Appendix 4E

Final Report 30 June 2012

CARLTON INVESTMENTS LIMITED	ACN 000 020 262

1. Financial reporting period

The current financial reporting period is for the year ended 30 June 2012 with the previous corresponding period being the year ended 30 June 2011.

2. Operating results for announcement to the market

			2012 $000	2011 $000
Revenue				
Dividends and distributions received	Up	6.7%	31,096	29,132
Interest received			1,963	1,561
Sundry income			-	31
Total operating revenue	Up	7.6%	33,059	30,724
Profit				
Profit before income tax expense	Up	7.6%	32,386	30,111
Income tax expense			(810)	(808)
Net profit for the year	Up	7.8%	31,576	29,303

3. Dividends	Amount per security	Franked amount per security
Final dividends - Ordinary - Preference	52.0 cents 7.0 cents	52.0cents 7.0 cents
Year ended 30 June 2011 - Ordinary - Preference	48.0 cents 7.0 cents	48.0 cents 7.0 cents
Date final dividends payable	19 SEPTEMBER 2012	
Record date for determining entitlements to final dividends	4 SEPTEMBER 2012	
The dividend reinvestment plan continues to be suspended		

4. Refer to the attached Financial Report for details of the following:-

Income statement, statement of comprehensive income, statement of changes in equity, statement of financial position and statement of cash flows and notes thereon;
Dividends paid and payable;
Net tangible asset backing

5. Entities over which control has been gained or lost during the period:- Nil

6. Details of associates and joint ventures:- Nil

7. The Report is based on financial statements that have been audited. A copy of the audit report is included in the attached Financial Report.

CARLTON INVESTMENTS LIMITED

(A publicly listed company limited by shares, incorporated and domiciled in Australia)

ACN 000 020 262

Financial Report

For the year ended 30 June 2012

Directors	**Alan G Rydge (Chairman)** **Graeme L Herring AM** **Anthony J Clark AM**
Group Secretary	**Peter W Horton**
Auditor	**KPMG**
Bank	**National Australia Bank Limited**
Registered Office	**Level 22, 227 Elizabeth Street,** **Sydney NSW 2000** **Telephone: (02) 9373 6732** **Facsimile: (02) 9373 6539** **Email: info@carltoninvestments.com.au** **Website: www.carltoninvestments.com.au**
Share Registrar	**Computershare Registry Services Pty Ltd** **Level 3, 60 Carrington Street,** **Sydney NSW 1115** **Telephone: 1300 855 080** **Facsimile: (02) 8235 8150**
Home Stock Exchange	**The company is listed on the** **Australian Securities Exchange (Sydney) Limited** **Stock Exchange Code CIN**
Controlled Entities	**Carlton Hotel Limited (ACN 000 010 266)** **Eneber Investment Company Limited (ACN 000 014 540)** **The Manly Hotels Pty Limited (ACN 000 004 473)**

Annual General Meeting

The 2012 Annual General Meeting will be held at

Rydges World Square,
389 Pitt Street, Sydney NSW 2000.

On 24th October 2012
At 10.00a.m.

CHAIRMAN'S REPORT TO SHAREHOLDERS

I have pleasure in presenting the Group's consolidated results for the year ended 30 June 2012.

Group's operations and results

Profit as reported in the Income Statement for the year ended 30 June 2012 was $31,576,000 compared to $29,303,000 for 2011, an increase of 7.8%.

Total revenue for the year was $33,059,000 compared to $30,724,000 during the prior year. Dividends and distributions received from companies and trusts increased by $1,964,000 or 6.7% from $29,132,000 to $31,096,000. Interest income was $1,963,000 compared to $1,561,000 in the prior year. A major contributor to the increased dividends for the year to 30 June 2012 was a special dividend of $1,231,000 received from Amalgamated Holdings Limited.

Administration expenses amounted to $673,000, compared to $613,000 in the previous year. This represented a management expense ratio (MER) of 0.12%.

Earnings per ordinary share

Basic earnings were $1.19 per ordinary share for the year to 30 June 2012 compared to $1.10 per share for 2011.

Dividends

On 23 August 2012 the directors declared a final fully franked ordinary dividend of 52 cents per share payable on 19 September 2012. Total dividends payable in respect of the ordinary shares for the financial year ended 30 June 2012 amount to 84 cents per share, compared to the 78 cents per share paid in respect of the previous year. This is an increase of 7.7%.

A final preference dividend of 7 cents per share fully franked is also payable on 19 September 2012.

The record date for both the ordinary and preference final dividends is 4 September 2012.

The Dividend Reinvestment Plan remains suspended.

Net tangible asset backing

The net tangible asset backing for each issued ordinary share at 30 June 2012, prior to the payment of the final dividend noted above and before provision for estimated capital gains tax in respect of unrealised investment portfolio gains, was $21.13 (2011: $21.07). Although the Board has no present intention of disposing of any of the Group's equity investments, the net tangible asset backing per share after provision for tax on unrealised capital gains was $18.63 (2011: $18.56). The relevant figures as at 31 July 2012 were $22.08 and $19.34 respectively.

On market share buy back

37,102 ordinary shares were bought back during the year by the Company under the on market buy back facility available to it. The total number of ordinary shares bought back since the Buy Back was introduced in 2001 is 806,612 at a total cost of $10,700,000.

CHAIRMAN'S REPORT TO SHAREHOLDERS (CONT.)

Investments

The market value of the equity investment portfolio as at 30 June 2012 was $524,126,000 compared to $522,695,000 at the prior year end. Short term cash deposits at 30 June 2012 amounted to $30,700,000 and represented 5.5% of the total of equity investments, term deposits and cash. The level of short term deposits, which was fairly consistent with the prior year end, reflects the Board's decision to hold a higher level of cash resources whilst there is uncertainty in the equities market. The consolidated entity is well placed with the level of funds on deposit to take advantage of investment opportunities as and when they arise.

The Board's policy is to acquire additional investments in equities that meet the criteria of providing both high levels of income through franked dividends and long term capital growth. The cost of shares purchased during the year to 30 June 2012 totalled $14,237,000 (2011: $2,387,000).

Acquisitions above $1 million during the year were:

Commonwealth Bank of Australia	$3,535,000
AGL Energy Limited	$2,158,000
ANZ Banking Group Limited	$1,509,000
Bank of Queensland Limited	$1,482,000
Telstra Corporation Limited	$1,796,000

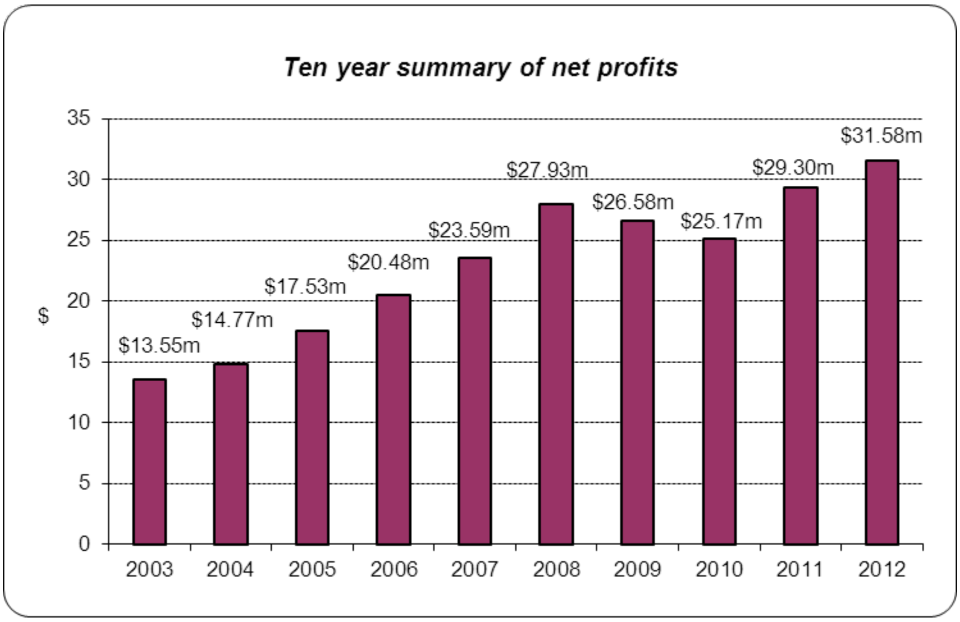
Consideration received on disposal of equity investments during the financial year totalled $3,874,000 (2011: $1,957,000). The only major disposal during the period resulted from the takeover of Foster's Brewing Group Limited by SAB Miller, with consideration of $3,421,000 being received.

