	186,862	284,388	492,153

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 20 to 32.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

Year to 30 June 2010

	Share capital \$000	Revaluation Reserve \$000	Retained earnings \$000	Total \$000
Equity as at 30 June 2009	21,162	121,107	265,410	407,679
Dividends paid	-	-	(17,785)	(17,785)
	21,162	121,107	247,625	389,894
Profit for the year	-	-	26,030	26,030
Other comprehensive income:-				
Net losses on disposal of investments	-	(1,548)	-	(1,548)
Increase in fair value of investments	-	73,093	-	73,093
Increase in deferred tax liability on change in fair value of investments	-	(19,931)	-	(19,931)
Other comprehensive income	-	51,614	-	51,614
Total comprehensive income	-	51,614	26,030	77,644
Total equity as at 30 June 2010	21,162	172,721	273,655	467,538

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 20 to 32.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 \$000	2010 \$000
CURRENT ASSETS			
Cash	22(i)	1,118	931
Receivables	9	4,112	3,633
Investments—term deposits	10	30,950	21,700
		36,180	26,264
TOTAL CURRENT ASSETS			
NON CURRENT ASSETS			
Investments – equities	10	522,695	503,075
		522,695	503,075
TOTAL NON CURRENT ASSETS			
		558,875	529,339
TOTAL ASSETS			
CURRENT LIABILITIES			
Payables	11	39	48
Current tax liabilities	8	77	97
		116	145
TOTAL CURRENT LIABILITIES			
NON CURRENT LIABILITIES			
Deferred tax liabilities	8	66,606	61,656
		66,722	61,801
TOTAL LIABILITIES			
		492,153	467,538
NET ASSETS			
EQUITY			
Share capital	12	20,903	21,162
Revaluation reserve	12	186,862	172,721
Retained profits		284,388	273,655
		492,153	467,538
TOTAL EQUITY			

The statements of financial position are to be read in conjunction with the notes to the financial statements set out on pages 20 to 32.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$000	2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		28,595	20,413
Interest received		1,619	1,517
Sundry income		31	4
Cash paid for operating expenses		(621)	(609)
Income tax paid		(928)	(1,372)
NET CASH PROVIDED BY OPERATING ACTIVITIES	22(ii)	28,696	19,953
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments and return of capital		1,957	2,378
Payments for acquisition of investments		(2,387)	(27,685)
(Investment in)/repayment of term deposits		(9,250)	23,000
NET CASH USED IN INVESTING ACTIVITIES		(9,680)	(2,307)
CASH FLOWS FROM FINANCING ACTIVITIES			
On Market share buy-back	12	(259)	-
Dividends paid		(18,570)	(17,785)
NET CASH USED IN FINANCING ACTIVITIES		(18,829)	(17,785)
NET INCREASE IN CASH HELD		187	139
CASH AT BEGINNING OF FINANCIAL YEAR		931	1,070
CASH AT END OF FINANCIAL YEAR	22(i)	1,118	931

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 20 to 32.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 statements of the Company for the year ended 30 June 2011 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group operates predominately in the acquisition and long term holding of shares and units in entities listed on the Australian Securities Exchange and solely within Australia.

The report was authorised for issue by the directors on 25 August 2011.

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 listed on the Australian Securities Exchange have been stated at their market value.

The consolidated financial statements have been prepared on a going concern basis as it is the Directors' opinion that the Company and the Group will continue as a going concern for the foreseeable future.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Company'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) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs 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. The Company intends 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 half year and financial year.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue recognition

Revenues from dividends and trust distributions are recognised when the right to receive payment is established. Interest income comprising interest on short term deposits is recognised as it accrues.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

3. SIGNIFICANT ACCOUNTING POLICIES (cont.)

(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 directly in equity or other comprehensive income.

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 reported 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 sheet 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 quoted bid price at the reporting date. Any change in market value is recognised directly in equity. Where equity investments are disposed of any cumulative gain or loss previously recognised in equity is now recognised in the statement of comprehensive income in accordance with AASBs101 and 9. 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 included in the consolidated accounts have been eliminated.

(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.

