

Appendix 4D

31 December 2015 Half Yearly Report

CARLTON INVESTMENTS LIMITED

ABN 85 000 020 262

1. Financial Reporting Period

The current financial reporting period is for the half year to 31 December 2015 with the previous corresponding period being the half year to 31 December 2014.

2. Results for announcement to the market

				\$000's
Revenue				
Dividends and distributions received - ordinary	Up	7.9%	to	22,020
Dividends received - special	Up	783.5%	to	2,465
Interest received and other income	Down	41.0%	to	239
Operating revenue	Up	17.3%	to	<u>24,724</u>
Profit				
Profit before income tax expense	Up	17.8%	to	24,291
Income tax expense	Up	12.7%	to	(336)
Net profit	Up	17.9%	to	<u>23,955</u>
Dividends		Amount per security	Franked amount per security	
Interim dividend	- Ordinary - Preference	46.0 cents 7.0 cents		46.0 cents 7.0 cents
Half year ended 31 December 2014	- Ordinary - Preference	43.0 cents 7.0 cents		43.0 cents 7.0 cents
Date of payment of interim dividends				21 March 2016
Record date for determining entitlements to the interim dividends				4 March 2016

3. Net tangible asset backing: Refer page 14.

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 11 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 STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Note	Half year to 31 December 2015 \$000	Half year to 31 December 2014 \$000
Dividends and distributions received		24,485	20,677
Interest income		236	405
Other income		3	-
<hr/>			
Operating revenue	3	24,724	21,082
Administration expenses	4	(427)	(462)
Finance costs	9	(6)	(6)
<hr/>			
Operating expenses		(433)	(468)
<hr/>			
Profit before income tax expense		24,291	20,614
Income tax expense	6	(336)	(298)
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Net profit for the half year		23,955	20,316
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Basic and diluted earnings per ordinary share	5	\$0.905	\$0.767

The consolidated statement of profit or loss is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Half year to 31 December 2015 \$000	Half year to 31 December 2014 \$000
Net profit for the half year	23,955	20,316
<hr/>		
Other Comprehensive Income		
<i>Items that will not be reclassified to the statement of profit or loss in the future:</i>		
Increase/(decrease) in fair value of investments	102,936	43,518
(Increase)/decrease in deferred tax liability on change in fair value of investments	(33,610)	(13,434)
<hr/>		
Total other comprehensive income/(loss)	69,326	30,084
<hr/>		
Total comprehensive income/(loss) for the half year	93,281	50,400
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The consolidated statement of comprehensive income is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Half year to 31 December 2015	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 1 July 2015	20,146	414,819	323,827	758,792
Dividends paid	-	-	(17,209)	(17,209)
	20,146	414,819	306,618	741,583
Profit for the year	-	-	23,955	23,955
Other comprehensive income:-				
Increase in fair value of investments	-	102,936	-	102,936
Increase in deferred tax liability relating to change in fair value of investments	-	(33,610)	-	(33,610)
Other comprehensive income	-	69,326	-	69,326
Total comprehensive income	-	69,326	23,955	93,281
Total equity as at 31 December 2015	20,146	484,145	330,573	834,864

Half year to 31 December 2014	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 1 July 2014	20,146	341,956	314,472	676,574
Dividends paid	-	-	(16,679)	(16,679)
	20,146	341,956	297,793	659,895
Profit for the half year	-	-	20,316	20,316
Other comprehensive income:-				
Increase in fair value of investments	-	43,518	-	43,518
Increase in deferred tax liability relating to change in fair value of investments	-	(13,434)	-	(13,434)
Other comprehensive income	-	30,084	-	30,084
Total comprehensive income	-	30,084	20,316	50,400
Total equity as at 31 December 2014	20,146	372,040	318,109	710,295