After adjusting for the above investment acquisitions and disposals the market value of the investment portfolio decreased by $8,805,000 or 1.68% during the year to 30 June 2012. This compares favourably with to a decrease of 11.25% in the S&P/ASX All Ordinaries Index over the same period.

The Group continues to hold its equity investments for the long term and does not act as a share trader nor does it invest in speculative stocks.

A G RYDGE
Chairman

23 August 2012


Ten year summary of net profits
$
35
30
25
20
15
10
5
0
$13.55m
$14.77m
$17.53m
$20.48m
$23.59m
$27.93m
$26.58m
$25.17m
$29.30m
$31.58m
2003
2004
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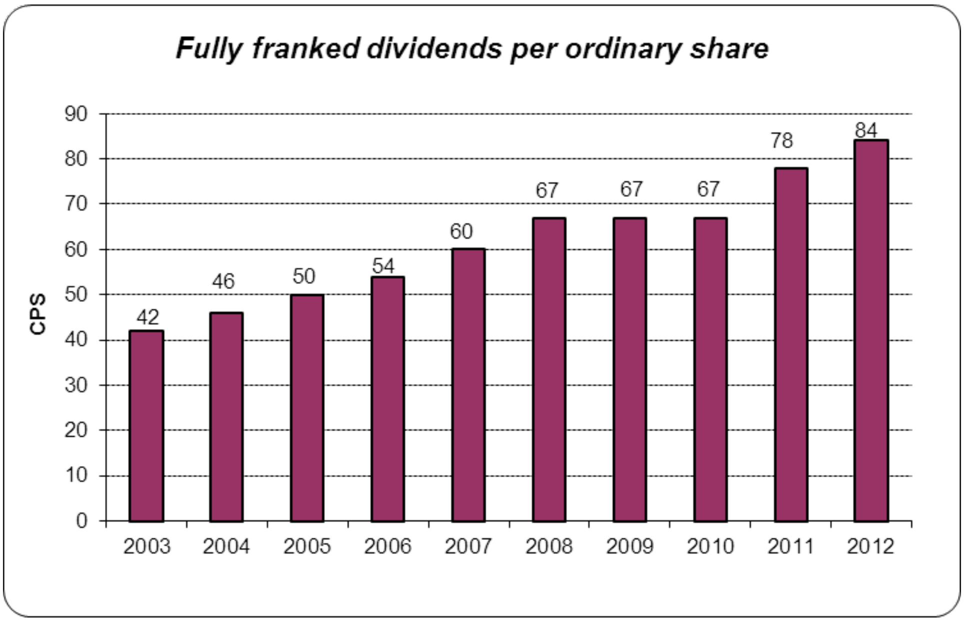
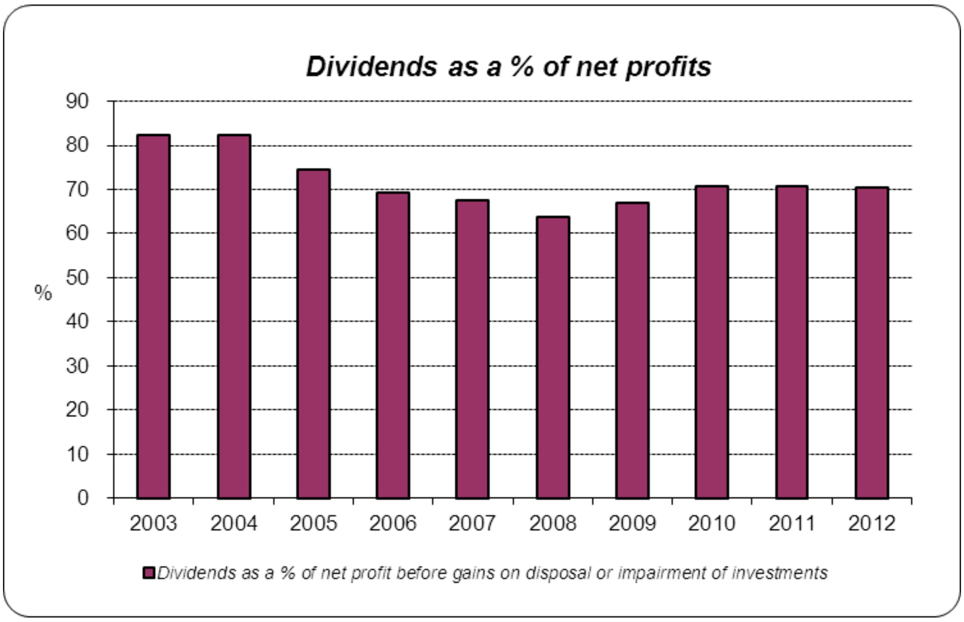
2008
2009
2010
2011
2012


Fully franked dividends per ordinary share
CPS
90
80
70
60
50
40
30
20
10
0
42
46
50
54
60
67
67
67
78
84
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012


Dividends as a % of net profits
%
90
80
70
60
50
40
30
20
10
0
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
Dividends as a % of net profit before gains on disposal or impairment of investments

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012

The directors present their report together with the consolidated financial report of Carlton Investments Limited ("the Company") and its controlled entities for the year ended 30 June 2012 and the auditor's report thereon.

Directors
The directors of the Company in office at any time during or since the end of the financial year are:

Mr. Alan G Rydge
Chairman of Directors since 1980. Non executive director.
Broad experience as a director of various listed and private entities, formerly Deputy Chairman of Australia Post.
Director (since 1978) and Chairman (since 1980) of Amalgamated Holdings Limited. Also a director of Enbeear Pty Limited, Alphoeb Pty Limited, Aygeear Pty Limited and Surf Life Saving Foundation.

Mr. Graeme L Herring AM
Bachelor of Commerce (Melbourne), Diploma of Education (Melbourne).
Independent Non Executive Director since 1988.
Chairman of the Audit Committee.
Broad experience as a director of listed companies and previously practised as a Chartered Accountant. He retired as a partner of Peat Marwick Mitchell & Co. in 1983.
Other directorships include Louis Vuitton Australia Pty Limited. A former directorship was WIN Corporation Pty Limited (retired 15 July 2010).

Mr. Anthony J Clark AM, FCA, FAICD.
Fellow of the Institute of Chartered Accountants in Australia and Fellow of the Australian Institute of Company Directors.
Independent Non Executive Director since 2000.
Chairman of the Nominations and Remuneration Committee.
Broad experience as a director of listed companies and previously practised as a Chartered Accountant retiring as a partner of KPMG in 1998.
Other directorships include Amalgamated Holdings Limited (since 1998), Ramsay Health Care Limited (since 1998) and Sphere Minerals Limited (since 2011).

Company Secretary and Chief Financial Officer
Mr Peter W Horton was appointed Company Secretary and Chief Financial Officer in October 2011. He practised as a Chartered Accountant for over 20 years prior to his retirement as a partner of KPMG in 2001. Immediately prior to joining the Company, Mr Horton was the Director of Finance and Accounting for a public company engaged in the hospitality and leisure industries, a position which he held for almost 10 years. He is a member of the Institute of Chartered Accountants in Australia.

Officers who were previously partners of the audit firm
GL Herring, AJ Clark, PW Horton and KN Allen were officers of the Company during the year and were previously partners of the current audit firm, KPMG or its antecedent firms, at a time when the audit firm undertook an audit of the Company. The earliest that any of these officers previously worked with KPMG was more than 10 years ago.

Directors' meetings
The number of directors' meetings and meetings of committees of directors held during the year together with the number of meetings attended by each director during the financial year were:

Name of Director	Directors' Meetings	Audit Committee	Nominations and Remuneration Committee
No. of meetings held:	10	3	1
No. of meetings attended:			
Mr A G Rydge	10	3	1
Mr G L Herring	10	3	1
Mr A J Clark	10	3	1

Corporate Governance statement
This statement outlines the main Corporate Governance practices that have been adopted by the Board which, unless otherwise stated, comply with the ASX Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. The appropriateness of the adopted practices is subject to continuous review by the Board. Companies listed on the Australian Securities Exchange are required under the ASX Listing Rules to detail in their annual reports the principles and recommendations with which they have not complied and provide reasons as to why they have not done so.