CONSOLIDATED

2011	2010
\$000	\$000

4. DIVIDENDS AND DISTRIBUTIONS RECEIVED

Dividends and distributions received from listed entities:

Investments held at year end	28,783	24,755
Investments disposed of during the year	349	39
	<hr/>	<hr/>
	29,132	24,794
	<hr/>	<hr/>

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		2011 \$000	CONSOLIDATED 2010 \$000
5. ADMINISTRATION EXPENSES			
Rent of premises		33	33
Directors' fees and employee benefits		349	326
Auditor's remuneration	6	59	85
Other		172	169
		613	613
Rent of premises			
Rent is paid to an entity which is controlled by a listed public company of which two of the Company's directors are also directors. Rent is paid monthly at commercial rates.			
		\$	\$
6. AUDITOR'S REMUNERATION			
Amounts received or due and receivable for:			
Audit services: KPMG			
Audit and review of financial reports		48,620	66,000
Other services: KPMG			
Taxation services - Compliance		10,400	19,480
		59,020	85,480
7. EARNINGS PER SHARE			
Basic and diluted earnings per ordinary share			
		\$1.10	\$0.98
		\$000	\$000
Reconciliation of earnings used in the calculation of earnings per share:			
Profit as per the consolidated income statement			
		29,303	26,030
Less: preference share dividends appropriated		(12)	(12)
		29,291	26,018
		Number	Number
Weighted average number of shares used in the calculation of basic and diluted earnings per share			
		26,512,766	26,527,467

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$000	CONSOLIDATED 2010 \$000
8. INCOME TAX			
Income tax expense			
Prima facie income tax expense calculated at 30% (2010: 30%) on operating profit and gains on disposal of investments		9,220	8,032
Increase/(decrease) in income tax expense due to:			
Imputation gross up on dividends received		3,437	3,020
Franking credits on dividends received		(11,456)	(10,065)
Difference between book and tax gains on disposal of equity investments		(114)	(121)
Other		(206)	(123)
		881	743
Income tax expense		881	743
Income tax expense in the income statement comprises:			
Current income tax expense		908	751
Deferred income tax expense		(27)	(8)
		881	743
Current tax liability			
Balance at beginning of year		97	718
Income tax paid		(928)	(1,372)
Current year's income tax		908	764
Over/(under) provision in previous year		-	(13)
		77	97
Balance at end of year		77	97
Deferred tax liability			
Balance at beginning of year		61,656	41,733
Origination and reversal of timing differences		(27)	(8)
Increase /(decrease) in deferred tax liability on change in market value of investments recognised directly in equity		4,977	19,931
		66,606	61,656
Balance at end of year		66,606	61,656
Represented by:			
Capital gains tax on write up of investments to market value		66,489	61,512
Temporary differences on timing of recognition of dividend and interest income		117	144
		66,606	61,656

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$000	CONSOLIDATED 2010 \$000
9. RECEIVABLES			
Current			
Dividends and interest receivable		4,112	3,633
		4,112	3,633
10. INVESTMENTS			
Current			
Term deposits		30,950	21,700

Term deposits are placed with major financial institutions and at 30 June 2011 had maturity periods of between 5 to 88 days with interest rates of between 5.50% and 6.00% (2010: 5.10% and 6.80%). The weighted average effective interest rate on term deposits for the year ended 30 June 2011 was 5.84% (2010: 4.83%). 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

Shares and units held in listed equities - at fair value	23	522,695	503,075
		522,695	503,075

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

Individually material investment in a listed equity that is neither a subsidiary nor an interest in an entity accounted for using the equity method is:

Name	Principal Activities	Ownership		Carrying Amount		Dividends Received	
		2011 %	2010 %	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Amalgamated Holdings Limited	Entertainment, hospitality, tourism and leisure	19.9	19.9	178,563	175,484	11,391	9,439

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$000	CONSOLIDATED 2010 \$000
11. PAYABLES		
Current		
Other creditors and accruals	39	48
	20,737	20,996
12. SHARE CAPITAL AND RESERVES		
Issued and paid up capital		
26,511,777 (2010: 26,527,467) ordinary shares fully paid	20,737	20,996
82,978 (2010: 82,978) 7% cumulative preference shares fully paid	166	166
	20,903	21,162
Movements in ordinary share capital		
Balance at the beginning of the financial year	20,996	20,996
On Market share buy back – 15,690 (2010: Nil) shares	(259)	-
	20,737	20,996

On 14 November 2001 the Company announced an On Market Buy Back of up to 2,500,000 of the Company's ordinary shares. This Buy-Back has been extended until 28 November 2011. During the year ended 30 June 2011, 15,690 ordinary shares were bought back (2010: Nil). At 30 June 2011 the cumulative number of shares bought back since 14 November 2001 is 769,510 at a cost of \$10,109,000 (2010: 753,820 at a cost of \$9,850,000).

