

REPORT TO SHAREHOLDERS ON HALF YEAR RESULTS TO 31 DECEMBER 2014

The Company's Appendix 4D and financial report for the half-year ended 31 December 2014 were lodged with the Australian Securities Exchange (ASX) on 25 February 2015 and are available to be downloaded from the Company's website or the ASX website.

HIGHLIGHTS

- Interim dividend of 43 cents per ordinary share reflects an increase of 6 cents per share (16.2%) compared to that paid in 2014. Part of this increase relates to the Directors' decision to reward shareholders earlier by increasing the level of the interim dividend as a percentage of total annual dividends.
- Profit for the half year was \$20,316,000, a 4.0% increase on the \$19,531,000 result for the previous corresponding half-year.

GROUP'S OPERATIONS AND RESULTS

The consolidated net profit for the half year to 31 December 2014 attributable to the members of Carlton Investments Limited was:

	31 December 2014	31 December 2013
	\$000	\$000
Profit before income tax	20,614	19,842
Income tax expense thereon	(298)	(311)
Net profit for the half year	20,316	19,531

REVIEW OF OPERATIONS

Net profit for the half year to 31 December 2014 increased by \$785,000 or 4.0% compared to the previous corresponding half year. Dividends and distributions received of \$20,677,000 increased by \$1,051,000 or 6.1%. Dividends and distributions received included special dividends totalling \$279,000 compared to \$394,000 in the previous corresponding period.

Interest income decreased by \$194,000 compared to the previous corresponding half year, to \$405,000. Average funds held on term deposit decreased by approximately \$7.5 million and the weighted average effective interest rate on term deposits decreased to 3.58% compared to 3.98% for the previous half year.

NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2014 prior to payment of the interim dividend and before provision for tax on unrealised capital gains was \$32.00 (30 June 2014: \$30.21). The net tangible asset backing per share at 31 December 2014 after provision for tax on unrealised capital gains was \$26.83 (30 June 2014: \$25.56). The relevant figures as at 31 January 2015 were \$33.82 before provision for capital gains tax and \$28.15 after providing for capital gains tax.

INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 43.0 cents per Ordinary Share, fully franked, payable on 19 March 2015. This is an increase of 6 cents per ordinary share (16.2%) compared to the 37 cents per share paid in respect of the previous year. As noted under highlights, part of this increase relates to the Directors' decision to reward shareholders earlier by increasing the level of the interim dividend as a percentage of total annual dividends and this increase should not be taken as an indication that total annual dividends will increase by the same percentage. 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 4 March 2015.

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 2015. There were no ordinary shares bought back during the half year ended 31 December 2014.

INVESTMENTS

During the half year investments (over \$500,000) were made in Adelaide Brighton Limited, AGL Energy Limited, ASX Limited, National Australia Bank, Origin Energy Limited, Santos Limited, Seven West Media Limited, Telstra Corporation and Woodside Petroleum Limited. The cost of shares purchased during the half year to 31 December 2014 totalled \$12,050,000.

The twenty largest investments, at quoted market values, as at 31 December 2014 were:

	\$000's		\$000's
Amalgamated Holdings	330,033	Bank of Queensland	17,337
National Australia Bank	68,346	Bendigo & Adelaide Bank	14,311
Westpac Bank	56,617	Gowing Bros	12,394
Commonwealth Bank	47,047	Amcor	11,585
ANZ Bank	31,323	Orica	10,266
Telstra	25,872	Origin Energy	8,462
Wesfarmers	25,425	James Hardie	8,255
AGL	21,437	Lend Lease	8,118
BHP Billiton	20,813	Santos	5,515
Perpetual	18,622	Rio Tinto	5,292
			<u>747,070</u>
			<u>821,342</u>
Total shares and units in listed entities as at 31 December 2014			

There were disposals of bank hybrid security investments during the half year to 31 December 2014 amounting to \$1,779,000. There were also capital returns received totalling \$471,000, the majority of which was from Wesfarmers.

The market value of the investment portfolio in listed entities increased by 5.67% after adjustment for acquisitions, capital returns and disposals during the six months ended 31 December 2014. This compares to an increase of 0.28% 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 paid are reinvested), the return for the six months was 8.07% compared to an increase in the S&P/ASX 200 Accumulation Index of 2.50%. The total portfolio return for the twelve months to 31 December 2014 was 15.20% compared to the S&P/ASX 200 Accumulation Index of 5.61%.

AG RYDGE
CHAIRMAN

25 February 2015