

Appendix 4D

31 December 2012 Half Yearly Report

CARLTON INVESTMENTS LIMITED ACN 000 020 262

1. Financial Reporting Period

The current financial reporting period is for the half year to 31 December 2012 with the previous corresponding period being the half year to 31 December 2011.

2. Results for announcement to the market

				\$000's
Revenue				
Dividends and distributions received - ordinary	Up	6.3%	to	17,484
Dividends - special	Down	96.3%	to	46
Interest received	Down	14.4%	to	814
Operating revenue	Down	1.6%	to	<u>18,344</u>
Profit				
Profit before income tax expense	Down	1.5%	to	17,978
Income tax expense	Down	1.8%	to	(331)
Net profit	Down	1.4%	to	<u>17,647</u>
Dividends		Amount per security		Franked amount per security
Interim dividend - Ordinary		34.0 cents		34.0 cents
- Preference		7.0 cents		7.0 cents
Half year ended 31 December 2011 - Ordinary		32.0 cents		32.0 cents
- Preference		7.0 cents		7.0 cents
Date of payment of interim dividends			21 March 2013	
Record date for determining entitlements to the interim dividends			6 March 2013	

3. Net tangible asset backing: Refer page 12

4. Entities over which control has been gained or lost during the period: None

5 & 6. Details of dividend payments and dividend reinvestment plans: Refer to note 9 of the attached condensed consolidated financial statements.

7. Details of associates and joint ventures: None

The Auditor's Review Report is attached.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	Half year to 31 December 2012 \$000	Half year to 31 December 2011 \$000
Dividends and distributions received	3	17,530	17,686
Interest income		814	951
Operating revenue		18,344	18,637
Administration expenses	4	(366)	(394)
Profit before income tax expense		17,978	18,243
Income tax expense	6	(331)	(337)
Net profit for the half year		17,647	17,906
Basic and diluted earnings per ordinary share	5	\$0.67	\$0.68

The income statement is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 10.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Half year to 31 December 2012 \$000	Half year to 31 December 2011 \$000
Net profit for the half year	17,647	17,906
Other Comprehensive Income*		
Increase/(decrease) in fair value of investments	55,090	(37,572)
(Increase)/decrease in deferred tax liability on change in fair value of investments	(12,960)	8,942
Total other comprehensive income/(loss)	42,130	(28,630)
Total comprehensive income/(loss) for the half year ended 31 December 2012	59,777	(10,724)

*None of the items in Other Comprehensive Income will be reclassified subsequently through the Income Statement.

The statement of comprehensive income is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 10.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Half year to 31 December 2012	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 30 June 2012	20,312	178,355	294,750	493,417
On Market share buy-back	-	-	-	-
Dividends paid	-	-	(13,773)	(13,773)
	20,312	178,355	280,977	479,644
Profit for the year	-	-	17,647	17,647
Other comprehensive income:-				
Increase in fair value of investments	-	55,090	-	55,090
Increase in deferred tax liability relating to change in fair value of investments	-	(12,960)	-	(12,960)
Other comprehensive income	-	42,130	-	42,130
Total comprehensive income	-	42,130	17,647	59,777
Total equity as at 31 December 2012	20,312	220,485	298,624	539,421

Half year to 31 December 2011	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 30 June 2011	20,903	186,862	284,388	492,153
On Market share buy-back	(311)	-	-	(311)
Dividends paid	-	-	(12,731)	(12,731)
	20,592	186,862	271,657	479,111
Profit for the half year	-	-	17,906	17,906
Other comprehensive income:-				
Decrease in fair value of investments	-	(37,572)	-	(37,572)
Decrease in deferred tax liability relating to change in fair value of investments	-	8,942	-	8,942
Other comprehensive loss	-	(28,630)	-	(28,630)
Total comprehensive loss	-	(28,630)	17,906	(10,724)
Total equity as at 31 December 2011	20,592	158,232	289,563	468,387

The statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 10.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012**