Ordinary and preference shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The non-redeemable preference shares are classified as equity.

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.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

Revaluation reserve

The revaluation reserve comprises the cumulative net change in the fair value of investments classified as fair value through equity until the investments are disposed of.

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
2010				
Final - ordinary	40.0	10,605	Franked	15 September 2010
Final - preference	7.0	6	Franked	15 September 2010
		<u>10,611</u>		
2011				
Interim - ordinary	30.0	7,953	Franked	24 March 2011
Interim - preference	7.0	6	Franked	24 March 2011
		<u>7,959</u>		
Total		<u>18,570</u>		

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

Declared after end of the financial year-

Final - ordinary	48.0	12,726	Franked	21 September 2011
Final - preference	7.0	6	Franked	21 September 2011
Total		<u>12,732</u>		

The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2011 and will be recognised in subsequent financial reports.

	2011 \$000	2010 \$000
Dividend franking account		
30% franking credits available to shareholders of Carlton Investments Limited for subsequent financial years	<u>24,953</u>	<u>17,743</u>

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 **\$5,456,000** (2010: \$4,550,000).

14. CAPITAL MANAGEMENT

The Board manages the Company'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 Company receives from its investments. Capital management initiatives undertaken from time to time include a share purchase plan and on market buy-backs.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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 9% Superannuation Guarantee levy, where the officer has not reached the age of 70.

The key management personnel compensation comprised:

	CONSOLIDATED	
	2011	2010
	\$	\$
Base Emolument	306,825	291,630
Superannuation	17,115	16,370
	<u>323,940</u>	<u>308,000</u>

Apart from details disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year, and there were no material contracts involving directors' interests existing at 30 June 2011.

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 2010	Held at 1 July 2009	Purchases/Sales 2011	2010	Held at 30 June 2011	30 June 2010
Mr A G Rydge	15,499,988	15,499,988	-	-	15,499,988	15,499,988
Mr G L Herring	5,960	5,960	-	-	5,960	5,960
Mr A J Clark	4,900	4,900	-	-	4,900	4,900

The 15,499,988 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.

15(b) Other related party transactions Investments in controlled entities

	Class of Share	Interest Held	
		2011	2010
		%	%
<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	
	2011	2010
	\$000	\$000
Inter-Company loans receivable		
Non Current	<u>139,229</u>	<u>122,485</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

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 30 June 2014 if repayment would result in the controlled entities not having sufficient funds to pay their other debts as and when they fall due.

Management fees

The Company provided accounting, administrative and other services during the year to its controlled entities for a management fee of **\$1,144,000** (2010: \$980,000). The management fee is based upon 4% of the dividend and trust income of the controlled entities.

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 seven (2010: 29). The total brokerage paid on these transactions was \$1,650 (2010: \$15,000).

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. 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 exposure to currency risk as all financial assets and liabilities are denominated in Australian dollars. As there are no external borrowings there are no risks associated with such liabilities.

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. For the company it arises from receivables due from subsidiaries. This risk is referred to in note 10 with respect to term deposits. 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 consolidated entity has are for tax payable from time to time to the Australian Taxation Office and for 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.

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. Total equity represented by share capital, reserves and retained profits would reduce by \$18,329,000 and \$36,658,000 respectively after tax if the market prices applicable to the listed equity portfolio were to fall by 5% or 10%.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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.

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 2011 the immediate parent entity of the Group was Carlton Investments Limited.

	2011	2010
	\$000	\$000
Result of Parent Entity		
Profit for the year	35,379	24,263
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	35,379	24,263
	<hr/>	<hr/>
Financial position of parent entity at year end		
Current assets	75	226
	<hr/>	<hr/>
Total assets	144,779	128,186
	<hr/>	<hr/>
Current liabilities	191	147
	<hr/>	<hr/>
Total liabilities	191	147
	<hr/>	<hr/>
Total equity of parent entity comprising of:		
Share capital	20,903	21,162
Retained profits	123,685	106,877
	<hr/>	<hr/>
Total equity	144,588	128,039
	<hr/>	<hr/>

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.