The eight ASX Corporate Governance Principles and the Company's approach to them are as follows;-

1. *Lay solid foundations for management and oversight*

The Company has a Board of three non-executive directors and two employees, namely a company secretary/chief financial officer and an office administrator. Due to the lack of complexity in the Company's operations no director acts as chief executive officer. In accordance with Board policy the company secretary/chief financial officer is primarily and directly responsible to the directors for the general and overall management of the Company.

The terms and conditions relating to the appointment and retirement of all directors are determined on a case by case basis within the requirements of the Corporations Act 2001 and the ASX Listing Rules. The Company provides directors and senior management on appointment a letter setting out key terms and conditions relative to their appointment so that they clearly understand their corporate expectations.

Under the Company's Constitution directors are subject to re-election by shareholders by rotation every three years.

Details regarding the current directors are included on page 6.

The primary responsibility of the Board is to develop the overall strategy of the Company and to preside over the management of the Company to protect and enhance shareholders' interests. The Board's role is to ensure the Company meets its obligations and responsibilities in all areas affecting shareholders, the market and the community generally. The Board's roles and responsibilities which include strategic direction of the Company, governance and operating performance, are set out in its Charter which is reviewed on a regular basis. Copies of the Charter are available on request from the company secretary. The policies and procedures detailed in this Statement have been instituted by the Board to ensure that the Board's roles and responsibilities are complied with. The Board is assisted in the execution of its responsibilities by the Audit Committee and Nomination and Remuneration Committee both of which are chaired by independent non-executive Directors.

Meetings of the Board are held regularly during the year. In any month where a meeting does not take place the company secretary prepares a detailed report for the Board's information and consideration.

The most recent performance evaluations and remuneration reviews for the company secretary/chief financial officer and the office administrator were carried out in May 2012, after reference to current market rates.

The company secretary/chief financial officer is responsible to the Board for the implementation of the strategy and management of the Company. He manages the Company's operations in accordance with the strategy, business plans and policies approved by the Board to achieve agreed goals. He acts as public officer for taxation matters and is responsible for the Company's continuous disclosure requirements of the ASX.

2. Structure the Board to add value

The Board's policy is that of the three directors comprising the Board, two must be independent non-executive directors not having a major shareholding in the Company, not having been a principal or employee of a professional advisor or consultant to the Company within the previous three years, has not been employed in an executive capacity by the Company and is free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement. Both Mr Herring and Mr Clark are independent non-executive directors having served on the Board since 1988 and 2000 respectively. Due to the nature of the Company's activities it is not considered that either Mr Herring's or Mr Clark's length of service as a director could, or could reasonably be perceived to, materially interfere with their ability to act in the best interests of the Company. The Chairman, Mr A G Rydge, due to his related interests in the Company, is not considered to be independent however, the remaining members of the Board do not consider that this in any way diminishes the efficient organisation and conduct of the Board's function.

Each of the directors has the mix of skills for which the Board is looking to achieve in membership of the Board; namely, a broad experience as a director of public listed companies and a knowledge of and involvement in the finance and investment sectors. It is the Company's policy that there is to be no discrimination in respect of race, creed or gender when seeking potential candidates for Board positions.

The Company has a Nominations and Remuneration Committee comprising the three current non executive directors. The Committee, whose roles and responsibilities are set out in its Charter which is reviewed on a regular basis for appropriateness, is chaired by an independent non-executive director. In accordance with the Charter it evaluates by discussion the Board's and each individual director's performance on an annual basis, assesses the necessary and desirable competencies of Board members and reviews succession plans taking into consideration the range of skills, experience and expertise of the current members. The last such review was performed in May 2012. Each director is required to notify the Board of any change in circumstances that could impair their position as a director.

Fees paid to the non executive directors (there are no executive directors) are set each year by the Committee and, after reference to current market rates, are based on the nature of each director's performance and responsibilities. In accordance with the Corporations Act 2001 total fees for all directors are within the maximum amount of fees that have been approved by the shareholders at general meetings to be paid to the directors.

Directors do not receive any form of remuneration or retirement benefits other than by way of directors' fees and the 9% Superannuation Guarantee levy where the director has not reached the age of 70. They do not receive any options over shares in the Company. Details of directors' remuneration are set out on page 13. The Chairman meets with each director and officer to discuss matters affecting Board and management effectiveness as and when they arise. Each director also may at any stage raise appropriate matters with the Chairman.

Subject to prior discussions in a Board meeting, each director is entitled to seek independent professional advice at the Company's expense provided such advice is essential for the execution of the director's obligations. A copy of the advice received by the director is made available to all other members of the Board.

3. Promote ethical and responsible decision making

The Company through its Code of Ethics and Business Conduct recognises the importance of the Company's directors and employees conforming to the highest standards of ethical and responsible decision making. All directors and employees are made aware that they are expected to act in their business dealings for the Company in accordance with the Law and high standards of propriety. The Code covers areas such as the Company's and the Board's policy on diversity and its responsibilities towards employees and shareholders, dealings with third parties, conflicts of interest, safeguarding assets, financial reports and accounting records and insider information and trading in the Company's shares. Directors and employees must keep the Board advised on an ongoing basis of any interest that could potentially conflict with those of the Company.

As detailed above, the Company's policy on diversity stipulates that there is to be no discrimination in respect of race, creed or gender when seeking potential candidates for Board positions. This policy also applies to employees. Currently the Company has a Board of three male members and two employees one of whom is a female in the part time position of office administrator. The female position represents 20% of the Company's total workforce, a level that would be expected to be maintained. The size of the Company's operations does not provide widespread opportunities to have a workforce covering all sections of the community.

The Company has a Trading Policy that specifies the periods of the year where trading in its shares by key management personnel are prohibited.

A copy of the Code and the Trading Policy are available on request from the company secretary.

4. Safeguard integrity in financial reporting

The Company, in accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, has an Audit Committee whose roles and responsibilities are set out in its Charter. The Charter is reviewed annually for appropriateness. A copy of the Charter can be obtained on request from the company secretary. The Committee acts as an independent and objective body to monitor the Company's financial reporting processes, corporate risk assessment, systems of internal controls and the results of the external audit (including a review of the independence of the external auditor). The Committee consists of the three non-executive Board members and is chaired by an independent non-executive director. Committee members receive comprehensive regular reports on the Company's affairs from the company secretary/chief financial officer and have unrestricted access to Company records and information. The Committee requires the company secretary/chief financial officer to provide it with a declaration under Section 295(A) of the Corporations Act each half year and annually whether, in his opinion, the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and whether they are in accordance with the relevant accounting standards. He is also required to state whether, in his opinion, the integrity of the financial statements has been founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and whether the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

The engagement partner of the external auditor meets with the Audit Committee each six months when finalising the half year and annual results to discuss whether the audit has highlighted any departures from the Company's Policies, Procedures and Controls Manual and whether there are any significant issues that have arisen during the audit. The engagement partner has been requested to raise with the Board at any other time any pertinent issues that should be addressed by the Board. The Committee also meets with the external auditor to review the auditor's performance and to discuss the proposed audit plan and fees. The Committee, after reviewing the auditor's performance, has the responsibility for determining whether a recommendation be made to the Board that there should be a change of external auditor. It is responsible for ensuring that there is a rotation of audit engagement partner in accordance with legislation currently in force.

The Committee reviews the appropriateness of any significant non-audit service proposed to be provided by the external auditor before giving its approval.

5. Make timely and balanced disclosure

The company secretary/chief financial officer has, in accordance with the Company's written Continuous Disclosure Policy, been nominated as the person with primary responsibility for the Company's communications with the ASX and is required to be fully conversant with the ASX Continuous Disclosure Listing Rules as they affect the Company. He is responsible for ensuring that communications are made in a timely manner, are factual and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions. Members of the Board, in accordance with the Board Charter, meet with the company secretary/chief financial officer on a six monthly basis to review the Company's ongoing compliance with the continuous disclosure requirements. Each member of the Board has a responsibility to advise the company secretary/chief financial officer of any relevant disclosure matters of which they become aware.

