



ANNUAL REPORT **2015**

# CARLTON INVESTMENTS LIMITED

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

ABN 85 000 020 262

## Financial Report

FOR THE YEAR ENDED 30 JUNE 2015

<b>Directors</b>	Alan G Rydge (Chairman) Anthony J Clark AM Murray E Bleach
<b>Group Secretary</b>	Peter W Horton
<b>Auditor</b>	KPMG
<b>Bank</b>	National Australia Bank Limited
<b>Registered Office</b>	Level 22, 227 Elizabeth Street, Sydney NSW 2000 Telephone: (02) 9373 6732 Facsimile: (02) 9373 6539 Email: <a href="mailto:info@carltoninvestments.com.au">info@carltoninvestments.com.au</a> Website: <a href="http://www.carltoninvestments.com.au">www.carltoninvestments.com.au</a>
<b>Share Registrar</b>	Computershare Registry Services Pty Ltd Level 3, 60 Carrington Street, Sydney NSW 1115 Telephone: 1300 855 080 Facsimile: (02) 8235 8150
<b>Home Stock Exchange</b>	The company is listed on the Australian Securities Exchange (Sydney) Limited Stock Exchange Code CIN
<b>Controlled Entities</b>	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 2015 Annual General Meeting will be held at

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

On 21st October 2015  
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 2015.

## **Group's operations and results**

Profit as reported in the consolidated statement of profit or loss for the year ended 30 June 2015 was \$37,418,000 compared to \$35,256,000 for 2014, an increase of 6.1%.

Total revenue for the year was \$38,978,000 compared to \$36,745,000 during the prior year. Dividends and distributions received increased by \$2,617,000 or 7.3% from \$35,641,000 to \$38,258,000. Dividends received included special dividends of \$640,000 compared to special dividends of \$720,000 in the prior year. Dividends and distributions received before special dividends increased by 7.7%. Interest income was \$720,000 compared to \$1,104,000 in the prior year. The fall in interest income resulted from lower interest rates, with the weighted average interest rate on term deposits decreasing from 3.84% in the prior year to 3.46%, and a reduction in average funds on deposit of \$8.1 million.

Administration expenses amounted to \$758,000, compared to \$658,000 in the previous year. The management expense ratio (MER) remained the same as the prior year at 0.09%.

## **Earnings per ordinary share**

Basic and diluted earnings were \$1.413 per ordinary share for the year to 30 June 2015 compared to \$1.332 per share for 2014.

## **Dividends**

On 13 August 2015 the directors declared a final fully franked ordinary dividend of 65 cents per share payable on 21 September 2015. Total dividends payable in respect of the ordinary shares for the financial year ended 30 June 2015 amount to \$1.08 per share, an increase of 8% on that paid for the prior year.

Shareholders are reminded that the interim dividend paid in March 2015 was increased by 16.2% (from 37 to 43 cents). As previously announced, part of this increase relates to the Directors' decision to reward shareholders earlier by increasing the level of the interim dividend as a percentage of total annual dividends.

A final preference dividend of 7 cents per share fully franked is also payable on 21 September 2015.

The record date for both the ordinary and preference final dividends is 2 September 2015.

The Dividend Reinvestment Plan remains suspended.

## **Net tangible asset backing**

The net tangible asset backing for each issued ordinary share at 30 June 2015, 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 \$34.51 (2014: \$30.21). 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 \$28.66 (2014: \$25.56). The relevant figures as at 31 July 2015 were \$35.38 and \$29.29 respectively.

## Investments

The market value of the equity investment portfolio as at 30 June 2015 was \$893,583,000 compared to \$768,024,000 at the prior year end. Short term cash deposits at 30 June 2015 amounted to \$13,950,000 (2014: \$26,300,000).

The Board's policy is to acquire additional investments in equities that meet the criteria of providing high levels of income through predominantly fully franked dividends and have the potential for long term capital growth. The cost of equity investments purchased during the year to 30 June 2015 totalled \$23,380,000 (2014: \$14,460,000). The increase in the level of equity investments acquired was funded by a reduction in term deposits held, which decreased by \$12,350,000.

Acquisitions above \$500,000 during the year were:

Adelaide Brighton	\$1,013,000
AGL Energy	\$2,942,000
ANZ	\$1,001,000
APA Group	\$1,496,000
ASX	\$1,008,000
BHP Billiton	\$3,006,000
National Australia Bank	\$6,151,000
Origin Energy	\$502,000
Rio Tinto	\$999,000
Santos	\$505,000
Seven West Media	\$1,007,000
Telstra Corporation	\$1,502,000
Woodside Petroleum	\$1,500,000

The Group also received shares in South32 during the year, which had a market value at 30 June 2015 of \$1,433,000, from a demerger by BHP Billiton.

Consideration received on other disposals of equity investments and capital returns during the financial year totalled \$2,299,000 (2014: \$1,178,000).

