

REPORT TO SHAREHOLDERS ON HALF YEAR RESULTS TO 31 DECEMBER 2021

The Company's Appendix 4D and financial report for the half-year ended 31 December 2021 were lodged with the Australian Securities Exchange (ASX) on 15 February 2022 and are available to be downloaded from the Company's website or the ASX website.

KEY POINTS

- Profit for the half year was \$15,419,000, a 73% increase on the result for the previous corresponding half-year period. No dividend was again received from the Group's largest investment, Event Hospitality and Entertainment, who have also announced that they will not be paying an interim dividend in March 2022.
- An interim dividend of 40 cents per ordinary share will be paid on 21 March 2022.

CONSOLIDATED OPERATING PROFIT

The consolidated net profit for the half year to 31 December 2021 attributable to the members of Carlton Investments Limited was:

	31 December 2021	31 December 2020
	\$000	\$000
Profit before income tax	15,919	8,404
Income tax (expense)/credit thereon	(500)	506
	<hr/>	<hr/>
Net profit for the half year	15,419	8,910

REVIEW OF OPERATIONS FOR THE HALF-YEAR

Net profit for the half year to 31 December 2021 was \$15,419,000, representing an increase of \$6,509,000 or 73% on the previous corresponding half year period. Dividends and distributions received and receivable of \$16,386,000 increased by \$7,691,000 or 88.5%. The largest increases in dividends came from investments in banks, who had paid conservative dividends in the prior half year period, and mining companies whose dividends increased significantly following strong trading results. Included in dividends received were special dividends of \$792,000 compared to \$257,000 in the previous corresponding half year. Consistent with the prior half year period, no dividend was received from the Group's largest investment, Event Hospitality and Entertainment ("Event"). The businesses of Event have been greatly impacted by public health restrictions due to the COVID pandemic. Event has also announced that they will not be paying an interim dividend in March 2022 in respect of the half year to 31 December 2021. Dividend and distribution income for the half year to 31 December 2021 was 30.4% below, the pre-pandemic, amount received in the half year to 31 December 2019. With continuing low interest rates on offer, interest income totalled only \$23,000 for the half year, down \$10,000 on the prior period.

REVIEW OF OPERATIONS FOR THE HALF-YEAR (continued)

In the prior period, income tax for the period to 31 December 2020 was a credit balance of \$506,000 and included a one-off reversal of a provision for deferred income tax amounting to \$697,000, a previously anticipated income tax liability which will no longer eventuate. The income tax expense for the half year to 31 December 2021 was \$500,000, an increase of \$1,006,000 compared to the prior period credit balance.

NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2021 prior to payment of the interim dividends and before provision for tax on unrealised capital gains was \$40.89 (30 June 2021: \$38.53). The net tangible asset backing per share after provision for tax on unrealised capital gains was \$33.68 at 31 December 2021 (30 June 2021: \$31.99). The relevant figures as at 31 January 2022 were \$38.47 before provision for capital gains tax and \$31.96 after providing for capital gains tax.

INTERIM DIVIDENDS

The Directors have today declared an interim dividend of 40 cents per Ordinary Share, fully franked, payable on 21 March 2022. 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 1 March 2022.

INVESTMENTS

Additions to the portfolio totalling \$3,795,000 were made during the half year to 31 December 2021. Major additions to the portfolio were additional shares purchased in South32, Telstra and Transurban plus a new investment in Ramsay Health Care. A capital return of \$1,219,000 was received from Wesfarmers during the period and consideration from the disposal of investments totalled \$336,000.

The twenty largest investments, at quoted market values, as at 31 December 2021 were:

	\$000's		\$000's
Event Hospitality & Entertainment	455,027	Bank of Queensland	16,264
National Australia Bank	63,479	Rio Tinto	16,104
Commonwealth Bank	57,891	Perpetual	15,286
Westpac Banking Group	38,090	Gowing Bros.	14,621
BHP Group	36,692	Ancor	14,094
Wesfarmers	36,138	Coles Group	10,933
James Hardie Industries	34,583	Bendigo & Adelaide Bank	10,166
ANZ Banking Group	27,628	Santos	10,060
Telstra	19,159	AGL	9,994
Fortescue Metals Group	18,019	Bluescope Steel	9,859
			<u>914,087</u>
			<u>1,061,218</u>
Total market value of shares and units in listed entities as at 31 December 2021			

The market value of the Group's investment portfolio increased by 5.8% during the six months ended 31 December 2021, after adjusting for acquisitions, disposals and capital returns. This compares to an increase of 1.8% 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 7.2% compared to an increase in the S&P/ASX 200 Accumulation Index over the same period of 3.8%. During the half year period to 31 December 2021 we saw an initial strong recovery in the market value of Event Hospitality and Entertainment shares, however Event's share price fell back a little during the last two months of the period. Market value movements across the balance of the portfolio were mixed, with share price market values for the larger miners and some banks falling back during the half year.