

REPORT TO SHAREHOLDERS ON HALF YEAR RESULTS TO 31 DECEMBER 2012

The Company's Appendix 4D and financial report for the half-year ended 31 December 2012 were lodged with the Australian Securities Exchange (ASX) on 20 February 2013 and are available to be downloaded from the Company's website or the ASX website.

HIGHLIGHTS

- Interim dividend of 34 cents per ordinary share reflects an increase of 2 cents per share (6.25%) compared to that paid in 2012.
- Profit for the half year of \$17,647,000 was down slightly (\$259,000 or 1.4%) on the previous corresponding half-year. The prior 31 December 2011 half-year included a special dividend of \$1,231,000 received from Amalgamated Holdings Limited. Dividends and distributions received before special dividends increased by \$1,037,000 or 6.3% compared to the previous corresponding period.

GROUP'S OPERATIONS AND RESULTS

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

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

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.

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 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).

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>
			<u>583,990</u>

Total shares and units in listed entities as at 31 December 2012

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.

A G RYDGE
CHAIRMAN
 20 February 2013