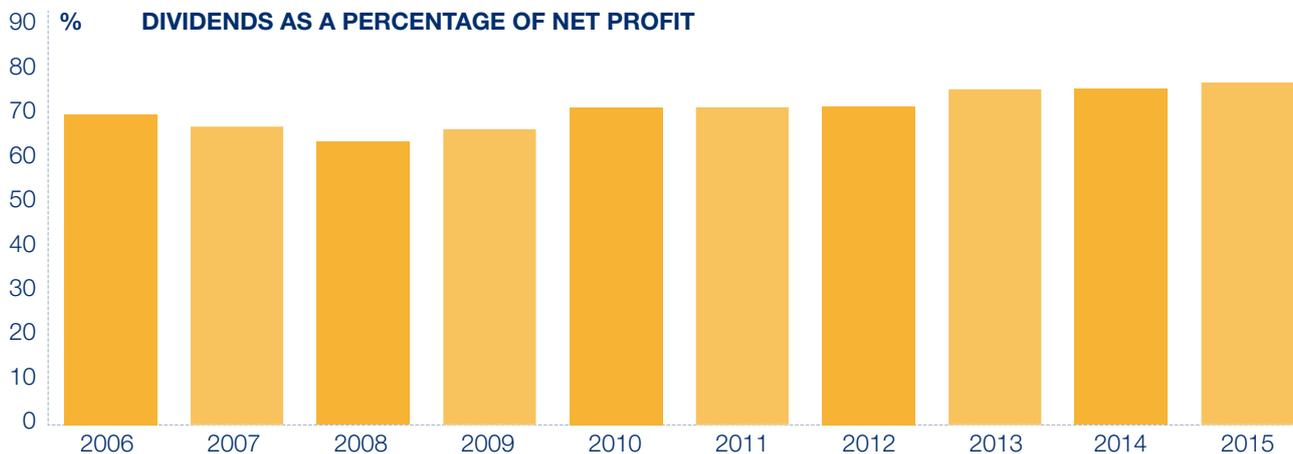
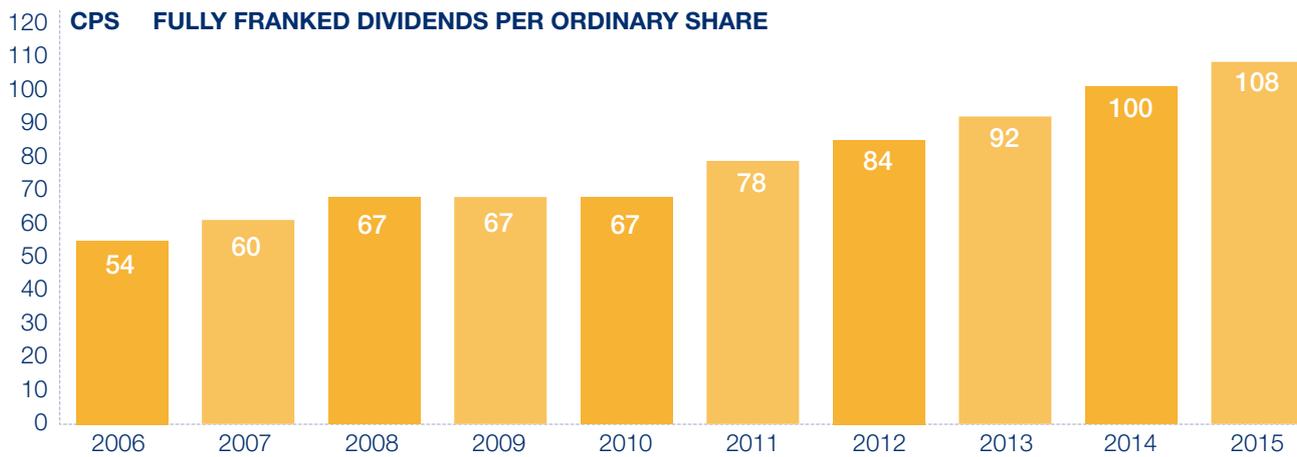
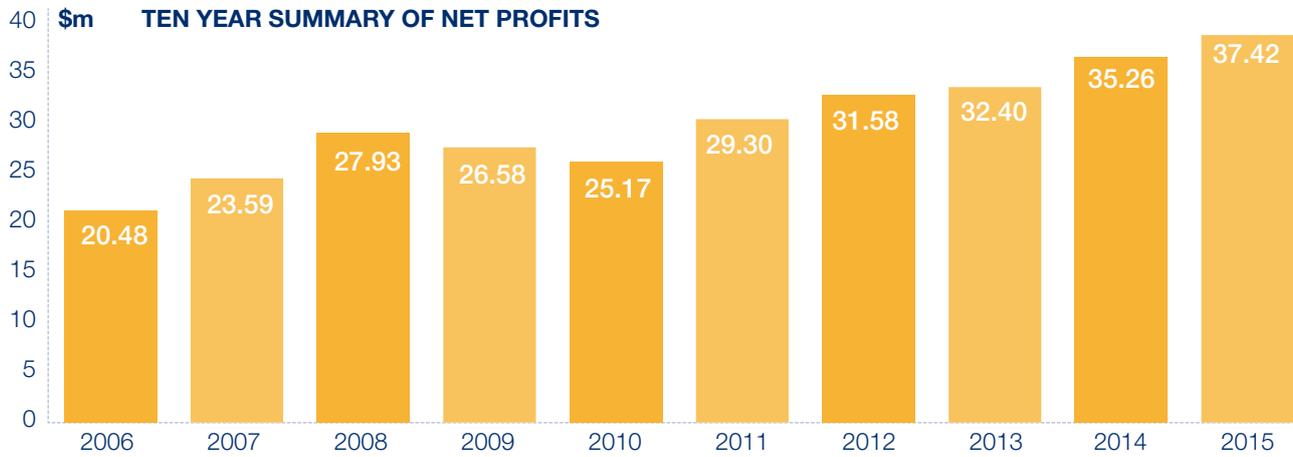
After adjusting for the above total investment acquisitions and disposals, the market value of the investment portfolio increased by \$104,478,000 or 13.6% during the year to 30 June 2015. This compares favourably to an increase of 1.2% in the S&P/ASX 200 Index over the same period. On a total portfolio return basis (measured by the movement in NTA per share assuming dividends are reinvested), the return for the twelve months was 18.0% compared with an increase in the S&P/ASX 200 Accumulation Index over the same period of 5.7%. A majority of the Group's increase in portfolio market value related to the Group's investment in Amalgamated Holdings Limited whose share price increased significantly over the financial year.

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

13 August 2015



# directors' report

FOR THE YEAR ENDED 30 JUNE 2015

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 2015 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 Enbear Pty Limited, Alphoeb Pty Limited, and Aygeear Pty Limited.

### 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 and Chairman of the Audit and Risk Committee (from 2 December 2014). 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 Ramsay Health Care Limited (since 1998) and Sphere Minerals Limited (since 2011). Former directorships include Telstra Corporation Limited and Amalgamated Holdings Limited.

### Mr Murray E Bleach CA, GAICD, BA(Fin), MApFin. (appointed 2 December 2014)

Member of the Institute of Chartered Accountants in Australia and Graduate of the Australian Institute of Company Directors. Independent Non Executive Director since 2 December 2014. Over 30 years' experience in accounting and financial services and also extensive experience in the infrastructure sector. Previously CEO of Intoll Group. Other directorships include Energy Action Ltd and IFM Investors.

## 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 and Risk Committee	Nominations and Remuneration Committee
<b>No. of meetings held:</b>	<b>9</b>	<b>3</b>	<b>1</b>
<b>No. of meetings attended:</b>			
Mr A G Rydge	9	3	1
Mr G L Herring	6	1	-
Mr A J Clark	9	3	1
Mr M E Bleach	3	2	1

### Mr Graeme L Herring AM (retired 2 December 2014)

Bachelor of Commerce (Melbourne), Diploma of Education (Melbourne).

Served as an Independent Non Executive Director from 1988 to his retirement on 2 December 2014.

Chairman of the Audit and Risk Committee to 2 December 2014.

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.

Former directorships included WIN Corporation Pty Limited and Louis Vuitton Australia Pty Limited.

## 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

AJ Clark, GL Herring and PW Horton 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 13 years ago.

# directors' report

FOR THE YEAR ENDED 30 JUNE 2015

## **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 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 the company secretary/chief financial officer and a compliance manager. 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. The Board has established a Nominations and Remuneration Committee whose responsibilities include identifying and overseeing the appointment of new directors with the necessary and desirable competencies. Prior to the appointment of directors, appropriate background and reference checks are undertaken.