6. Respect the rights of shareholders

It is Company policy to maintain full and informative communications with all shareholders. This is achieved by way of detailed reports to shareholders on the half year and annual results, net tangible asset backing details disclosed monthly to the market and through the Chairman's address at general meetings. Copies of these documents, together with any other announcements made to the ASX are available from the websites of the Company, the ASX and various brokers. Copies of documents covering Corporate Governance matters such as the Board and committee charters, risk management policy, communications, code of conduct, continuous disclosure policy, etc. are available to shareholders on request from the company secretary. The website address for the Company is www.carltoninvestments.com.au.

The engagement partner from the external auditor attends the annual general meetings and is available to answer shareholders' questions at that meeting.

7. Recognise and manage risk

The Company has a detailed policies, procedures and controls manual that sets out the roles of the Board and management in recognising risks associated with the consolidated entity's operations and the safeguards instituted to control those risks. It is the Audit Committee's responsibility to review the risk management policies and to ensure that they are both appropriate for the Company's operations and are being adhered to. The Company does not have an internal audit function due to the lack of complexity in its operations. The company secretary/chief financial officer reports to the Audit Committee and Board as at each half year and financial year end whether, in his opinion, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects. The Audit Committee meets with the engagement partner of the external auditor at least every six months to satisfy its members that appropriate risk management policies have been adopted and that a sound system of internal controls exists. These requirements have been undertaken as at 30 June 2012.

A copy of the Company's risk management policy is available on request from the company secretary.

8. *Remunerate fairly and responsibly*

As detailed under 2 above the Company has a combined Nomination and Remuneration Committee that has as one of its responsibilities the determination of appropriate remuneration policies for Board members and employees. The Committee has a Charter that sets out its role and responsibilities, composition, structure and membership requirements. The membership of the Committee consists of the three non executive directors and is chaired by an independent director.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012 (CONT.)

Compliance with ASX Corporate Governance Principles and Recommendations
The Company complies, to the extent appropriate for an organisation of its size, with the ASX Corporate Governance Principles and Recommendations with the exception of Recommendation 2.2 as the Chairman is not considered to be an independent director.

Principal activities
The principal activity of the Group is the acquisition and long term holding of shares and units in entities listed on the Australian Securities Exchange. There have been no significant changes in the activity of the consolidated entity during the year under review.

State of affairs
In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

Environmental regulation
The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Events subsequent to balance date
There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in subsequent financial years.

Results and review of operations
The consolidated profit for the year attributable to the members of Carlton Investments Limited was:

	2012 $000	2011 $000
Operating revenue	**33,059**	30,724
Administration expenses	**(673)**	(613)
Profit before income tax expense	**32,386**	30,111
Income tax expense	**(810)**	(808)
Net profit for the year	**31,576**	29,303

Dividends and distributions received during the year increased by 6.7% to $31,096,000 compared to $29,132,000 during the prior year. Interest income was $1,963,000 compared to $1,561,000 in the prior year.

Since 7 December 2009 the Company has elected to revalue the investment portfolio to market values continuously. Increments and decrements in the market value of equity investments are recognised as other comprehensive income and taken to the revaluation reserve. The market value of the investment portfolio decreased by $8,805,000 or 1.68%, after adjusting for acquisitions and disposals, during the year to 30 June 2012. This compares to a decrease of 11.25% in the S&P/ASX All Ordinaries Index over the same period.

Administration expenses amounted to $673,000 (2011: $613,000). These expenses represent a Management Expense Ratio (MER) of 0.12% (2011: 0.11%) based on the average of total assets as at 30 June 2011 and 30 June 2012.

Dividends

- Paid during the year in respect of the prior financial year:

(i) As proposed in last year's report, a final ordinary dividend of 48 cents per share, fully franked, amounting to $12,725,000 was paid on 21 September 2011.

(ii) As proposed in last year's report, a final preference dividend of 7 cents per share, fully franked, amounting to $6,000 was paid on 21 September 2011.

- In respect of the current financial year:

		$000
(i)	An interim ordinary dividend of 32 cents per share, fully franked, was declared and paid on 22 March 2012.	8,477
(ii)	A final ordinary dividend of 52 cents per ordinary share in respect of the year ended 30 June 2012 has been declared. The dividend will be fully franked.	13,767
(iii)	An interim preference dividend of 7 cents per share, fully franked, was paid on 22 March 2012.	6
(iv)	A final preference dividend of 7 cents per share, fully franked, has been declared.	6
Total dividends paid or payable in respect of the year ended 30 June 2012		22,256

Likely developments

The Group will continue to pursue its policy of holding equity investments on a long term basis and reinvesting dividends and other income in entities listed on the Australian Securities Exchange, together with accepting takeover offers which would prove to be of advantage to the Group.

Remuneration Report - Audited

The Company has a Board of three directors and employs two staff, one of whom is the company secretary/ chief financial officer. The Board reviews the performance of the company secretary / chief financial officer and the office administrator and determines their remuneration after having reference to current market rates. Directors' fees for the non-executive directors (there are no executive directors) are recommended to the Board each year by the Nominations and Remuneration Committee and, after reference to current market rates, are based on the nature of each director's work and responsibilities. Directors do not receive additional fees for Committee participation. These fees are within the maximum amount of $250,000 that was approved by the shareholders at the 2005 annual general meeting. Performance evaluation and remuneration reviews are carried out in May each year, with any remuneration increases being effective from 1 July. No director or the company secretary/chief financial officer has a service agreement.

Directors and the company secretary/chief financial officer do not receive any remuneration subject to performance conditions including bonuses or options over shares in the Company. There were no non-monetary benefits given to directors or the company secretary/chief financial officer. Their only remuneration is by way of fees and salary respectively, together with superannuation contributions which is paid to a post-employment defined contribution plan, where the officer has not reached the age of 70.

Directors' and officer's remuneration

		Short term base emolument $	Post employment superannuation contributions $	Leave entitlements movements $	Total $
Directors					
Mr A G Rydge	2012	64,220	5,780	-	70,000
	2011	62,385	5,615	-	68,000
Mr G L Herring	2012	60,000	-	-	60,000
	2011	58,000	-	-	58,000
Mr A J Clark	2012	60,000	-	-	60,000
	2011	58,000	-	-	58,000
	2012	184,220	5,780	-	190,000
	2011	178,385	5,615	-	184,000
Company Secretary					
Mr P W Horton Appointed 31/10/11	2012	78,132	7,035	7,944	93,111
	2011	-	-	-	-
Mr K N Allen Retired 28/10/11	2012	20,647	28,020	52,368	101,035
	2011	128,440	11,560	-	140,000
	2012	98,779	35,055	60,312	194,146
	2011	128,440	11,560	-	140,000

The table below sets out the Group's performance indices in respect of the current year and the previous four years.

	2012	2011	2010	2009	2008
Net profit for year ($000)	**31,576**	29,303	25,165	26,577	27,931
Dividends cents per ordinary share#	**84**	78	67	67	67
Net tangible asset backing before capital gains tax*	**$21.13**	$21.07	$20.00	$16.82	$20.02
Management Expense Ratio	**0.12%**	0.11%	0.13%	0.12%	0.10%

*At 30 June
Interim and final dividend in respect of year

End of Remuneration Report

Directors' interests

The relevant interest of each director in the share capital of the Group, as notified by the directors to the Australian Securities Exchange in accordance with section 205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Shares held in Carlton Investments Limited

	Held Directly		Other Relevant Interests		Aggregate Relevant Interests	
	Ordinary Shares		Ordinary Shares		Ordinary Shares	
	2012	2011	**2012**	2011	**2012**	2011
Mr A G Rydge	**660,322**	660,322	**14,867,116**	14,836,602	**15,527,438**	15,496,924
Mr G L Herring	**5,960**	5,960	**-**	-	**5,960**	5,960
Mr A J Clark	**-**	4,900	**5,000**	-	**5,000**	4,900

None of the directors or entities in which the directors have a beneficial interest, hold preference shares. Mr Rydge and Mr Clark also have a non-beneficial interest in 630,169 (2011: 630,169) ordinary shares and 37,941 (2011: 37,941) preference shares by virtue of their directorships of Amalgamated Holdings Limited.

No options were granted over unissued ordinary shares in the Company to any officer of the Company during or since the end of the financial year and at the date of this report there are no unissued ordinary shares under option.

Indemnification of officers

The Company has agreed to indemnify the current directors and company secretary of the Company and its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith. The agreements stipulate that the Company will meet the full amount of any such liabilities, including costs and expenses.

No premium has been paid, or agreed to be paid, for insurance against a current or former officer's or auditor's liability for legal costs.

Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to its statutory duties. The Directors are satisfied that:

(a) the non-audit services provided during the financial year by KPMG as the external auditor were compatible with the general standard of independence for auditors imposed by the Corporations Act 2001; and

(b) any non-audit services provided during the financial year by KPMG as the external auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

(i) the nature and scope of any non-audit service provided is reviewed and approved by the Audit Committee to ensure that they do not adversely affect the integrity and objectivity of the auditor; and

(ii) the amount of non-audit fees paid to KPMG in comparison to the amount of audit fees are considered to be significantly within an appropriate threshold to maintain auditor independence.

	2012 $	2011 $
Details of amounts paid to KPMG for audit and non-audit services provided during the year are:		
Statutory Audit		
- Audit and review of financial reports	**50,655**	48,620
Services other than statutory audit		
- Taxation compliance services	**25,410**	10,400
	76,065	59,020

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2012 (CONT.)

Lead auditors' independence declaration
A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act 2001 is included on page 36.

Parent entity financial statements
The Group has applied amendments to the Corporations Act (2001) that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures detailed in note 19 to the consolidated entity's financial statements.

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 the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors at Sydney on 23 August 2012

A G RYDGE
Director

G L HERRING AM
Director

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2012

	Note	**2012 $000**	2011 $000
Dividends and distributions received	4	**31,096**	29,132
Interest income		**1,963**	1,561
Sundry income		**-**	31
Operating revenue		**33,059**	30,724
Administration expenses	5	**(673)**	(613)
Profit before income tax expense		**32,386**	30,111
Income tax expense	8	**(810)**	(808)
Profit for the year		**31,576**	29,303
Basic and diluted earnings per ordinary share	7	**$1.19**	$1.10

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 21 to 34.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	$000	$000
Net profit for the year	**31,576**	29,303
Other comprehensive income:		
(Decrease)/increase in fair value of investments	**(8,805)**	19,191
Decrease/(increase) in deferred tax liability relating to change in fair value of investments	**298**	(5,050)
Total other comprehensive (loss)/income	**(8,507)**	14,141
Total comprehensive income for the year ended 30 June 2012	**23,069**	43,444

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 21 to 34.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Year to 30 June 2012	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	(591)	-	-	(591)
Dividends paid	-	-	(21,214)	(21,214)
	20,312	186,862	263,174	470,348
Profit for the year	-	-	31,576	31,576
Other comprehensive income:-				
Decrease in fair value of investments	-	(8,805)	-	(8,805)
Decrease in deferred tax liability relating to change in fair value of investments	-	298	-	298
Other comprehensive loss	-	(8,507)	-	(8,507)
Total comprehensive income/(loss)	-	(8,507)	31,576	23,069
Total equity as at 30 June 2012	20,312	178,355	294,750	493,417

Year to 30 June 2011	Share capital $000	Revaluation Reserve $000	Retained earnings $000	Total $000
Equity as at 30 June 2010	21,162	172,721	273,655	467,538
On Market share buy-back	(259)	-	-	(259)
Dividends paid	-	-	(18,570)	(18,570)
	20,903	172,721	255,085	448,709
Profit for the year	-	-	29,303	29,303
Other comprehensive income:-				
Increase in fair value of investments	-	19,191	-	19,191
Increase in deferred tax liability relating to change in fair value of investments	-	(5,050)	-	(5,050)
Other comprehensive income	-	14,141	-	14,141
Total comprehensive income	-	14,141	29,303	43,444
Total equity as at 30 June 2011	20,903	186,862	284,388	492,153

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 21 to 34.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	**2012 $000**	2011 $000
CURRENT ASSETS			
Cash	22(i)	**330**	1,118
Receivables	9	**4,826**	4,112
Investments - term deposits	10	**30,700**	30,950
TOTAL CURRENT ASSETS		**35,856**	36,180
NON CURRENT ASSETS			
Investments - equities	10	**524,126**	522,695
Investments - other	10	**128**	-
Deferred tax assets	8	**3**	-
TOTAL NON CURRENT ASSETS		**524,257**	522,695
TOTAL ASSETS		**560,113**	558,875
CURRENT LIABILITIES			
Payables	11	**50**	39
Current tax liabilities	8	**297**	77
TOTAL CURRENT LIABILITIES		**347**	116
NON CURRENT LIABILITIES			
Deferred tax liabilities	8	**66,349**	66,606
TOTAL LIABILITIES		**66,696**	66,722
NET ASSETS		**493,417**	492,153
EQUITY			
Share capital	12	**20,312**	20,903
Revaluation reserve	12	**178,355**	186,862
Retained profits		**294,750**	284,388
TOTAL EQUITY		**493,417**	492,153

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 21 to 34.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $000	2011 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Dividends received		**30,523**	28,595
Interest received		**1,823**	1,619
Sundry income		**-**	31
Cash paid for operating expenses		**(662)**	(621)
Income tax paid		**(554)**	(928)
NET CASH PROVIDED BY OPERATING ACTIVITIES	22(ii)	**31,130**	28,696
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments and return of capital		**3,874**	1,957
Payments for acquisition of investments		**(14,237)**	(2,387)
Proceeds from reduction in/(investment in) term deposits		**250**	(9,250)
NET CASH USED IN INVESTING ACTIVITIES		**(10,113)**	(9,680)
CASH FLOWS FROM FINANCING ACTIVITIES			
On Market share buy-backs	12	**(591)**	(259)
Dividends paid		**(21,214)**	(18,570)
NET CASH USED IN FINANCING ACTIVITIES		**(21,805)**	(18,829)
Net (decrease)/increase in cash held		**(788)**	187
CASH AT BEGINNING OF FINANCIAL YEAR		**1,118**	931
CASH AT END OF FINANCIAL YEAR	22(i)	**330**	1,118

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 21 to 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. Reporting Entity
Carlton Investments Limited (The Company) is a company domiciled in Australia. The address of the Company's registered office is Level 22, 227 Elizabeth Street, Sydney, NSW. The consolidated financial report of the Company as at and for the year ended 30 June 2012 comprises the Company and its subsidiaries (collectively referred to as the "Group"). The Group is a for-profit entity and operates predominately in the acquisition and long term holding of shares and units in entities listed on the Australian Securities Exchange and solely within Australia.

The consolidated financial statements were authorised for issue by the Board of Directors on 23 August 2012.

2. Basis of preparation
(a) Statement of compliance
The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements also comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis except that investments in equities have been stated at their market values at balance date.

(c) Functional currency and presentation
These consolidated financial statements are presented in Australian dollars which is the Group's functional currency. 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 the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Critical accounting estimates and judgements
The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

A deferred tax liability has been recognised, in accordance with the requirements of Accounting Standards, in respect of Capital Gains Tax calculated on the unrealised gain applicable to the listed equity investments. It is the intension of Group entities to hold these investments for the long term and not to dispose of them. Accordingly the deferred tax liability may not be realised at the amount disclosed in the financial statements and may also be affected by subsequent changes in tax legislation in regard to capital gains.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Changes in accounting policies
The accounting policies adopted by the Group are consistent with those adopted during the previous corresponding financial year.

(f) Parent entity financial statements
The Group has applied amendments to the Corporations Act 2001 that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures detailed in note 19.

3. Significant accounting policies
(a) Revenue recognition
Revenues from dividends and trust distributions are recognised when the right to receive payment is established, which is the date that the investment trades "ex-dividend". Interest income comprising interest on short term deposits is recognised as it accrues.

3. Significant accounting policies (cont.)

(b) Income tax

Income tax expense comprises current and deferred tax. Current or deferred tax is recognised in profit or loss except to the extent that it relates to items recognised through other comprehensive income into the revaluation reserve or directly in equity.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting 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 the balance sheet date. Deferred tax assets are reviewed at each reporting 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.

(c) Investments

Short term deposits with major financial institutions form part of the Group’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 in other comprehensive income through the revaluation reserve, after deducting the estimated deferred capital gains tax liability relating to the accumulated increment.

All investments are classified as Level 1 investments as their fair values are determined by unadjusted quoted prices in an active market.

(d) Transactions eliminated on consolidation

The balances and effects of transactions between controlled entities have been eliminated in the consolidated financial statements.