	Note	31 December 2012 \$000	30 June 2012 \$000
CURRENT ASSETS			
Cash		577	330
Receivables		447	4,826
Investments—term deposits	7	33,700	30,700
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		34,724	35,856
		<hr/>	<hr/>
NON CURRENT ASSETS			
Investments - equities	7	583,990	524,126
Investments - other		-	128
Deferred tax assets		4	3
		<hr/>	<hr/>
TOTAL NON CURRENT ASSETS		583,994	524,257
		<hr/>	<hr/>
TOTAL ASSETS		618,718	560,113
		<hr/>	<hr/>
CURRENT LIABILITIES			
Payables		49	50
Current tax liabilities		36	297
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		85	347
		<hr/>	<hr/>
NON CURRENT LIABILITIES			
Deferred tax liabilities		79,212	66,349
		<hr/>	<hr/>
TOTAL LIABILITIES		79,297	66,696
		<hr/>	<hr/>
NET ASSETS		539,421	493,417
		<hr/>	<hr/>
EQUITY			
Issued capital	8	20,312	20,312
Reserves		220,485	178,355
Retained earnings		298,624	294,750
		<hr/>	<hr/>
TOTAL EQUITY		539,421	493,417
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The statement of financial position is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 10.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

	Half year to 31 December 2012 \$000	Half year to 31 December 2011 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends received	21,534	21,165
Interest received	1,001	842
Sundry income	-	-
Distributions from property trusts	173	158
Cash paid for operating expenses	(367)	(396)
Income tax paid	(689)	(585)
Income tax refunds	-	303
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,652	21,487
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital returns and disposal of investments	317	3,684
Payments for acquisitions of investments	(4,949)	(4,935)
Net increase in term deposits	(3,000)	(7,050)
NET CASH USED IN INVESTING ACTIVITIES	(7,632)	(8,301)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares bought back	-	(311)
Dividends paid	(13,773)	(12,731)
NET CASH USED IN FINANCING ACTIVITIES	(13,773)	(13,042)
NET INCREASE IN CASH HELD	247	144
CASH AT BEGINNING OF FINANCIAL PERIOD	330	1,118
CASH AT END OF FINANCIAL PERIOD	577	1,262

The statement of cash flows is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 10.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

1. REPORTING ENTITY

Carlton Investments Limited is a company domiciled in Australia. The consolidated financial report of the Company for the half year ended 31 December 2012 comprises the Company and its subsidiaries (together referred to as the consolidated entity). The consolidated entity operates predominately in the acquisition and long term holding of shares and units in entities listed on the Australian Securities Exchange.

The report was authorised for issue by the directors on 20 February 2013.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

The consolidated financial report does not include all of the information required for a full annual financial report and is to be read in conjunction with the most recent annual financial report prepared as at 30 June 2012. This report must also be read in conjunction with any public announcements made by the Company during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

(b) Basis of Preparation

The financial report is presented in Australian dollars (the Company's functional currency) on the historical cost basis except that investments in equities listed on the Australian Securities Exchange have been stated at their fair value. The balances and effects of transactions between controlled entities included in the consolidated accounts have been eliminated.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Revisions to accounting estimates are recognised in the period when the estimate is revised and in any future reporting periods affected.

The accounting policies adopted by the consolidated entity are consistent with those adopted during the previous corresponding half year and financial year.

(c) Revenue Recognition

Revenues from dividends and trust distributions are recognised when the right to receive payment is established. Interest income is recognised as it accrues.

(d) Income Tax

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

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

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

(e) Investments

Short term deposits with major financial institutions form part of the consolidated entity'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 current quoted market price at the reporting date. Any change in market value is recognised directly in equity.

	Half year to 31 December 2012 \$000	Half year to 31 December 2011 \$000
3. REVENUES FROM INVESTMENT ACTIVITIES		
Dividends received - ordinary	17,299	16,296
Dividends received - special	46	1,239
Distributions from trusts	185	151
Interest received or due and receivable from other parties	<u>814</u>	<u>951</u>
	<u>18,344</u>	<u>18,637</u>
4. ADMINISTRATION EXPENSES		
Administration expenses include:		
Directors' fees and employee benefits	192	222
Auditor's remuneration	25	26
Other expenses	<u>149</u>	<u>146</u>
	<u>366</u>	<u>394</u>
5. EARNINGS PER SHARE		
Basic and diluted earnings per ordinary share (cents per share)	<u>\$0.67</u>	<u>\$0.68</u>
RECONCILIATION OF EARNINGS USED IN THE CALCULATION OF EARNINGS PER SHARE		
Net profit for the half year	17,647	17,906
Less: preference share dividend appropriated	<u>(6)</u>	<u>(6)</u>
Earnings used in the calculation of basic and diluted earnings per ordinary share	<u>17,641</u>	<u>17,900</u>
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<u>26,474,675</u>	<u>26,507,477</u>