A consolidated statement of comprehensive income and 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 2011, are set out on pages 15 and 18 of the financial statements.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

21. SUBSEQUENT EVENTS

Subsequent to 30 June 2011 the Australian Securities Exchange has been subject to unusual fluctuations and as a result the fair value of the equity investment portfolio held by the Group has decreased. As at 24 August 2011 the fair value of the portfolio had decreased by \$48,067,000 or 9.2% since 30 June 2011. The Group holds its investments for the long term and not for trading purposes and, in the opinion of the directors, the decrease in value has no impact on its ongoing operations.

22. NOTES TO THE 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:

	2011	CONSOLIDATED 2010
	\$000	\$000
Cash	1,118	931

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

Profit for the year as per the consolidated income statement	29,303	26,030
Add / (less) items classified as financing and investing activities:		
Gains on disposal of equity investments	-	(1,084)
Dividends received by way of equities	-	(4,184)
Net cash provided by operating activities before changes in assets and liabilities	29,303	20,762
Decrease in current tax payable *	(92)	(621)
Decrease in deferred income tax	(27)	(9)
Increase/(decrease) in other creditors	(9)	3
Increase in receivables	(479)	(182)
Net cash provided by operating activities	28,696	19,953

* Excludes income tax on gains on disposals recognised in other comprehensive income

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

23. INVESTMENTS IN LISTED EQUITIES VALUED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

CLASSIFICATION	2011			2010		
	No of shares or units	\$	%	No of shares or units	\$	%
BANKS						
National Australia Bank Ltd	1,939,899	49,622,616		1,939,899	45,141,450	
Westpac Banking Corporation	1,682,879	37,444,058		1,682,879	35,693,864	
Commonwealth Bank of Aust.	477,500	24,925,500		477,500	23,225,600	
ANZ Banking Group Ltd	874,498	19,238,956		874,498	18,897,902	
Bendigo & Adelaide Bank Ltd	752,500	6,652,100		752,500	6,147,925	
Bank of Queensland Ltd	749,177	6,120,776		749,177	7,843,883	
Westpac SPS II	17,500	1,851,500		17,500	1,841,875	
Bendigo & Adelaide Bank Prefs	286	26,312		286	24,513	
		<u>145,881,818</u>	27.91		<u>138,817,012</u>	27.59
MEDIA						
Amalgamated Holdings Ltd	30,786,687	178,562,785		30,786,687	175,484,115	
Seven West Media Ltd (was WA Newspapers)	350,000	1,414,000		350,000	2,285,500	
Seven Group Holdings Ltd	100,000	962,000		100,000	574,000	
Ten Network Holdings Ltd	600,000	633,000		600,000	963,000	
Fairfax Media Ltd	200,000	196,000		200,000	262,000	
APN News & Media Ltd	100,000	131,000		100,000	198,500	
Consolidated Media Ltd	48,804	127,378		48,804	154,709	
		<u>182,026,163</u>	34.82		<u>179,921,824</u>	35.76
MATERIALS – METALS & MINING						
BHP Billiton Ltd	708,646	31,031,609		708,646	26,673,435	
Rio Tinto Ltd	91,245	7,555,998		91,245	6,082,392	
Bluescope Steel Ltd	2,021,258	2,435,616		2,021,258	4,224,429	
Sims Group Ltd	100,000	1,764,000		100,000	1,707,000	
Iuka Resources Ltd	43,057	719,482		43,057	199,784	
OneSteel Ltd	368,327	679,563		368,327	1,093,932	
Newcrest Mining Ltd	6,164	232,382		6,164	216,294	
		<u>44,418,650</u>	8.50		<u>40,197,266</u>	7.99
FINANCIALS – DIVERSIFIED FINANCIALS						
Gowing Bros Ltd	4,273,768	9,701,453		4,273,768	10,043,355	
Perpetual Ltd	237,332	5,916,687		237,332	6,704,629	
The Trust Company Ltd	678,579	3,732,185		678,579	3,745,756	
Milton Corporation Ltd	119,028	1,856,837		-	-	
Choiseul Investments Ltd	-	-		426,925	1,899,816	
Suncorp Group Ltd	200,266	1,622,155		200,266	1,608,136	
WAM Capital Ltd	881,000	1,352,335		881,000	1,026,365	
Aust. United Inv. Co. Ltd	187,500	1,213,125		187,500	1,256,250	
Aust. Found. Inv. Co. Ltd	245,167	1,083,638		245,167	1,159,640	
Argo Investments Ltd	18,118	101,461		18,118	105,266	
Challenger Ltd	4,339	21,218		4,339	15,273	
Whitefield Ltd	6,188	16,522		6,188	18,255	
		<u>26,617,616</u>	5.09		<u>27,582,741</u>	5.48
ENERGY – OIL & GAS						
Origin Energy Ltd	547,229	8,629,801		456,024	6,790,197	
Santos Ltd	477,500	6,446,250		477,500	5,997,400	
Woodside Petroleum Ltd	50,000	2,050,000		50,000	2,091,500	
Caltex Ltd	100,000	1,173,000		100,000	944,000	
		<u>18,299,051</u>	3.51		<u>15,823,097</u>	3.15
FOOD & STAPLES RETAILING						
Wesfarmers Ltd	521,043	16,590,010		521,043	14,929,256	
Wesfarmers Ltd PPS	106,878	3,431,853		106,878	3,065,261	
Woolworths Ltd	100,000	2,774,000		100,000	2,701,000	
		<u>22,795,863</u>	4.36		<u>20,695,517</u>	4.11
UTILITIES						
AGL Energy Ltd	1,116,042	16,327,694		1,116,042	16,405,817	
APA Group	411,994	1,672,696		411,994	1,483,179	
Brookfield Infrastructure	818	19,673		-	-	
RedbankEnergy	300	1,200		-	-	
Prime Infrastructure	-	-		3,408	11,110	
Alinta Energy Group	-	-		300,000	15,000	
		<u>18,021,263</u>	3.45		<u>17,915,106</u>	3.56