The consolidated statement of changes in equity is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	31 December 2015 \$000	30 June 2015 \$000
CURRENT ASSETS			
Cash		2,518	1,371
Receivables		465	5,537
Investments—term deposits	7	17,350	13,950
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		20,333	20,858
		<hr/>	<hr/>
NON CURRENT ASSETS			
Investments - equities	7	1,003,610	893,583
Deferred tax assets		3	2
		<hr/>	<hr/>
TOTAL NON CURRENT ASSETS		1,003,613	893,585
		<hr/>	<hr/>
TOTAL ASSETS		1,023,946	914,443
		<hr/>	<hr/>
CURRENT LIABILITIES			
Payables		51	52
Current tax liabilities		168	200
		<hr/>	<hr/>
TOTAL CURRENT LIABILITIES		219	252
		<hr/>	<hr/>
NON CURRENT LIABILITIES			
Deferred tax liabilities	8	188,697	155,233
Other financial liabilities	9	166	166
		<hr/>	<hr/>
TOTAL NON CURRENT LIABILITIES		188,863	155,399
		<hr/>	<hr/>
TOTAL LIABILITIES		189,082	155,651
		<hr/>	<hr/>
NET ASSETS		834,864	758,792
		<hr/>	<hr/>
EQUITY			
Issued capital	10	20,146	20,146
Reserves		484,145	414,819
Retained earnings		330,573	323,827
		<hr/>	<hr/>
TOTAL EQUITY		834,864	758,792
		<hr/>	<hr/>

The consolidated statement of financial position is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

	Half year to 31 December 2015 \$000	Half year to 31 December 2014 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Dividends and distributions received	29,517	25,511
Interest received	275	430
Other income	3	-
Cash paid for operating expenses	(427)	(454)
Income tax paid	(610)	(667)
Income tax refunds	94	192
NET CASH PROVIDED BY OPERATING ACTIVITIES	<hr/> 28,852 <hr/>	<hr/> 25,012 <hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital returns and disposal of investments	9	2,250
Payments for acquisitions of investments	(7,099)	(12,050)
Net (increase) decrease in term deposits	(3,400)	2,600
NET CASH USED IN INVESTING ACTIVITIES	<hr/> (10,490) <hr/>	<hr/> (7,200) <hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(17,209)	(16,679)
Finance costs	(6)	(6)
NET CASH USED IN FINANCING ACTIVITIES	<hr/> (17,215) <hr/>	<hr/> (16,685) <hr/>
NET INCREASE IN CASH HELD	1,147	1,127
CASH AT BEGINNING OF FINANCIAL PERIOD	1,371	926
CASH AT END OF FINANCIAL PERIOD	<hr/> 2,518 <hr/>	<hr/> 2,053 <hr/>

The consolidated statement of cash flows is to be read in conjunction with the notes to the condensed consolidated financial statements set out on pages 7 to 12.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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 2015 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 24 February 2016.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

The consolidated financial report does not include all of the information required for a full annual financial report and is to be read in conjunction with the 30 June 2015 annual financial report. This report must also be read in conjunction with any public announcements made by the Company during the half year in accordance with continuous disclosure obligations arising under the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

(b) Basis of Preparation

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

The Company is of a kind referred to in ASIC Class Order 98/100 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.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

2. BASIS OF PREPARATION (cont.)

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

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(e) Investments

Shares and units in listed entities are valued continuously at fair value. Inputs used to determine fair value are the unadjusted last-sale price, last-bid price and last-sell price quoted on the Australian Securities Exchange at balance date. Fair value is determined at a value within the quoted bid/sell price spread with most investments being valued at the quoted last-sale price. As the inputs used to determine the fair value of shares and units in listed entities are prices quoted in an active market, being the Australian Securities Exchange, values are categorised within Level 1 of the fair value hierarchy of measurement under Accounting Standards AASB 13.

Any change in fair value of shares and units in listed entities is recognised, through the Statement of Comprehensive Income, directly in equity.

Short term deposits with major financial institutions form part of the consolidated entity's investment portfolio and are carried at cost.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Half year to 31 December 2015 \$000	Half year to 31 December 2014 \$000
3. REVENUES FROM INVESTMENT ACTIVITIES		
Dividends and distributions received - ordinary	22,020	20,398
Dividends received - special	2,465	279
Interest received or due and receivable from other parties	236	405
Other Income	3	-
	<hr/> 24,724 <hr/>	<hr/> 21,082 <hr/>
4. ADMINISTRATION EXPENSES		
Administration expenses include:		
Directors' fees and employee benefits	234	264
Auditor's remuneration	36	45
Other expenses	157	153
	<hr/> 427 <hr/>	<hr/> 462 <hr/>
5. EARNINGS PER SHARE		
Basic and diluted earnings per ordinary share (cents per share)	<hr/> \$0.905 <hr/>	<hr/> \$0.767 <hr/>
RECONCILIATION OF EARNINGS USED IN THE CALCULATION OF EARNINGS PER SHARE		
Earnings used in the calculation of basic and diluted earnings per ordinary share	<hr/> 23,955 <hr/>	<hr/> 20,316 <hr/>
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<hr/> 26,474,675 <hr/>	<hr/> 26,474,675 <hr/>