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Half year to 31 December 2012 \$000	Half year to 31 December 2011 \$000
6. INCOME TAX		
Income tax expense		
Prima facie income tax expense calculated at 30% (2011: 30%) on profit before tax	5,394	5,473
Increase/(decrease) in income tax expense due to:		
Imputation gross up on dividends received	2,648	2,626
Franking credits on dividends received	(8,827)	(8,754)
Difference in timing of recognition of dividend income for accounting and tax	1,141	1,040
Other	(25)	(48)
Income tax expense	331	337
	31 December 2012 \$000	30 June 2012 \$000

7. INVESTMENTS

Current

Term deposits	33,700	30,700
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Term deposits are placed with major listed financial institutions and had maturity periods of between 10 to 170 days from 31 December 2012 and at that date were paying interest at rates between 4.42% and 5.10%. The weighted average effective interest rate on term deposits during the half year ended 31 December 2012 was 5.06% (2011: 5.94 %). Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. Credit risk on term deposits is minimised as deposits are only placed with major Australian financial institutions with acceptable credit ratings determined by a recognised rating agency. There is no exposure to currency risk.

Non Current

Shares and units in listed entities – at fair value	583,990	524,126
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Shares and units in listed entities are valued continuously at fair value, which is the quoted market price. During the half year period investments were acquired for consideration of \$4,949,000 (2011: \$4,935,000). Proceeds from disposal of investments in the half year period totalled \$317,000 (2011: \$3,684,000), resulting in a realised loss, based on original cost values, of \$33,000 (2011: profit \$2,506,000).

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

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 December 2012 \$000	30 June 2012 \$000
8. ISSUED CAPITAL		
Issued and Paid Up Capital		
26,474,675 (30 June 2012: 26,474,675) ordinary shares fully paid	20,146	20,146
82,978 (30 June 2012: 82,978) 7% cumulative preference shares fully paid	166	166
	20,312	20,312
Movements in Ordinary Issued Capital		
Balance at the beginning of the financial period	20,146	20,737
On market buy-back	-	(591)
Balance at end of the financial period	20,146	20,146

On 14 November 2001 the Company announced an On Market Buy Back of up to 2,500,000 of the Company's ordinary shares. This Buy-Back has been extended until 28 November 2013. There were no on market share buy-backs during the half year ended 31 December 2012 (year to 30 June 2012: 37,102 shares).

9. DIVIDENDS

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

	Cents per share	Total amount \$000	Franked/ unfranked	Date of payment
<hr/>				
2012 final dividend				
Ordinary	52.0	13,767	Franked	19 September 2012
Preference	7.0	6	Franked	19 September 2012
Total		<u>13,773</u>		

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

Ordinary	34.0	9,001	Franked	21 March 2013
Preference	7.0	6	Franked	21 March 2013
Total		<u>9,007</u>		

The financial effect of the interim dividends, which has not been brought to account in the financial statements for the half year ended 31 December 2012, will be recognised in the 30 June 2013 Annual Report.

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

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2012

- 1 In the opinion of the Directors of Carlton Investments Limited ("the Company"):
- (a) the financial statements and notes set out on pages 2 to 10 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance, as represented by the results of its operations and cash flows, for the half year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney 20 February 2013

Signed in accordance with a resolution of the Directors:



A. G. RYDGE

:DIRECTORS



G. L. HERRING

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2012

The Directors present their report together with the consolidated financial report of Carlton Investments Limited and its controlled entities for the half year ended 31 December 2012 and the auditor's review report thereon.