Newly appointed directors must stand for reappointment at the next subsequent AGM. The Notice of Meeting for the AGM provides shareholders with information about each director standing for election or re-election including details of relevant experience. Details regarding the current directors are included on page 5.

Letters setting out the terms of appointment have been issued and acknowledged in writing by each director.

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. A copy of the Charter is available on the Company's website. 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 and Risk Committee and Nominations and Remuneration Committee both of which are chaired by an independent non-executive director.

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

The most recent performance evaluation and remuneration review conducted by the Nominations and Remuneration Committee for the company secretary/chief financial officer was carried out in May 2015, after reference to current market rates. Detail of remuneration for the company secretary/chief financial officer is set out on page 11.

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.

The company secretary/chief financial officer is accountable directly to the Board through the Chairman for matters relevant to the Board.

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 directors and one male and one female employee. The size of the Company's operations does not provide widespread opportunities to have a workforce covering all sections of the community.

### *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, not having 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 Clark and Mr Bleach are independent non-executive directors having served on the Board since 2000 and 2014 respectively. Due to the nature of the Company's activities it is not considered that Mr Clark's length of service as a director could, or could reasonably be perceived to, materially interfere with his 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.

The Company seeks to maintain a Board of directors with broad knowledge of and involvement in the finance and investment sectors with past financial and management experience, preferably with publicly listed companies. 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 Board has developed a matrix to consider the mix of appropriate skills, experience and expertise for Board membership. As well as the general skills expected for Board membership; the matrix includes items such as relevant experience in investment portfolio management and capital management.

The following table summarises the key skills and experience that the company seeks in its Board of Directors:

Skills and Experience	Rating*
Financial acumen	High
Investment portfolio management	High
Management/CEO experience	High
Holds or has held other Directorships of listed entities	Medium
Risk and strategic risk management	High
Governance	High
Capital management	High

\*The Board has assessed its rating considering the combined skills, competency and experience of Board member in each key area deemed relevant for the Group.

On induction, new directors are provided with relevant financial information, Board and Committee Charters and all Company policies. The new director then meets with the Chairman and company secretary to discuss the Company history, significant financial, accounting and risk management issues, existing investment portfolio and investment guidelines.

The Company has a Nominations and Remuneration Committee comprising the three 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 2015. 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 other than by way of payment of directors' fees for past service and the Superannuation Guarantee levy. No commitments have been given to make a payment to a director on retirement. They do not receive any options over shares in the Company. Details of directors' remuneration are set out on page 11. 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 on-going basis of any interest that could potentially conflict with those of the Company.

The Company has a Trading Policy that specifies the periods of the year where trading in its shares by directors and employees are prohibited.

A copy of the Code and the Trading Policy are available on the Company's website.

# directors' report

FOR THE YEAR ENDED 30 JUNE 2015

## 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 and Risk 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 from the Company's website. 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 stating 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 and Risk Committee each six months when finalising the half year and annual results to discuss the audit findings including 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.

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

## 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 on-going 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 and the ASX. 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 the Company's website. The website address for the Company is [www.carltoninvestments.com.au](http://www.carltoninvestments.com.au).

Shareholders are able to contact the Company or its share registrar, Computershare Investor Services Limited, by mail, telephone, email or online via the Computershare Investor Centre portal. Shareholders may choose to receive communications from, and send communications to, the Company and Computershare electronically.

## 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 and Risk 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 however, the Company employs a part-time compliance manager who reports to the Board monthly on compliance with

key internal control processes and reporting requirements and attends each Audit and Risk Committee meeting. The company secretary/chief financial officer also reports to the Audit and Risk 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 and Risk Committee meets with the engagement partner of the external auditor at least every six months to discuss the auditor's review or audit findings. These requirements have been undertaken in respect of the year ended 30 June 2015.

The Company has economic and investment risks but does not have any direct environmental and social sustainability risks. In addressing investment risk the Board considers the economic environmental and social sustainability risks of those companies in which the Company invests.

A copy of the Company's risk management policy is available on the Company's website.

#### 8. Remunerate fairly and responsibly

As detailed under 2 above the Company has a combined Nominations 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.

### 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 2.5 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.

#### 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:

	2015 \$000	2014 \$000
Operating revenue	38,978	36,745
Administration and finance costs	(770)	(670)
Profit before income tax expense	38,208	36,075
Income tax expense	(790)	(819)
Net profit for the year	37,418	35,256

Dividends and distributions received during the year increased by 7.34% to \$38,258,000 compared to \$35,641,000 during the prior year. Dividends and distributions received included special dividends totalling \$640,000 compared to \$720,000 in the prior year. Dividends and distributions received before special dividends increased by \$2,697,000 or 7.72% compared to the prior year.

Interest income decreased from \$1,104,000, in the prior year, to \$720,000. This fall in interest income of \$384,000 resulted from lower interest rates, with the weighted average interest rate on term deposits decreasing from 3.84% in the prior year to 3.46%, and a reduction in average funds on deposit of \$8.1 million.

Administration expenses amounted to \$758,000 (2014: \$658,000). These expenses represent a Management Expense Ratio (MER) of 0.09% (2014: 0.09%) based on the average of total assets as at 30 June 2014 and 30 June 2015.

The investment portfolio held by the Group is valued at market values. 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 in listed entities increased during the year to 30 June 2015 by \$104,478,000 or 13.6%, after adjusting for acquisitions, capital returns and disposals. This compares favourably to an increase of 1.2% 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

# directors' report

FOR THE YEAR ENDED 30 JUNE 2015

are reinvested), the return for the twelve months was 18.0% compared with an increase in the S&P ASX 200 Accumulation Index over the same period of 5.7%. Much of the Group's, better than benchmark indices, portfolio market value performance related to the Group's investment in Amalgamated Holdings Limited whose share price increased significantly over the financial year to 30 June 2015.

The cost of equity investments purchased during the year to 30 June 2015 totalled \$23,380,000 (2014: \$14,460,000). Major additions to the portfolio included the increase of existing holdings in AGL Energy, APA Group, ANZ Banking Group, BHP Billiton, National Australia Bank, Telstra and Woodside Petroleum. There was also a new investment in Adelaide Brighton and Blackmores. The Group also received shares in South32 from a demerger by BHP Billiton. The Group continued to invest in Australian listed entities that are considered to be well managed and are anticipated to provide attractive levels of sustainable income through predominantly franked dividends and also long term capital growth. Details of investment acquisitions over \$500,000 during the year to 30 June 2015 are given in the Chairman's Report.

Consideration received on other disposals of equity investments and capital returns during the financial year totalled \$2,299,000 (2014: \$1,178,000).