(e) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is the same as basic EPS as there are no dilutive potential ordinary shares on issue by the Company.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(g) New accounting standards and interpretations not yet adopted

A number of new accounting standards, amendments to accounting standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $000	2011 $000
4. Dividends and distributions received			
Dividends and distributions received from listed entities:			
Investments held at year end		**30,994**	28,783
Investments disposed of during the year		**102**	349
		31,096	29,132
5. Administration expenses			
Rent and office service charges		**24**	33
Directors' fees and employee remuneration		**412**	349
Auditor's remuneration	6	**76**	59
Other		**161**	172
		673	613

	2012	2011
	$	$
6. Auditor's remuneration		
Amounts received or due and receivable for:		
Audit services: KPMG		
Audit and review of financial reports	**50,655**	48,620
Other services: KPMG		
Taxation services - Compliance	**25,410**	10,400
	76,065	59,020
7. Earnings per share		
Basic and diluted earnings per ordinary share	**$1.19**	$1.10
	$000	$000
Reconciliation of earnings used in the calculation of earnings per share:		
Profit as per the consolidated income statement	**31,576**	29,303
Less: preference share dividends appropriated	**(12)**	(12)
Net profit applicable to ordinary shareholders	**31,564**	29,291
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**26,497,085**	26,512,766

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $000	2011 $000
8. Income tax			
Income tax expense			
Prima facie income tax expense calculated at 30% (2011: 30%) on operating profit		**9,715**	9,033
Increase/(decrease) in income tax expense due to:			
Imputation gross up on dividends received		**3,760**	3,437
Franking credits on dividends received		**(12,533)**	(11,456)
Other adjustments		**(84)**	(206)
Over provision in previous year		**(48)**	-
Income tax expense		**810**	808
Income tax expense in the income statement comprises:			
Current income tax expense		**820**	835
Over provision current income tax prior year		**(48)**	-
Deferred income tax expense		**38**	(27)
		810	808
Current tax liability			
Balance at beginning of year		**77**	97
Income tax paid		**(554)**	(928)
Current year's income tax		**820**	835
Capital gains tax on disposal of equity investments		**2**	73
Over provision in previous year		**(48)**	-
Balance at end of year		**297**	77
Deferred tax liability			
Balance at beginning of year		**66,606**	61,656
Increase/(decrease) in deferred tax liability on change in market value of investments recognised directly in equity		**(298)**	4,977
Origination and reversal of timing differences		**41**	(27)
Balance at end of year		**66,349**	66,606
Represented by:			
Capital gains tax on unrealised investment gains		**66,191**	66,489
Temporary differences on timing of recognition of dividend and interest income		**158**	117
		66,349	66,606
Deferred tax asset			
Balance at beginning of year		**-**	-
Origination and reversal of temporary differences		**3**	-
Balance at end of year		**3**	-
Represented by:			
Temporary differences - employee entitlements accrued		**3**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 $000	2011 $000
9. Receivables			
Current			
Dividends and interest receivable		**4,826**	4,112
10. Investments			
Current			
Term deposits		**30,700**	30,950

Term deposits are placed with major financial institutions and at 30 June 2012 had maturity periods of between 23 to 80 days with interest rates of between 5.05% and 6.00% (2011: 5.50% and 6.00%). The weighted average effective interest rate on term deposits for the year ended 30 June 2012 was 5.85% (2011: 5.84%). 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 made with major Australian financial institutions with acceptable credit ratings determined by a recognised rating agency.

	Note	2012 $000	2011 $000
Non Current			
Investments and equities			
Shares and units held in listed entities - at fair value	23	**524,126**	522,695

Shares and units in listed entities are valued continuously at fair value, which is the quoted market price. During the year to 30 June 2012 investments were acquired for consideration of $14,237,000 (2011: $2,387,000). Proceeds from disposal of investments in the year totalled $3,874,000 (2011: $1,957,000), resulting in a realised gain, based on original cost values, of $1,657,000 (2011: $622,000).

Equity investments held by the group are not directly exposed to interest or currency risk.

The only individually, material investment in a listed equity that is neither a subsidiary nor an interest in an entity which is accounted for using the equity method is:

Name	Principal Activities	Ownership		Carrying Amount		Dividends Received	
		2012 %	2011 %	**2012 $000**	2011 $000	**2012 $000**	2011 $000
Amalgamated Holdings Limited	Entertainment, hospitality, tourism and leisure	**19.2**	19.3	**198,574**	178,563	**12,623**	11,391

	2012 $000	2011 $000
Investments - other		
Payments for shares not issued until July 2012	**128**	-

Being rights offers for shares accepted for:

Ten Network Holdings Limited	$115,000
Brambles Limited	$13,000
	$128,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

	2012 $000	2011 $000
11. Payables		
Current		
Other creditors and accruals	**50**	39

The consolidated entity's exposure to liquidity risk related to creditors is disclosed in Note 18.

	2012 $000	2011 $000
12. Share capital and reserves		
Issued and paid up capital		
26,474,675 (2011: 26,511,777) ordinary shares fully paid	**20,146**	20,737
82,978 (2011: 82,978) 7% cumulative preference shares fully paid	**166**	166
	20,312	20,903
Movements in ordinary share capital		
Balance at the beginning of the financial year	**20,737**	20,996
On market share buy-back – **37,102** (2011:15,690) shares	**(591)**	(259)
Balance at the end of the financial year	**20,146**	20,737

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 2012. During the year ended 30 June 2012, 37,102 ordinary shares were bought back (2011: 15,690). At 30 June 2012 the cumulative number of shares bought back since 14 November 2001 is 806,612 at a cost of $10,700,000 (2011: 769,510 at a cost of $10,109,000).

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The non-redeemable preference shares are classified as equity.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share at shareholders' meetings. In the event of a winding up of the Company, ordinary shareholders rank after preference shareholders and creditors and are fully entitled to any proceeds of liquidation.

Holders of preference shares are entitled to receive a fixed cumulative preferential dividend at the rate of 7% per annum. In the event of a winding up of the Company, preference shareholders are entitled to the capital and all arrears of dividends up to the date of the commencement of the winding up paid off in priority to any payment of capital on the ordinary shares. Holders of preference shares may attend and speak at general meetings but do not have a right to vote except where at the date of the meeting any dividend or part of a dividend is in arrears or on matters which directly or indirectly affect the rights attaching to the preference shares. The preference shares when issued were not classified as redeemable.

Revaluation reserve
The revaluation reserve comprises the cumulative change in the fair value of equity investments net of the estimated capital gains tax relating thereto.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

13. Dividends
The following dividends were declared and paid by the Company:

Declared and paid during the year

	Cents per share	Total amount $000	Franked/ unfranked	Date of payment
2011				
Final - ordinary	48.0	12,725	Franked	21 September 2011
Final - preference	7.0	6	Franked	21 September 2011
		12,731		
2012				
Interim - ordinary	32.0	8,477	Franked	22 March 2012
Interim - preference	7.0	6	Franked	22 March 2012
		8,483		
Total		21,214		

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Declared after the end of the financial year

Final - ordinary	52.0	13,767	Franked	19 September 2012
Final - preference	7.0	6	Franked	19 September 2012
Total		13,773		

The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2012 and will be recognised in subsequent financial reports.

	2012 $000	2011 $000
Dividend franking account		
30% franking credits available to shareholders of Carlton Investments Limited for subsequent financial years	**28,883**	24,953

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for franking credits that will arise from the payment of the current tax liability.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance date but not recognised as a liability is to reduce it by **$5,903,000** (2011: $5,456,000).

14. Capital management

The Board manages the Company's capital base so as to maintain investors' value, market confidence and to sustain future growth of the business. In addition to endeavouring to achieve an increase in the value of capital invested by ordinary shareholders, the Board aims to be able to pay dividends which can be increased over future years. The actual level of dividends payable is dependent upon the level of income the Company receives from its investments. Capital management initiatives undertaken when appropriate from time to time include a share purchase plan, a dividend reinvestment plan and on market share buy-backs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

15. Related parties

(a) Key management personnel compensation

Directors and the company secretary / chief financial officer do not receive any bonuses, non-cash benefits or the granting of options over shares in the Company. Their only remuneration is by way of fees and salary respectively, together with the 9% Superannuation Guarantee levy, where the officer has not reached the age of 70.

The key management personnel compensation comprised:

	2012	2011
	$	$
Base Emolument	282,999	306,825
Superannuation	40,835	17,115
Leave entitlements	60,312	-
	384,146	323,940

Apart from details disclosed in this note, no director has entered into a material contract with the Company or the consolidated entity since the end of the previous financial year, and there were no material contracts involving directors' interests existing at 30 June 2012.