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Half year to 31 December 2015 \$000	Half year to 31 December 2014 \$000
6. INCOME TAX		
Income tax expense		
Prima facie income tax expense calculated at 30% (2014: 30%) on profit before tax	7,287	6,184
Increase/(decrease) in income tax expense due to:		
Imputation gross up on dividends received	3,550	3,069
Franking credits on dividends received	(11,833)	(10,231)
Difference in timing of recognition of dividend income for accounting and tax	1,362	1,321
Other	(30)	(45)
Income tax expense	336	298
	31 December 2015 \$000	30 June 2015 \$000
7. INVESTMENTS		
Current		
Term deposits	17,350	13,950

Term deposits are placed with major listed financial institutions and had maturity periods of between 56 to 139 days from 31 December 2015 and at that date were paying interest at rates between 2.88% and 3.01%. The weighted average effective interest rate on term deposits during the half year ended 31 December 2015 was 2.88% (2014: 3.58%). 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

	1,003,610	893,583
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During the half year period investments were acquired for consideration of \$7,099,000 (2014: \$12,050,000). There were no disposals of investments during the half year period to 31 December 2015 (2014: \$1,779,000).

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 2015

	31 December 2015 \$000	30 June 2015 \$000
8. DEFERRED TAX LIABILITIES		
Capital gains tax on unrealised investment gains	188,583	154,972
Temporary differences on timing of recognition of dividend and trust distribution income	<u>114</u>	<u>261</u>
	<u>188,697</u>	<u>155,233</u>
9. OTHER FINANCIAL LIABILITIES		
Cumulative preference shares	<u>166</u>	<u>166</u>
82,978 (30 June 2015: 82,978) 7% cumulative preference shares fully paid. Preference shares were not classified as redeemable when issued.		
Dividends on these preference shares are recorded as a finance cost for accounting purposes.		
10. ISSUED CAPITAL		
Issued and Paid Up Capital		
26,474,675 (30 June 2015: 26,474,675) ordinary shares fully paid	<u>20,146</u>	<u>20,146</u>
Movements in Ordinary Issued Capital		
Balance at the beginning of the financial period	20,146	20,146
On market buy back	-	-
	<u>20,146</u>	<u>20,146</u>
Balance at end of the financial period	<u>20,146</u>	<u>20,146</u>

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 2016. There were no on market share buy backs during the half year ended 31 December 2015 or year to 30 June 2015.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

11. DIVIDENDS

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

	Cents per share	Total amount \$000	Franked/ unfranked	Date of payment
2015 final dividend – ordinary shares	65.0	<u>17,209</u>	Franked	21 September 2015

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

2016 interim dividend – ordinary shares	46.0	<u>12,178</u>	Franked	21 March 2016
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The financial effect of the interim dividends, which has not been brought to account in the financial statements for the half year ended 31 December 2015, will be recognised in the 30 June 2016 Annual Report.

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

12. EVENTS SUBSEQUENT TO REPORTING DATE

For the 2016 interim dividends declared after 31 December 2015 refer note 11 above.

Since 31 December 2015 the quoted prices of shares and units listed on the Australian Securities Exchange (refer note 2(e) and note 7) have experienced market weakness and volatility. The S&P/ASX 200 Index has decreased by 6.0% between the reporting date and the market close on 23 February 2016. The Group's investment portfolio has experienced slightly higher market weakness, with an estimated fall in value of 8.4% to market close on 23 February 2016.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION FOR THE HALF YEAR ENDED 31 DECEMBER 2015

- 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 12 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 2015 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 24 February 2015

Signed in accordance with a resolution of the Directors:


A G RYDGE

:DIRECTORS


A J CLARK

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2015

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 2015 and the auditor's review report thereon.