The Group has experienced very strong portfolio returns over the past three years supported by falling interest rates, greater confidence in the Australian domestic and major overseas equity markets and the strong share market value increases for the Group's investment in Amalgamated Holdings Limited. With Australian companies continuing to deal with uncertainty, market risks relating to Europe and China and changes to monetary policies in the US, we see the likelihood of ongoing periods of market volatility in the year ahead.

## 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 63 cents per share, fully franked, amounting to \$16,679,000 was paid on 17 September 2014.
  - (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 17 September 2014.

• In respect of the current financial year:	<b>\$000</b>
i) An interim ordinary dividend of 43 cents per share, fully franked, was declared and paid on 19 March 2015.	11,384
(ii) A final ordinary dividend of 65 cents per ordinary share in respect of the year ended 30 June 2015 has been declared. The dividend will be fully franked.	17,209
	<hr/>
	28,593
(iii) An interim preference dividend of 7 cents per share, fully franked, was paid on 19 March 2015.	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 2015	<hr/>
	28,605

In the financial statements preference share dividends are recorded as a finance cost, refer Note 9 to the financial statements.

## 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 determines the appropriate 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 \$350,000 that was approved by the shareholders at the 2014 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 are paid to defined contribution funds.

## Directors' and officer's remuneration

		Short term base emolument	Post employment superannuation contributions	Director's retirement payment including superannuation	Leave entitlements movements	Total
		\$	\$	\$	\$	\$
<b>Directors</b>						
Mr A G Rydge	2015	73,059	6,941	-	-	80,000
	2014	69,565	6,435	-	-	76,000
Mr G L Herring*	2015	26,636	2,531	64,000	-	93,167
	2014	60,412	5,588	-	-	66,000
Mr A J Clark	2015	63,927	6,073	-	-	70,000
	2014	60,412	5,588	-	-	66,000
Mr M E Bleach**	2015	37,291	3,542	-	-	40,833
	2014	-	-	-	-	-
	<b>2015</b>	<b>200,913</b>	<b>19,087</b>	<b>64,000</b>	<b>-</b>	<b>284,000</b>
	2014	190,389	17,611	-	-	208,000

### Company Secretary / Chief Financial Officer

Mr P W Horton	<b>2015</b>	<b>145,000</b>	<b>35,000</b>	-	<b>(3,279)</b>	<b>176,721</b>
	2014	130,000	35,000	-	(4,197)	160,803

\*Mr G L Herring retired as a director on 2 December 2014.

\*\*Mr M E Bleach was appointed a director on 2 December 2014.

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

	2015	2014	2013	2012	2011
Net profit for year (\$000)	<b>37,418</b>	35,256	32,397	31,576	29,303
Dividends - cents per ordinary share#	<b>108</b>	100	92	84	78
Net tangible asset backing before capital gains tax*	<b>\$34.51</b>	\$30.21	\$26.23	\$21.13	\$21.07
Share price*	<b>\$31.69</b>	\$27.25	\$21.10	\$15.80	\$16.95
Management Expense Ratio	<b>0.09%</b>	0.09%	0.10%	0.12%	0.11%

\*At 30 June

# Interim and final dividend in respect of year

# directors' report

FOR THE YEAR ENDED 30 JUNE 2015

## Directors' 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 2014	1 July 2013	2015	2014	30 June 2015	30 June 2014
Mr A G Rydge	15,530,502	15,530,502	-	-	15,530,502	15,530,502
Mr A J Clark	5,000	5,000	-	-	5,000	5,000
Mr M E Bleach	-	-	-	-	-	-
Mr G L Herring*	5,960	5,960	-	-	-	5,960

\*Mr G L Herring retired as a director on 2 December 2014.

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 Enbearn Pty Limited representing 50.4% of the Company's issued ordinary shares.

## 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	
	2015	2014	2015	2014	2015	2014
Mr A G Rydge	660,322	660,322	14,867,116	14,867,116	15,527,438	15,527,438
Mr A J Clark	-	-	5,000	5,000	5,000	5,000
Mr M E Bleach	-	-	-	-	-	-
Mr G L Herring*	5,960	5,960	-	-	-	5,960

\*Mr G L Herring retired as a director on 2 December 2014.

None of the directors or entities in which the directors have a beneficial interest, hold preference shares. Mr Rydge also has a non-beneficial interest in 630,169 (2014: 630,169) ordinary shares and 37,941 (2014: 37,941) preference shares by virtue of his directorship 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.

	2015	2014
	\$	\$
Details of amounts paid to KPMG for audit and non-audit services provided during the year are:		
<b>Statutory Audit</b>		
- Audit and review of financial reports	55,220	54,890
<b>Services other than statutory audit</b>		
- Taxation compliance services	21,400	17,100
	<b>76,620</b>	<b>71,990</b>

### Lead auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is included on page 33.

### 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 20 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 13 August 2015.



A G RYDGE  
Director



A J CLARK AM  
Director

# consolidated statement of profit or loss

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$000	2014 \$000
Dividends and distributions received	4	38,258	35,641
Interest income		720	1,104
Operating revenue		38,978	36,745
Administration expenses	5	(758)	(658)
Finance costs	9	(12)	(12)
Profit before income tax expense		38,208	36,075
Income tax expense	8	(790)	(819)
Profit for the year		37,418	35,256
Basic and diluted earnings per ordinary share	7	\$1.413	\$1.332

The consolidated statement of profit or loss is to be read in conjunction with the notes to the financial statements set out on pages 19 to 32.

# consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$000	2014 \$000
Net profit for the year	37,418	35,256
Other comprehensive income:		
<i>Items that will not be reclassified to the statement of profit or loss in the future:</i>		
Increase in fair value of investments	104,478	95,345
(Increase) in deferred tax liability relating to change in fair value of investments	(31,615)	(24,558)
Total other comprehensive income	72,863	70,787
Total comprehensive income for the year	110,281	106,043

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 19 to 32

# consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2015

Year to 30 June 2015	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
On Market share buy-back	-	-	-	-
Dividends paid	-	-	(28,063)	(28,063)
	20,146	341,956	286,409	648,511
Profit for the year	-	-	37,418	37,418
Other comprehensive income:-				
Increase in fair value of investments	-	104,478	-	104,478
Increase in deferred tax liability relating to change in fair value of investments	-	(31,615)	-	(31,615)
Other comprehensive income	-	72,863	-	72,863
Total comprehensive income	-	72,863	37,418	110,281
Total equity as at 30 June 2015	20,146	414,819	323,827	758,792

Year to 30 June 2014	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 30 June 2013	20,312	271,169	304,367	595,848
Reclassification of preference shares	(166)			(166)
Equity as at 1 July 2013	20,146	271,169	304,367	595,682
On Market share buy-back	-	-	-	-
Dividends paid	-	-	(25,151)	(25,151)
	20,146	271,169	279,216	570,531
Profit for the year	-	-	35,256	35,256
Other comprehensive income:-				
Increase in fair value of investments	-	95,345	-	95,345
Increase in deferred tax liability relating to change in fair value of investments	-	(24,558)	-	(24,558)
Other comprehensive loss	-	70,787	-	70,787
Total comprehensive income	-	70,787	35,256	106,043
Total equity as at 30 June 2014	20,146	341,956	314,472	676,574

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 19 to 32.