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares of the Company held, directly, indirectly or beneficially, by each key management person, their spouses and their personally-related entities is as follows:

	Held at		Purchases/(Sales)		Held at	
	1 July 2011	1 July 2010	2012	2011	30 June 2012	30 June 2011
Mr A G Rydge	15,499,988	15,499,988	30,514	-	15,530,502	15,499,988
Mr G L Herring	5,960	5,960	-	-	5,960	5,960
Mr A J Clark	4,900	4,900	100	-	5,000	4,900

The 15,530,502 ordinary shares disclosed above as being held directly, indirectly or beneficially by Mr A G Rydge includes 13,351,639 ordinary shares held by Enbeear Pty Limited representing 50.4% of the Company's issued ordinary shares.

(b) Other related party transactions

Investments in controlled entities	Class of Share	Interest Held	
		2012	2011
		%	%
Controlled Entities			
Carlton Hotel Limited	Preference	100	100
Carlton Hotel Limited	Ordinary	100	100
Eneber Investment Company Limited	Ordinary	100	100
The Manly Hotels Pty Limited	Ordinary	100	100

Amounts receivable from controlled entities	The Company	
	2012	2011
	$000	$000
Inter-Company loans receivable		
Non Current	147,853	139,229

The amounts due to the Company are non interest bearing and are at call. Receipt of payment is not expected within twelve months and therefore the balance due is disclosed as non-current. Carlton Investments Limited has undertaken not to require repayment of all or part of the amounts owing to it by the controlled entities before 30 June 2014 if repayment would result in the controlled entities not having sufficient funds to pay their other debts as and when they fall due.

Rent of premises
Rent and office service charges totalling $24,274 (2011: $33,997) were paid to an entity which is controlled by a listed public company of which two of the Company's directors are also directors. Rent and office service charges are paid monthly at commercial rates.

Management fees
The Company provided accounting, administrative and other services during the year to its controlled entities for a management fee of $1,221,000 (2011: $1,144,000). The management fee is based upon 4% of the dividend and trust income of the controlled entities. These management fees eliminate on group consolidation.

16. Financing facilities
The Company has not negotiated any financing facilities.

17. Investment transactions
The total number of transactions in securities that occurred during the financial year was 45 (2011: seven). The total brokerage paid on these transactions was $31,511 (2011: $1,650).

18. Financial risk management
The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The risks associated with the Group's assets fall into three categories, namely, credit risk, liquidity risk and market risk. The Group is not currently materially exposed to interest rate risk as its cash and term deposits are short term and for a fixed interest rate. There is no exposure to currency risk as all financial assets and liabilities are denominated in Australian dollars. As there are no external borrowings there are no risks associated with such liabilities.

Credit risk
Credit risk is the risk of financial loss to the Group if a counter-party to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from investment securities. For the Company it arises from receivables due from subsidiaries. The credit risk with respect to term deposits is referred to in note 10. None of these assets are considered to be impaired.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another asset.

The only financial liabilities the consolidated entity has are for tax payable from time to time to the Australian Taxation Office and for purchases of investments. Cash flow forecasts are prepared on a monthly basis allowing for dividends and interest to be received, movements in term deposits, investments to be purchased, dividends to be paid and other outgoings. If the level of dividends or interest to be received were to reduce significantly the Group can reduce its planned acquisition of investments so that adequate liquid funds are available to meet any liabilities. Investments in listed entities could readily be sold on the Australian Securities Exchange to generate required funds.

Market risk
Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

As the Group invests in equities listed on the Australian Securities Exchange there will always be a market risk as the price of the equities is subject to fluctuation. Equity investments represent 93.6% of total assets at 30 June 2012 (2011: 93.5%). If the market prices applicable to the listed equity portfolio were to fall by 5% or 10%, and if this fall was spread equally over all assets in the portfolio, total equity represented by share capital, reserves and retained profits would reduce by $20,367,000 and $40,734,000 respectively after tax.

A major part of the Group's income consists of dividends received from its investments. The level of these dividends fluctuates depending on the profits earned by the companies in which investments are held. There is a risk that in downturns in the economy the level of these profits will fall and consequently may affect dividends.

The portfolio of listed equity investments is spread over a number of market sectors so as to reduce the market risk of a major fall in a particular sector. Details of investments held and the relevant market sectors are included in note 23 of the financial statements.

19. Parent entity disclosures
As at, and throughout, the financial year ending 30 June 2012 the immediate parent entity of the Group was Carlton Investments Limited.

	2012	2011
	$000	$000
Result of Parent Entity		
Profit for the year	**30,390**	35,379
Other comprehensive income	**-**	-
Total comprehensive income for the year	**30,390**	35,379
Financial position of parent entity at year end		
Current assets	**57**	75
Total assets	**153,387**	144,779
Current liabilities	**214**	191
Total liabilities	**214**	191
Net assets	**153,173**	144,588
Total equity of parent entity comprising of:		
Share capital	**20,312**	20,903
Retained profits	**132,861**	123,685
Total equity	**153,173**	144,588

20. Deed of cross guarantee
Pursuant to ASIC *Class Order 98/1418* (as amended) dated 13 August 1998, the wholly-owned controlled entities listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the Class Order that the Company and each of the controlled entities enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

The controlled entities subject to the Deed are Carlton Hotel Limited, The Manly Hotels Pty Limited and Eneber Investment Company Limited. There are no controlled entities that are not party to the Deed.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are party to the Deed, after eliminating all transactions between those entities at 30 June 2012, are set out on pages 17 and 19 of the financial statements.

21. Events subsequent to reporting date

For final dividends declared after 30 June 2012 refer note 13.

22. Notes to the statements of cash flows

(i) Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and at bank. Cash at the end of the financial year as shown on the Statements of Cash Flows is reconciled to the items in the balance sheet as follows:

	2012	2011
	$000	$000
Cash	**330**	1,118

(ii) Reconciliation of profit after income tax to net cash provided by operating activities

Profit for the year as per the consolidated income statement	**31,576**	29,303
Net cash provided by operating activities before changes in assets and liabilities	**31,576**	29,303
(Increase)/decrease in current tax payable *	**219**	(92)
(Increase)/decrease in deferred income tax	**38**	(27)
Increase/(decrease) in other creditors	**11**	(9)
Increase in receivables	**(714)**	(479)
Net cash provided by operating activities	**31,130**	28,696

* Excludes income tax on gains on disposals recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

23. *Investments in listed equities valued at fair value through other comprehensive income*

SECTOR	2012 No of shares or units	2012 $ '000	2012 %	2011 No of shares or units	2011 $ '000	2011 %
CONSUMER DISCRETIONARY						
Media						
Amalgamated Holdings Ltd	**30,786,687**	**198,574**		30,786,687	178,563	
Seven West Media Ltd	**350,000**	**611**		350,000	1,414	
Ten Network Holdings Ltd	**600,000**	**303**		600,000	633	
Consolidated Media	**48,804**	**165**		48,804	127	
Fairfax Media Ltd	**200,000**	**111**		200,000	196	
APN News & Media Ltd	**100,000**	**66**		100,000	131	
		199,830	**38.13**		181,064	34.64
Consumer Services						
Echo Entertainment Group Ltd	**307,500**	**1,316**		307,500	1,264	
Tabcorp Holdings Ltd	**307,500**	**901**		307,500	1,008	
Crown Ltd	**48,804**	**414**		48,804	435	
		2,631	**0.50**		2,707	0.52
Consumer Durables and Apparel						
McPherson's Ltd	**120,928**	**194**	**0.04**	120,928	364	0.07
		202,655	**38.67**		184,135	35.23
FINANCIALS						
Banks						
National Australia Bank Ltd	**1,961,099**	**46,164**		1,939,899	49,623	
Westpac Banking Corporation	**1,707,379**	**36,077**		1,682,879	37,444	
Westpac SPS II	**17,500**	**1,790**		17,500	1,852	
Commonwealth Bank of Aust.	**549,300**	**29,168**		477,500	24,925	
ANZ Banking Group Ltd	**944,598**	**20,809**		874,498	19,239	
Bank of Queensland Ltd	**994,162**	**6,581**		749,177	6,121	
Bendigo & Adelaide Bank Ltd	**753,455**	**5,583**		752,500	6,652	
Bendigo & Adelaide Bank Prefs	**286**	**25**		286	26	
		146,197	**27.89**		145,882	27.91
Capital Markets						
Perpetual Ltd	**262,332**	**6,007**		237,332	5,917	
The Trust Company Ltd	**768,579**	**3,451**		678,579	3,732	
Milton Corporation Ltd	**119,028**	**1,810**		119,028	1,857	
WAM Capital Ltd	**881,000**	**1,357**		881,000	1,352	
WAM Capital Ltd Options	**881,000**	**20**		-	-	
Aust. United Inv. Co. Ltd	**187,500**	**1,041**		187,500	1,213	
Aust. Found. Inv. Co. Ltd	**245,167**	**1,020**		245,167	1,084	
Argo Investments Ltd	**18,118**	**93**		18,118	101	
Whitefield Ltd	**-**	**-**		6,188	17	
		14,799	**2.82**		15,273	2.92
Multi-Sector Holdings						
Gowing Bros Ltd	**4,273,768**	**8,847**	**1.69**	4,273,768	9,701	1.86
Insurance						
Suncorp Group Ltd	**200,266**	**1,620**	**0.31**	200,266	1,622	0.31
Other Diversified Financial Holdings						
Challenger Ltd	**4,339**	**14**	**0.003**	4,339	21	0.004
Real Estate Management & Development						
Lend Lease Corporation Ltd	**494,978**	**3,564**	**0.68**	494,978	4,425	0.85
Real Estate Investment Trusts (REITS)						
Mirvac Ltd	**426,575**	**544**		426,575	533	
Cromwell Property Group	**513,333**	**352**		440,000	301	
Stockland	**96,053**	**296**		96,053	328	
		1,192	**0.23**		1,162	0.22
		176,233	**33.62**		178,086	34.07