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

23. INVESTMENTS IN LISTED EQUITIES VALUED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONT.)

CLASSIFICATION	2011			2010		
	No of shares or units	\$	%	No of shares or units	\$	%
TELECOMMUNICATIONS						
Telstra Corporation Ltd	2,916,200	<u>8,427,818</u>	1.61	2,732,200	<u>8,879,650</u>	1.77
HOTELS, RESTAURANTS & LEISURE						
Echo Entertainment Group Ltd	307,500	1,263,825		-	-	
Tabcorp Holdings Ltd	307,500	1,008,600		307,500	1,943,400	
Crown Ltd	48,804	434,844		48,804	378,231	
		<u>2,707,269</u>	0.52		<u>2,321,631</u>	0.46
FOOD, BEVERAGE, TOBACCO						
Coca Cola Amatil Ltd	435,261	4,966,328		435,261	5,205,722	
Fosters Brewing Group Ltd	633,427	3,262,149		633,427	3,572,529	
Treasury Wine Estates Ltd	211,142	715,771		-	-	
		<u>8,944,248</u>	1.71		<u>8,778,251</u>	1.74
INDUSTRIALS – CAPITAL GOODS & COMMERCIAL SERVICES						
Leighton Holdings Ltd	97,223	2,025,155		87,500	2,533,125	
Crane Group	-	-		243,760	1,962,268	
Fletcher Building Ltd	243,760	1,616,129		-	-	
Dulux Group Ltd	541,764	1,522,357		-	-	
CSR Ltd	235,000	679,150		705,000	1,184,400	
McPherson's Ltd	120,928	363,993		120,928	302,320	
Brambles Industries Ltd	43,579	314,205		43,579	236,634	
Spotless Group Ltd	56,802	131,213		56,802	121,556	
PMP Ltd	100,000	62,000		100,000	57,000	
		<u>6,714,202</u>	1.28		<u>6,397,303</u>	1.27
MATERIALS – CHEMICALS						
Orica Ltd	541,764	<u>14,578,869</u>	2.79	541,764	<u>13,625,365</u>	2.71
MATERIALS - CONSTRUCTION						
James Hardie Inds. SE	625,362	3,658,368		625,362	3,914,766	
Boral Ltd	661,053	2,908,633		550,877	2,649,718	
		<u>6,567,001</u>	1.26		<u>6,564,484</u>	1.30
REAL ESTATE – MANAGEMENT & DEVELOPMENT						
Lend Lease Corporation Ltd	494,978	4,425,103		494,978	3,618,289	
Mirvac Ltd	426,575	533,219		426,575	558,813	
Stockland Trust Group	96,053	327,541		96,053	357,317	
Cromwell Property Group	440,000	301,400		400,000	268,000	
		<u>5,587,263</u>	1.07		<u>4,802,419</u>	0.95
MATERIALS – CONTAINERS & PACKAGING						
Arcor Ltd	853,133	<u>6,134,026</u>	1.17	853,133	<u>5,434,457</u>	1.08
HEALTHCARE						
Ansell Ltd	222,044	3,139,702		222,044	2,908,776	
Sigma Pharmaceuticals Ltd	220,000	116,600		220,000	91,300	
Australian Pharmaceutical Inds Ltd	100,000	27,500		100,000	39,000	
Novogen Ltd	33,000	5,940		33,000	5,445	
		<u>3,289,742</u>	0.64		<u>3,044,521</u>	0.62
TRANSPORTATION						
MAP Group	329,029	1,095,667		329,029	885,088	
Intoll Management Ltd	-	-		458,851	477,205	
Macquarie Atlas Roads Group	91,770	160,139		91,770	85,805	
Transurban Ltd	26,833	139,800		26,833	113,504	
		<u>1,395,606</u>	0.26		<u>1,561,602</u>	0.32
MATERIALS – PAPER & FOREST PRODUCTS						
Paperlinx Ltd	721,864	<u>111,889</u>	0.02	721,864	<u>447,556</u>	0.09
INFORMATION TECHNOLOGY – SOFTWARE & EQUIPMENT						
Keycorp Ltd	-	-		120,000	52,800	
Computershare Ltd	20,000	177,200		20,000	212,200	
		<u>177,200</u>	0.03		<u>265,000</u>	0.05
TOTAL		<u>522,695,557</u>	100.00		<u>503,074,802</u>	100.00