# consolidated statement of financial position

AS AT 30 JUNE 2015

	Note	2015 \$000	2014 \$000
<b>CURRENT ASSETS</b>			
Cash	23(i)	1,371	926
Receivables	10	5,537	5,328
Investments - term deposits	11	13,950	26,300
<b>TOTAL CURRENT ASSETS</b>		<b>20,858</b>	<b>32,554</b>
<b>NON CURRENT ASSETS</b>			
Investments - equities	11	893,583	768,024
Deferred tax assets	8	2	2
<b>TOTAL NON CURRENT ASSETS</b>		<b>893,585</b>	<b>768,026</b>
<b>TOTAL ASSETS</b>		<b>914,443</b>	<b>800,580</b>
<b>CURRENT LIABILITIES</b>			
Payables	12	52	58
Current tax liabilities	8	200	205
<b>TOTAL CURRENT LIABILITIES</b>		<b>252</b>	<b>263</b>
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liabilities	8	155,233	123,577
Other financial liabilities	9	166	166
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>155,399</b>	<b>123,743</b>
<b>TOTAL LIABILITIES</b>		<b>155,651</b>	<b>124,006</b>
<b>NET ASSETS</b>		<b>758,792</b>	<b>676,574</b>
<b>EQUITY</b>			
Share capital	13	20,146	20,146
Revaluation reserve	13	414,819	341,956
Retained profits		323,827	314,472
<b>TOTAL EQUITY</b>		<b>758,792</b>	<b>676,574</b>

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 19 to 32.

# consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$000	2014 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Dividends and distributions received		37,984	35,328
Interest received		785	1,176
Cash paid for operating expenses		(764)	(663)
Income tax paid		(956)	(840)
Income tax refunds		202	132
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	23(ii)	<b>37,251</b>	<b>35,133</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from capital returns and disposal of investments		2,299	1,178
Payments for acquisition of investments		(23,380)	(14,460)
Proceeds from reduction in term deposits		12,350	3,600
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(8,731)</b>	<b>(9,682)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(28,063)	(25,151)
Finance costs		(12)	(12)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(28,075)</b>	<b>(25,163)</b>
Net increase in cash held		445	288
<b>CASH AT BEGINNING OF FINANCIAL YEAR</b>		<b>926</b>	<b>638</b>
<b>CASH AT END OF FINANCIAL YEAR</b>	23(i)	<b>1,371</b>	<b>926</b>

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 19 to 32.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## 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 2015 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 13 August 2015.

## 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

intention 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) New and Revised Accounting Standards

New accounting standards and interpretations

A number of other new accounting standards and interpretations became mandatory for the current financial year ended 30 June 2015. These new accounting standards and interpretations have not had a material effect on the Group's consolidated financial statements.

### (g) 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 20.

## 3. Significant accounting policies

### (a) Revenue recognition

Revenues from dividends and trust distributions are recognised in the profit or loss 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.

### (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, when it is recognised 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.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## 3. Significant accounting policies (cont.)

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 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.

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.

### (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) Operating segments

The Group operates only in Australia, investing predominantly in Australian listed securities and has no reportable segments.

### (h) New accounting standards and interpretations not yet adopted

With the exception of Accounting Standard AASB 9 Financial Instruments which was early adopted in the year ended 30 June 2010, a number of new accounting standards, amendments to accounting standards and interpretations, which are not yet mandatory, have not been adopted in preparing these consolidated financial statements. From an initial assessment, other than to allow a future re-organisation of information presented in the notes to the financial statements under AASB 2015-2 Amendments to AASB 101 *Presentation of Financial Statements*, it is not expected that these amended accounting standards and interpretations will have a significant effect on the consolidated financial statements of the Group when they are adopted.

	Note	2015 \$000	2014 \$000
<b>4. Dividends and distributions received</b>			
Dividends and distributions received from listed entities:			
Dividends – ordinary		36,640	34,300
Dividends – special		640	720
Distributions from trusts		978	621
		<b>38,258</b>	<b>35,641</b>
Dividends from:			
Investments held at year end		38,237	35,603
Investments disposed of during the year		21	38
		<b>38,258</b>	<b>35,641</b>
<b>5. Administration expenses</b>			
Directors' fees and employee remuneration		479	389
Auditor's remuneration	6	77	72
Rent and office service charges		24	24
Other administration costs		178	173
		<b>758</b>	<b>658</b>
<b>6. Auditor's remuneration</b>			
Amounts paid or due and payable for:			
Audit services: KPMG			
Audit and review of financial reports		55,220	54,890
Other services: KPMG			
Taxation services - Compliance		21,400	17,100
		<b>76,620</b>	<b>71,990</b>
<b>7. Earnings per share</b>			
Basic and diluted earnings per ordinary share		<b>\$1.413</b>	<b>\$1.332</b>
Reconciliation of earnings used in the calculation of earnings per share:			
Profit as per the consolidated statement of profit		<b>\$000</b>	<b>\$000</b>
		<b>37,418</b>	<b>35,256</b>
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share			
		<b>Number</b>	<b>Number</b>
		<b>26,474,675</b>	<b>26,474,675</b>

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$000	2014 \$000
<b>8. Income tax</b>		
<b>Income tax expense</b>		
Prima facie income tax expense calculated at 30% (2014: 30%) on operating profit	11,462	10,822
Increase/(decrease) in income tax expense due to:		
Imputation gross up on dividends received	4,537	4,252
Franking credits on dividends received	(15,124)	(14,173)
Other adjustments	(77)	(47)
Over provision in previous year	(8)	(35)
<b>Income tax expense</b>	<b>790</b>	<b>819</b>
Income tax expense in the statement of profit or loss comprises:		
Current income tax expense	757	787
Over provision current income tax prior year	(8)	(35)
Deferred income tax expense	41	67
	<b>790</b>	<b>819</b>
<b>Current tax liability</b>		
Balance at beginning of year	205	161
Income tax paid	(754)	(708)
Current year's income tax	757	787
Capital gains tax on disposal of equity investments	-	-
Over provision in previous year	(8)	(35)
<b>Balance at end of year</b>	<b>200</b>	<b>205</b>
<b>Deferred tax liability</b>		
Balance at beginning of year	123,577	98,954
Increase in deferred tax liability on change in market value of investments recognised directly in equity	31,615	24,558
Origination and reversal of timing differences	41	65
<b>Balance at end of year</b>	<b>155,233</b>	<b>123,577</b>
Represented by:		
Capital gains tax on unrealised investment gains	154,972	123,357
Temporary differences on timing of recognition of dividend and trust distribution income	261	220
	<b>155,233</b>	<b>123,577</b>
<b>Deferred tax asset</b>		
Balance at beginning of year	2	4
Origination and reversal of temporary differences	-	(2)
<b>Balance at end of year</b>	<b>2</b>	<b>2</b>
Represented by:		
Temporary differences - employee entitlements accrued	2	2

Note	2015 \$000	2014 \$000
	166	166

## 9. Other financial liabilities

### Non Current

Cumulative preference shares

82,978 (2014: 82,978) 7% cumulative preference shares fully paid

Holders of preference shares are entitled to receive a fixed cumulative preferential dividend at the rate of 7% per annum on capital paid up of \$2 per existing preference share. 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.