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

23. Investments in listed equities valued at fair value through other comprehensive income (cont.)

SECTOR	2012 No of shares or units	2012 $ '000	2012 %	2011 No of shares or units	2011 $ '000	2011 %
MATERIALS						
Diversified Metals & Mining						
BHP Billiton Ltd	**708,646**	**22,287**		708,646	31,032	
Rio Tinto Ltd	**91,245**	**5,155**		91,245	7,556	
Iluka Resources Ltd	**43,057**	**487**		43,057	719	
		27,929	**5.33**		39,307	7.52
Steel						
Sims Metal Management Ltd	**100,000**	**961**		100,000	1,764	
Bluescope Steel Ltd	**2,830,258**	**849**		2,021,258	2,436	
Arrium Ltd (formerly OneSteel Ltd)	**368,327**	**319**		368,327	680	
		2,129	**0.41**		4,880	0.93
Gold						
Newcrest Mining Ltd	**6,164**	**139**	**0.03**	6,164	232	0.05
Chemicals						
Orica Ltd	**541,764**	**13,376**		541,764	14,579	
Dulux Group Ltd	**541,764**	**1,631**		541,764	1,522	
		15,007	**2.86**		16,101	3.08
Construction Materials						
James Hardie Inds. SE	**625,362**	**4,978**		625,362	3,658	
Boral Ltd	**661,053**	**1,950**		661,053	2,909	
		6,928	**1.32**		6,567	1.26
Containers & Packaging						
Amcor Ltd	**853,133**	**6,049**	**1.15**	853,133	6,134	1.17
		58,181	**11.10**		73,221	14.01
CONSUMER STAPLES						
Food, Beverage & Tobacco						
Coca Cola Amatil Ltd	**456,761**	**6,112**		435,261	4,966	
Treasury Wine Estates Ltd	**211,142**	**918**		211,142	716	
Foster's Brewing Group Ltd	**-**	**-**		633,427	3,262	
		7,030	**1.34**		8,944	1.71
Food & Staples Retailing						
Wesfarmers Ltd	**521,043**	**15,579**		521,043	16,590	
Wesfarmers Ltd PPS	**106,878**	**3,373**		106,878	3,432	
Woolworths Ltd	**100,000**	**2,680**		100,000	2,774	
		21,632	**4.13**		22,796	4.36
		28,662	**5.47**		31,740	6.07
ENERGY						
Oil, Gas & Consumable Fuels						
Origin Energy Ltd	**547,229**	**6,676**		547,229	8,630	
Santos Ltd	**477,500**	**5,085**		477,500	6,446	
Woodside Petroleum Ltd	**50,000**	**1,551**		50,000	2,050	
Caltex Australia Ltd	**100,000**	**1,352**		100,000	1,173	
		14,664	**2.80**		18,299	3.50
UTILITIES						
Gas Utilities						
APA Group	**515,994**	**2,575**	**0.49**	411,994	1,673	0.32
Multi-Utilities						
AGL Energy Ltd	**1,302,050**	**19,231**		1,116,042	16,328	
Brookfield Infrastructure	**818**	**27**		818	20	
		19,258	**3.67**		16,348	3.13
Independent Power Producers & Energy Traders						
RedbankEnergy	**-**	**-**	**-**	300	1	0.004
		21,833	**4.16**		18,022	3.45

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

23. Investments in listed equities valued at fair value through other comprehensive income (cont.)

SECTOR	2012 No of shares or units	2012 $ '000	2012 %	2011 No of shares or units	2011 $ '000	2011 %
INFORMATION TECHNOLOGY						
Software & Services						
Computershare Ltd	*20,000*	*148*	*0.03*	*20,000*	*177*	*0.03*
TELECOMMUNICATION SERVICES						
Diversified Telecommunication Services						
Telstra Corporation Ltd	**3,446,200**	**12,717**	**2.43**	2,916,200	8,428	1.61
INDUSTRIALS						
Capital Goods						
Leighton Holdings Ltd	**97,223**	**1,582**		97,223	2,025	
Fletcher Building Ltd	**243,760**	**1,121**		243,760	1,616	
Seven Group Holdings Ltd	**100,000**	**774**		100,000	962	
CSR Ltd	**235,000**	**329**		235,000	679	
Paperlinx Ltd	**721,864**	**41**		721,864	112	
		3,847	**0.73**		5,394	1.03
Commercial & Professional Services						
Brambles Industries Ltd	**43,579**	**269**		43,579	314	
Spotless Group Ltd	**56,802**	**145**		56,802	131	
PMP Ltd	**100,000**	**35**		100,000	62	
Opus Group Limited	**30,232**	**18**		-	-	
		467	**0.09**		507	0.10
Transportation						
Sydney Airport Holdings Ltd	**329,029**	**954**		-	-	
Transurban Ltd	**26,833**	**153**		26,833	140	
Macquarie Atlas Roads Group	**91,770**	**137**		91,770	160	
MAP Group	**-**	**-**		329,029	1,096	
		1,244	**0.24**		1,396	0.27
		5,558	**1.06**		7,297	1.40
HEALTH CARE						
Health Care Equipment & Services						
Ansell Ltd	**222,044**	**2,931**		222,044	3,140	
Sigma Pharmaceuticals Ltd	**-**	**-**		220,000	117	
Australian Pharmaceutical Inds Ltd	**-**	**-**		100,000	27	
Sonic Healthcare	**42,600**	**541**		-	-	
		3,472	**0.66**		3,284	0.63
Pharmaceuticals, Biotechnology & Life Sciences						
Novogen Ltd	**33,000**	**3**	**-**	33,000	6	-
		3,475	**0.66**		3,290	0.63
TOTAL		**524,126**	**100.00**		**522,695**	**100.00**

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Carlton Investments Limited ("the Company"):

   (a) the consolidated financial statements and notes that are set out on pages 16 to 34, and the Remuneration Report on pages 12 and 13, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

   (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;

   (c) there are reasonable grounds to believe that the Company and the Group entities identified in note 20 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those Group entities pursuant to ASIC Class Order 98/1418.

2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief financial officer for the financial year ended 30 June 2012.

3. The directors draw attention to note 2(a) to the consolidated financial statements, which include a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

A. G. RYDGE

:DIRECTORS

G L HERRING AM

Dated at Sydney 23rd August 2012

KPMG

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 audit for the financial year ended 30 June 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

David Rogers
Partner

Sydney

23 August 2012

KPMG

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

Report on the financial report

We have audited the accompanying financial report of Carlton Investment Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 23 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 year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 12 to 13 of the directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Carlton Investments Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

David Rogers
Partner

Sydney

23 August 2012