DIRECTORS

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

Name	Period of directorship
Mr Alan G Rydge - Chairman	Chairman of Directors since 1980. Non Executive Director
Mr Graeme L Herring AM – Chairman of the Audit Committee	Independent Non Executive Director since 1988
Mr Anthony J Clark AM – Lead Independent Director and Chairman of the Nominations and Remuneration Committee	Independent Non Executive Director since 2000

CONSOLIDATED OPERATING PROFIT

The consolidated net profit for the half year to 31 December 2012 attributable to the members of Carlton Investments Limited was:

	31 December 2012 \$000	31 December 2011 \$000
Profit before income tax	17,978	18,243
Income tax expense thereon	(331)	(337)
Net profit for the half year	<u>17,647</u>	<u>17,906</u>

REVIEW OF OPERATIONS

Net profit for the half year to 31 December 2012 decreased by \$259,000 or 1.4% compared to the previous corresponding half year. Dividends and distributions received of \$17,530,000 decreased by \$156,000 or 0.9%. The previous half year period to 31 December 2011 included a special dividend of \$1,231,000 received from Amalgamated Holdings Limited. No special dividends were received from Amalgamated Holdings in the half year to 31 December 2012. Dividends and distributions received before special dividends increased by \$1,037,000 or 6.3% compared to the previous corresponding period.

Interest income decreased by \$137,000 compared to the previous corresponding half year. Average funds held on term deposit remained at a similar level however, with falling interest rates, the weighted average effective interest rate on term deposits was 5.06% compared to 5.94% for the previous corresponding period.

NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2012 prior to payment of the interim dividends detailed in note 9 and before provision for tax on unrealised capital gains was \$23.36 (30 June 2012: \$21.13). The net tangible asset backing per share at 31 December 2012 after provision for tax on unrealised capital gains was \$20.37 (30 June 2012: \$18.63).

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (cont) FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 34.0 cents per Ordinary Share, fully franked, payable on 21 March 2013. This is an increase of 2 cents per ordinary share compared to the 32 cents per share paid in respect of the previous year. 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 6 March 2013.

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 2013. There were no ordinary shares bought back during the half year ended 31 December 2012.

INVESTMENTS

During the half-year investments were made in ASX Limited, Echo Entertainment Group Limited, Seven West Media Limited, Bank of Queensland Limited, Sonic Healthcare Limited, Bendigo and Adelaide Bank Limited, Origin Energy Limited and Cromwell Property Group. The cost of shares purchased during the half year to 31 December 2012 totalled \$4,949,000.

The twenty largest investments, at quoted market values, as at 31 December 2012 were:

	\$000's		\$000's
Amalgamated Holdings	207,810	Gowing Bros.	9,616
National Australia Bank	49,028	Perpetual	9,113
Westpac Bank	46,254	Bank of Queensland	8,285
Commonwealth Bank	34,155	Bendigo & Adelaide Bank	7,458
BHP Billiton	26,291	Origin Energy	7,451
ANZ Bank	23,662	Amcor	6,885
Wesfarmers	23,263	Coca Cola Amatil	6,143
AGL	20,026	Rio Tinto	6,023
Telstra	15,060	James Hardie	5,703
Orica	13,582	Santos	5,300
			<u>531,108</u>
Total shares and units in listed entities as at 31 December 2012			<u>583,990</u>

There were no major disposals of equity investments during the half-year with consideration received on disposals totalling only \$317,000.

The market value of the investment portfolio in listed entities increased by 10.5% after adjustment for acquisitions and disposals during the six months ended 31 December 2012. This compares to an increase of 12.8% in the S&P/ASX All Ordinaries Index over the same period.

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

The lead auditor's independence declaration is attached and forms part of the directors' report for the half year ended 31 December 2012.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (cont) FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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 this report and the financial report have been rounded off to the nearest one thousand dollars unless otherwise indicated.

This report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors on 20 February 2013.



A.G. RYDGE
Chairman of Directors
20 February 2013



**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C
OF THE CORPORATIONS ACT 2001
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

To: The Directors of Carlton Investments Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2012 there have been:

- (i.) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and
- (ii.) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

David Rogers
Partner

Sydney 20 February 2013



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CARLTON INVESTMENTS LIMITED

Report on the financial report

We have reviewed the accompanying half-year financial report of Carlton Investments Limited, which comprises the consolidated statement of financial position as at 31 December 2012, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 9 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 half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Carlton Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Carlton Investments Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

KPMG

KPMG

David Rogers
Partner

Sydney, 20 February 2013