Dividends on these preference shares are recorded as a finance cost for accounting purposes.

Final dividend (7 cents per preference share paid on 17 September 2014)	6	6
Interim dividend (7 cents per preference share paid on 19 March 2015)	6	6
	12	12

Dividends paid were franked at a tax rate of 30%.

## 10. Receivables

### Current

Dividends and interest receivable

5,537	5,328
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## 11. Investments

### Current

Term deposits

13,950	26,300
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Term deposits are placed with major financial institutions and at 30 June 2015 had maturity periods of between 23 to 80 days (2014: 24 to 146 days) with interest rates of between 2.96% and 3.12% (2014: 3.48% and 3.72%). The weighted average effective interest rate on term deposits for the year ended 30 June 2015 was 3.46% (2014: 3.84%). 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.

### Non Current

Investments and equities

Shares and units held in listed entities - at fair value

24

893,583	768,024
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Shares and units in listed entities are valued continuously at fair value, which is the quoted market price. During the year to 30 June 2015 investments were acquired for consideration of \$23,380,000 (2014: \$14,460,000). Proceeds from disposal of investments in the year totalled \$1,824,000 (2014: \$864,000), resulting in a realised gain, based on original cost values, of \$29,000 (2014: gain of \$596,000). Proceeds from capital returns during the year to 30 June 2015 totalled \$475,000 (2014: \$314,000). In the year to 30 June 2015 investment disposals largely resulted from the redemption of bank hybrid securities and, in the prior year, from a partial takeover offer.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## 11. Investments (cont.)

The group is not directly exposed to interest or currency risk through its equity investments.

The only individual, material investment in a listed equity, that is neither a subsidiary nor an interest in an associate or joint venture accounted for using the equity method, is:

Name	Principal Activities	Ownership		Carrying Amount		Dividends Received	
		2015 %	2014 %	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Amalgamated Holdings Limited	Entertainment, hospitality, tourism and leisure	19.2	19.2	386,065	286,470	13,238	12,930

## 12. Payables

### Current

Other creditors and accruals

2015 \$000	2014 \$000
52	58

The consolidated entity's exposure to liquidity risk related to creditors is disclosed in Note 19.

## 13. Share capital and reserves

### Issued and paid up capital

26,474,675 (2014: 26,474,675) ordinary shares fully paid

20,146	20,146
20,146	20,146
-	-
20,146	20,146

### Movements in ordinary share capital

Balance at the beginning of the financial year

On market share buy-back – nil

### Balance at the end of the financial year

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 2015. There were no shares bought back during the year ended 30 June 2015 (2014: Nil). At 30 June 2015 the cumulative number of shares bought back since 14 November 2001 is 806,612 at a cost of \$10,700,000.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

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.

### 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.

## 14. 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
<b>2014</b>				
Final - ordinary	63.0	16,679	Franked	17 September 2014
<b>2015</b>				
Interim - ordinary	43.0	11,384	Franked	19 March 2015
<b>Total</b>		28,063		

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	65.0	17,209	Franked	21 September 2015
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The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2015 and will be recognised in subsequent financial reports.

### Dividend franking account

30% franking credits available to shareholders of  
Carlton Investments Limited for subsequent financial years

<b>2015</b>	<b>2014</b>
<b>\$000</b>	<b>\$000</b>
<b>38,110</b>	36,127

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 \$7,378,000 (2014: \$7,151,000).

## 15. Capital management

The Board manages the Group'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 Group 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. The Group's capital consists of total shareholders' equity. Changes in the capital base are shown in the Consolidated Statement of Changes in Equity.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## 16. 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 Superannuation Guarantee levy.

The key management personnel compensation comprised:

	2015 \$	2014 \$
Short-term:		
- Base emolument	345,913	320,389
- Leave entitlements movements	(3,278)	(4,197)
Post-employment:		
- Superannuation relating to base emoluments	54,086	52,611
	<b>396,721</b>	<b>368,803</b>
- Payment to director on retirement	58,447	-
- Superannuation relating to director's retirement payment	5,553	-
	<b>64,000</b>	<b>-</b>
	<b>460,721</b>	<b>368,803</b>

Apart from details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year, and there were no material contracts involving directors' interests existing at 30 June 2015.

### (b) Other related party transactions in respect of the Company

Investments in controlled entities	Class of Share	Interest Held	
		2015 %	2014 %
<i>Controlled Entities</i>			
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
<b>Amounts receivable from controlled entities</b>		<b>The Company</b>	
		<b>2015 \$000</b>	<b>2014 \$000</b>
Inter-Company loans receivable			
Non Current		<b>168,425</b>	<b>164,800</b>

## **16. Related parties (cont.)**

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 31 July 2020 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 \$23,432 (2014: \$23,405) were paid to an entity which is controlled by a listed public company of which a director of the Company is also a director. 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 \$1,519,000 (2014: \$1,415,000). The management fee is based upon 4% of the dividend and trust income of the controlled entities. These management fees eliminate on group consolidation.

## **17. Financing facilities**

The Company has not negotiated any financing facilities.

## **18. Investment transactions**

The total number of transactions in securities that occurred during the financial year was 25 (2014: 30). The total brokerage paid on these transactions was \$43,164 (2014: \$36,990).

## **19. 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. Market risk includes interest rate risk, currency risk and other price 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 material direct exposure to currency risk as almost all financial assets and liabilities are denominated in Australian dollars.

### **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 and term deposits. For the Company it arises from receivables due from subsidiaries. The credit risk with respect to term deposits is referred to in note 11. 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 Group has are for tax payable from time to time to the Australian Taxation Office, administration cost payables and payables for the 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.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## 19. Financial risk management (cont.)

### 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.

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 97.7% of total assets at 30 June 2015 (2014: 95.9%). 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 \$33,558,000 and \$67,116,000 respectively after tax.