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 set out on pages 14 to 32, and the remuneration disclosures that are contained in the Remuneration Report on pages 11 and 12 of the Directors' Report, 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 2011 and of its performance for the 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 declaration required by Section 295A of the Corporations Act 2001 from the chief financial officer for the year ended 30 June 2011.
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.

Dated at Sydney 25 August 2011.

Signed in accordance with a resolution of the Directors:


A. G. RYDGE

:DIRECTORS


G L HERRING AM



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 2011 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

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

David Sinclair
Partner

Sydney

25 August 2011



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 2011, 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 2011 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 2011. 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 2011, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

David Sinclair
Partner

Sydney

25 August 2011

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

SECURITIES EXCHANGE REQUIREMENTS

FOR THE YEAR ENDED 30 JUNE 2011

DETAILS OF SHAREHOLDINGS

AS AT 9 AUGUST 2011

SHAREHOLDERS

(Ordinary Shares)

VOTING RIGHTS:

1 Vote for each Ordinary Shareholder

POLL: One vote for each fully paid ordinary share held

SHAREHOLDERS

(7% Cumulative Preference Shares)

VOTING RIGHTS:

Restricted - Subject to Article 10

SUBSTANTIAL SHAREHOLDERS - ORDINARY SHARES

ENBEEAR PTY LIMITED 16,127,093*

AMALGAMATED HOLDINGS LIMITED 16,127,093⁺

* Includes Amalgamated Holdings Limited's and associates' holdings

⁺ Includes Enbear Pty Limited's and associates' holdings

SUBSTANTIAL SHAREHOLDERS - PREFERENCE SHARES

AMALGAMATED HOLDINGS LIMITED 37,941

DISTRIBUTION OF SHAREHOLDINGS

Category	No. of Shareholders	No. of Shares	Category	No. of Shareholders	No. of Shares
Ordinary			Preference		
1 - 1,000	755	377,555	1 - 1,000	36	10,378
1,001 - 5,000	1,277	2,984,612	1,001 - 5,000	7	10,537
5,001 - 10,000	237	1,661,293	5,001 - 10,000	2	11,756
10,001 - 100,000	179	4,055,439	10,001 & Over	2	50,307
100,001 & Over	11	17,432,878			
	<u>2,459</u>	<u>26,511,777</u>		<u>47</u>	<u>82,978</u>