DIRECTORS

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

Name	Period of directorship
Mr Alan G Rydge - Chairman	Chairman of Directors since 1980. Non Executive Director
Mr Anthony J Clark AM – Lead Independent Director and Chairman of the Nominations and Remuneration Committee and Chairman of Audit and Risk Committee	Independent Non Executive Director since 2000
Mr Murray E Bleach	Independent Non Executive Director since 2014

CONSOLIDATED OPERATING PROFIT

The consolidated net profit for the half year to 31 December 2015 attributable to the members of Carlton Investments Limited was:

	31 December 2015 \$000	31 December 2014 \$000
Profit before income tax	24,291	20,614
Income tax expense thereon	(336)	(298)
Net profit for the half year	<u>23,955</u>	<u>20,316</u>

REVIEW OF OPERATIONS

Net profit for the half year to 31 December 2015 increased by \$3,639,000 or 17.9% compared to the previous corresponding half year. Dividends and distributions received of \$24,485,000 increased by \$3,808,000 or 18.4%. Included in these dividends and distributions were special dividends totalling \$2,465,000. Most of this amount was a special dividend paid by Event Hospitality and Entertainment (formerly known as Amalgamated Holdings). Special dividends received in the previous corresponding period totalled only \$279,000. Dividends and distributions received, before special dividends, increased by \$1,622,000 or 7.9% compared to the previous half year to 31 December 2014.

Interest income decreased by \$169,000 compared to the previous corresponding half year, to \$236,000. Average funds held on term deposit decreased by approximately \$7.2 million and the weighted average effective interest rate on term deposits decreased by 0.7%.

NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2015 prior to payment of the interim dividends detailed in note 11 and before provision for tax on unrealised capital gains was \$38.66 (30 June 2015: \$34.51). The net tangible asset backing per share after provision for tax on unrealised capital gains was \$31.54 at 31 December 2015 (30 June 2015: \$28.66). The relevant figures as at 31 January 2016 were \$36.06 before provision for capital gains tax and \$29.62 after providing for capital gains tax.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (cont.) FOR THE HALF YEAR ENDED 31 DECEMBER 2015

INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 46.0 cents per Ordinary Share, fully franked, payable on 21 March 2016. This is an increase of 3 cents per ordinary share (7.0%) compared to the 43 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 4 March 2016.

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 2016. There were no ordinary shares bought back during the half year ended 31 December 2015.

INVESTMENTS

During the half year investments (over \$500,000) were made in the Commonwealth Bank, Origin Energy, Santos and Westpac. All these acquisitions resulted from entitlement offers made by these companies. The cost of shares purchased during the half year to 31 December 2015 totalled \$7,099,000.

The twenty largest investments, at quoted market values, as at 31 December 2015 were:

	\$000's		\$000's
Event Hospitality & Entertainment	506,749	Gowing Bros	14,997
National Australia Bank	66,344	BHP Billiton	14,296
Westpac Bank	59,791	Bendigo & Adelaide Bank	13,350
Commonwealth Bank	49,024	Amcor	11,466
AGL	29,010	James Hardie	10,925
ANZ Bank	28,050	Orica	8,397
Wesfarmers	25,358	APA Group	7,870
Telstra	24,312	Lend Lease	7,058
Bank of Queensland	19,842	Origin Energy	5,356
Perpetual	18,763	Rio Tinto	4,844
			<u>925,802</u>
Total market value of shares and units in listed entities as at 31 December 2015			<u>1,003,610</u>

There were no disposals of investments during the half year to 31 December 2015.

The market value of the investment portfolio in listed entities increased by 11.5% after adjustment for acquisitions and capital returns during the six months ended 31 December 2015. This compares to a decrease of 3.0% in the S&P/ASX 200 Index over the same period. On a total portfolio return basis (measured by the movement in NTA per share assuming dividends are reinvested), the return for the six months was 14.0% compared to a decrease in the S&P/ASX 200 Accumulation Index of 0.5%. The increase in the Group's portfolio market value again largely related to the Group's investment in Event Hospitality and Entertainment (formerly known as Amalgamated Holdings) whose share price continued to increase significantly during the half year.

Since 31 December 2015, market values of shares and units in listed entities have experienced weakness and volatility, with the S&P/ASX 200 Index falling by 6.0% in the period to the market close on 23 February 2016. The Group's investment portfolio has experienced slightly higher market weakness, with an estimated fall in value of 8.4% to market close on 23 February 2016.

CARLTON INVESTMENTS LIMITED AND ITS CONTROLLED ENTITIES

**DIRECTORS' REPORT (cont.)
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

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 2015.

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 24 February 2016.



A G RYDGE
Chairman of Directors
24 February 2016



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Carlton Investments Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 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

John Teer
Partner

Sydney

24 February 2016



Independent auditor's review report to the members of Carlton Investments Limited

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 2015, consolidated statement of profit or loss 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 12 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 2015 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 2015 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

John Teer
Partner

Sydney

24 February 2016