A major part of the Group's income consists of dividends and distributions received from its investments. The level of these dividends and distributions fluctuates depending on the profits earned by the entities 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 and distributions received.

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 24 of the financial statements.

## 20. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2015 the immediate parent entity of the Group was Carlton Investments Limited.

### Result of Parent Entity

Profit for the year

Other comprehensive income

Total comprehensive income for the year

### Financial position of parent entity at year end

Current assets

Total assets

Current liabilities

Total liabilities

Net assets

### Total equity of parent entity comprising of:

Share capital

Retained profits

Total equity

	2015 \$000	2014 \$000
Profit for the year	32,530	32,523
Other comprehensive income	-	-
Total comprehensive income for the year	32,530	32,523
Current assets	1,053	214
Total assets	174,954	170,492
Current liabilities	273	278
Total liabilities	439	444
Net assets	174,515	170,048
Share capital	20,146	20,146
Retained profits	154,369	149,902
Total equity	174,515	170,048

## 21. 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.

The consolidated statement of profit or loss, the consolidated statement of comprehensive income and the 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 2015, are set out on pages 14, 15 and 17 of the financial statements.

## 22. Events subsequent to reporting date

For final dividends declared after 30 June 2015 refer note 14.

## 23. Notes to the consolidated 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 consolidated statement of financial position as follows:

	2015 \$000	2014 \$000
Cash	1,371	926
<b>(ii) Reconciliation of profit after income tax to net cash provided by operating activities</b>		
Profit for the year as per the consolidated statement of profit or loss	37,418	35,256
Finance costs	12	12
Net cash provided by operating activities before changes in assets and liabilities	37,430	35,268
(Decrease)/increase in current tax payable	(5)	44
Increase in deferred income tax	41	67
(Decrease) in other creditors	(6)	(6)
Increase in receivables	(209)	(240)
Net cash provided by operating activities	37,251	35,133

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2015

## 24. Investments in listed equities valued at fair value through other comprehensive income

SECTOR	2015			2014		
	No of shares or units	\$000	%	No of shares or units	\$000	%
<b>CONSUMER DISCRETIONARY</b>						
<b>Media</b>						
Amalgamated Holdings Ltd	30,786,687	386,065		30,786,687	286,470	
Seven West Media Ltd	1,040,000	1,061		525,000	987	
Ten Network Holdings Ltd	1,485,000	282		1,485,000	394	
Fairfax Media Ltd	200,000	163		200,000	181	
APN News & Media Ltd	155,556	110		155,556	121	
		<b>387,681</b>	<b>43.38</b>		<b>288,153</b>	<b>37.52</b>
<b>Consumer Services</b>						
Tabcorp Holdings Ltd	663,541	3,019		612,500	2,058	
Echo Entertainment Group Ltd	369,000	1,609		369,000	1,159	
Ardent Leisure Group	386,224	838		380,000	1,030	
Crown Resorts Ltd	48,804	595		48,804	738	
		<b>6,061</b>	<b>0.68</b>		<b>4,985</b>	<b>0.65</b>
<b>Consumer Durables and Apparel</b>						
McPherson's Ltd	120,928	68	0.01	120,928	132	0.02
		<b>393,810</b>	<b>44.07</b>		<b>293,270</b>	<b>38.19</b>
<b>FINANCIALS</b>						
<b>Banks</b>						
National Australia Bank Ltd	2,196,827	73,176		1,990,099	65,235	
Westpac Banking Corporation	1,707,379	54,892		1,707,379	57,880	
Westpac SPS II	-	-		17,500	1,756	
Commonwealth Bank of Aust.	549,300	46,762		549,300	44,491	
ANZ Banking Group Ltd	1,004,298	32,338		976,098	32,543	
Bendigo & Adelaide Bank Ltd	1,117,147	13,696		1,117,147	13,629	
Bendigo & Adelaide Bank Prefs	-	-		286	29	
Bank of Queensland Ltd	1,423,413	18,177		1,423,413	17,351	
		<b>239,041</b>	<b>26.75</b>		<b>232,914</b>	<b>30.33</b>
<b>Capital Markets</b>						
Perpetual Ltd	402,213	19,451	2.18	402,213	19,103	2.49
<b>Multi-Sector Holdings</b>						
Gowing Bros Ltd	4,273,768	13,249	1.48	4,273,768	11,539	1.50
<b>Insurance</b>						
Suncorp Group Ltd	200,266	2,690		200,266	2,712	
Medibank Private Ltd	24,000	48		-	-	
		<b>2,738</b>	<b>0.31</b>		<b>2,712</b>	<b>0.35</b>
<b>Diversified Financial Services</b>						
Milton Corporation Ltd	599,060	2,696		599,060	2,720	
WAM Capital Ltd	1,322,000	2,538		1,322,000	2,565	
Aust. Found. Inv. Co. Ltd	245,167	1,500		245,167	1,515	
Aust. United Inv. Co. Ltd	187,500	1,538		187,500	1,528	
ASX Ltd	45,516	1,816		18,016	642	
Argo Investments Ltd	18,118	144		18,118	138	
Challenger Ltd	6,451	43		4,339	32	
		<b>10,275</b>	<b>1.15</b>		<b>9,140</b>	<b>1.19</b>
<b>Real Estate Management &amp; Development</b>						
Lend Lease Corporation Ltd	494,978	7,440	0.83	494,978	6,489	0.84
<b>Real Estate Investment Trusts (REITS)</b>						
Cromwell Property Group	1,128,619	1,157		1,128,619	1,100	
Mirvac Ltd	426,575	789		426,575	761	
Stockland	96,053	394		96,053	373	
		<b>2,340</b>	<b>0.26</b>		<b>2,234</b>	<b>0.29</b>
		<b>294,534</b>	<b>32.96</b>		<b>284,131</b>	<b>36.99</b>