Number of Ordinary Shareholders holding less than a marketable parcel 86

Number of Preference Shareholders holding less than a marketable parcel 23

TWENTY LARGEST ORDINARY SHAREHOLDERS

	No. of shares held	% of capital held
1. Enbear Pty Limited	13,351,639	50.4
2. Alphoeb Pty Limited	1,384,717	5.2
3. Rydge A G	660,322	2.5
4. Amalgamated Holdings Limited	630,169	2.4
5. Milton Corporation Limited	354,809	1.3
6. T N Phillips Investments Pty Limited	245,000	0.9
7. Storey P R	192,047	0.7
8. Marlen Pty Limited	172,785	0.7
9. Gowing Bros Limited	171,137	0.7
10. Somoke Pty Limited	170,007	0.6
11. Aygeear Pty Limited	100,246	0.4
12. Govett Investments Pty Limited	98,046	0.4
13. Crawley M F	91,294	0.3
14. Tingalpa Hotel Pty Limited	86,164	0.3
15. Phillips J N	85,000	0.3
16. Phillips J N & Aust Executor Trustees	76,698	0.3
17. Darmal Pty Limited	68,000	0.3
18. Pardis Pty Limited	63,199	0.2
19. UBS Wealth Management Australia Nominees	61,418	0.2
20. Hargrave C L	60,246	0.2
	<u>18,122,943</u>	<u>68.4</u>

TWENTY LARGEST PREFERENCE SHAREHOLDERS

	No. of shares held	% of capital held
1. Amalgamated Holdings Limited	37,941	45.7
2. Morton I E & D L	12,366	14.9
3. Wilcorp No 41 Pty Limited	6,010	7.2
4. Winpar Holdings Limited	5,746	6.9
5. Cameron W R	2,127	2.6
6. Equity Trustees Limited		
RF Cameron Super Fund A/C	1,700	2.0
7. Neild D R G	1,500	1.8
8. Batoka Pty Limited	1,434	1.7
9. Green A J	1,400	1.7
10. Cameron A D	1,300	1.6
11. Batoka Pty Ltd BRD Unit A/C	1,076	1.3
12. Elkington Dr G B	1,000	1.2
13. Turner A H	834	1.0
14. Fitzharris J M	833	1.0
15. Frood R S	833	1.0
16. Hallworth G T	800	1.0
17. Cameron K V M	750	0.9
18. Tait Gibson Pty Limited	700	0.8
19. Elkington M	585	0.7
20. Crawley D E	534	0.6
	<u>79,469</u>	<u>95.8</u>

Issued Ordinary Shares 26,511,777

Issued Preference Shares 82,978

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

ORDINARY DIVIDENDS AND SHARE ISSUES SINCE 1 JULY 2001

Date	Share issue/Dividend	Issue price/ Dividend rate	Franking %
14/09/2001	Cash dividend	\$0.15	100
21/03/2002	Cash dividend	\$0.15	100
06/09/2002	Cash dividend	\$0.20	100
20/03/2003	Cash dividend	\$0.17	100
01/05/2003	Share Purchase Plan offer (Maximum number of shares – 503)	\$9.94	N/A
05/09/2003	Cash dividend	\$0.25	100
19/03/2004	Cash dividend	\$0.18	100
17/09/2004	Cash dividend	\$0.28	100
03/03/2005	Cash dividend	\$0.19	100
16/09/2005	Cash dividend	\$0.28	100
07/03/2006	Cash dividend	\$0.21	100
18/04/2006	Share Purchase Plan offer (Maximum number of shares – 297)	\$16.82	N/A
19/09/2006	Cash dividend	\$0.33	100
07/03/2007	Cash dividend	\$0.24	100
18/04/2007	Share Purchase Plan offer (Maximum number of shares – 246)	\$20.30	N/A
19/09/2007	Cash dividend	\$0.36	100
07/03/2008	Cash dividend	\$0.27	100
24/09/2008	Cash dividend	\$0.40	100
18/03/2009	Cash dividend	\$0.27	100
15/09/2009	Cash dividend	\$0.40	100
18/03/2010	Cash dividend	\$0.27	100
19/09/2010	Cash dividend	\$0.40	100
24/03/2011	Cash dividend	\$0.30	100