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

SECTOR	2015			2014		
	No of shares or units	\$000	%	No of shares or units	\$000	%
<b>MATERIALS</b>						
<b>Diversified Metals &amp; Mining</b>						
BHP Billiton Ltd	800,446	21,652		708,646	25,440	
South32 Ltd	800,446	1,433		-	-	
Rio Tinto Ltd	108,345	5,824		91,245	5,412	
Iluka Resources Ltd	43,057	331		43,057	350	
		<b>29,240</b>	<b>3.27</b>		<b>31,202</b>	<b>4.06</b>
<b>Steel</b>						
Bluescope Steel Ltd	471,711	1,415		471,711	2,557	
Sims Metal Management Ltd	100,000	1,042		100,000	968	
Arrium Ltd	368,327	50		368,327	293	
		<b>2,507</b>	<b>0.28</b>		<b>3,818</b>	<b>0.50</b>
<b>Gold</b>						
Newcrest Mining Ltd	6,164	80	0.01	6,164	65	0.01
<b>Chemicals</b>						
Orica Ltd	541,764	11,529		541,764	10,554	
Dulux Group Ltd	541,764	3,099		541,764	3,066	
		<b>14,628</b>	<b>1.64</b>		<b>13,620</b>	<b>1.77</b>
<b>Construction Materials</b>						
CSR Ltd	235,000	855		235,000	820	
Fletcher Building Ltd	243,760	1,758		243,760	1,994	
James Hardie Inds. plc	625,362	10,831		625,362	8,655	
Adelaide Brighton Ltd	280,000	1,207		-	-	
Boral Ltd	661,053	3,867		661,053	3,471	
		<b>18,518</b>	<b>2.07</b>		<b>14,940</b>	<b>1.95</b>
<b>Containers &amp; Packaging</b>						
Amcor Ltd	853,133	11,705		853,133	8,898	
Orora Ltd	1,573,133	3,288		1,573,133	2,242	
		<b>14,993</b>	<b>1.68</b>		<b>11,140</b>	<b>1.45</b>
		<b>79,966</b>	<b>8.95</b>		<b>74,785</b>	<b>9.74</b>
<b>CONSUMER STAPLES</b>						
<b>Food, Beverage &amp; Tobacco</b>						
Coca Cola Amatil Ltd	456,761	4,179		456,761	4,321	
Treasury Wine Estates Ltd	211,142	1,054		211,142	1,058	
Graincorp Ltd	112,000	956		112,000	941	
		<b>6,189</b>	<b>0.69</b>		<b>6,320</b>	<b>0.82</b>
<b>Food &amp; Staples Retailing</b>						
Wesfarmers Ltd	609,410	23,785		620,137	25,947	
Woolworths Ltd	100,000	2,696		100,000	3,522	
		<b>26,481</b>	<b>2.97</b>		<b>29,469</b>	<b>3.84</b>
<b>Household &amp; Personal Products</b>						
Blackmores Ltd	17,000	1,280	0.14	-	-	
		<b>33,950</b>	<b>3.80</b>		<b>35,789</b>	<b>4.66</b>
<b>ENERGY</b>						
<b>Oil, Gas &amp; Consumable Fuels</b>						
Origin Energy Ltd	725,129	8,680		683,129	9,987	
Santos Ltd	668,500	5,234		614,500	8,763	
Caltex Australia Ltd	100,000	3,185		100,000	2,157	
Woodside Petroleum Ltd	89,200	3,053		50,000	2,053	
		<b>20,152</b>	<b>2.26</b>		<b>22,960</b>	<b>2.99</b>

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2015

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

SECTOR	2015			2014		
	No of shares or units	\$000	%	No of shares or units	\$000	%
<b>UTILITIES</b>						
<b>Gas Utilities</b>						
APA Group	906,658	7,471	0.84	679,994	4,685	0.61
<b>Multi-Utilities</b>						
AGL Energy Ltd	1,604,557	24,951		1,337,130	20,725	
Brookfield Infrastructure	-	-		818	36	
		24,951	2.79		20,761	2.70
		32,422	3.63		25,446	3.31
<b>INFORMATION TECHNOLOGY</b>						
<b>Software &amp; Services</b>						
Computershare Ltd	20,000	234	0.02	20,000	250	0.03
<b>TELECOMMUNICATION SERVICES</b>						
<b>Telecommunication Services</b>						
Telstra Corporation Ltd	4,333,600	26,608	2.98	4,059,600	21,151	2.75
<b>INDUSTRIALS</b>						
<b>Capital Goods</b>						
CIMIC Ltd (formerly Leighton Holdings Ltd)	60,765	1,322		60,765	1,199	
Seven Group Holdings Ltd	100,000	654		100,000	741	
Paperlinx Ltd	721,864	18		721,864	28	
		1,994	0.22		1,968	0.26
<b>Commercial &amp; Professional Services</b>						
Brambles Industries Ltd	45,758	485		45,758	421	
PMP Ltd	100,000	54		100,000	43	
Opus Group Limited	3,024	1		30,232	1	
		540	0.06		465	0.06
<b>Transportation</b>						
Sydney Airport	329,029	1,639		329,029	1,389	
Transurban Ltd	33,074	308		33,074	244	
Macquarie Atlas Roads Group	91,770	292		91,770	300	
		2,239	0.25		1,933	0.25
		4,773	0.53		4,366	0.57
<b>HEALTH CARE</b>						
<b>Health Care Equipment &amp; Services</b>						
Ansell Ltd	222,854	5,369		222,854	4,419	
Sonic Healthcare	81,600	1,744		81,600	1,414	
		7,113	0.79		5,833	0.76
<b>Pharmaceuticals, Biotechnology &amp; Life Sciences</b>						
MEI Pharma Inc	5,657	13		5,657	38	
Novogen Ltd	38,500	8		33,000	5	
		21	0.01		43	0.01
		7,134	0.80		5,876	0.77
<b>TOTAL</b>		<b>893,583</b>	<b>100.00</b>		<b>768,024</b>	<b>100.00</b>

# declarations

## **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 14 to 32, and the Remuneration Report on pages 10 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 30 June 2015 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 21 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 2015.
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  
Director



A J CLARK AM  
Director

Dated at Sydney 13 August 2015

## **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 2015 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



John Teer  
Partner

Sydney 13 August 2015

# independent auditor's report to members of carlton investments limited

## **Report on the financial report**

We have audited the accompanying financial report of Carlton Investments Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 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 year ended on that date, notes 1 to 24 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.

### *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 2015 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 on pages 10 to 12 of the directors' report for the year ended 30 June 2015. 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 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG

John Teer  
Partner

Sydney 13 August 2015

# securities exchange requirements

FOR THE YEAR ENDED 30 JUNE 2015

## DETAILS OF SHAREHOLDINGS

AS AT 14 AUGUST 2015

### SHAREHOLDERS

(Ordinary Shares)

VOTING RIGHTS:

1 Vote for each Ordinary Shareholder

POLL: One vote for each fully paid ordinary share held

### SHAREHOLDERS

(7% Cumulative Preference Shares)

VOTING RIGHTS:

Restricted - Subject to Article 9

### SUBSTANTIAL SHAREHOLDERS - ORDINARY SHARES

ENBEEAR PTY LIMITED

16,157,607\*

AMALGAMATED HOLDINGS LIMITED

16,157,607#

\* Includes Amalgamated Holdings Limited's and associates' holdings

# Includes Enbear Pty Limited's and associates' holdings

### SUBSTANTIAL SHAREHOLDERS - PREFERENCE SHARES

AMALGAMATED HOLDINGS LIMITED

37,941

### DISTRIBUTION OF SHAREHOLDINGS

Category	No. of Shareholders	No. of Shares	Category	No. of Shareholders	No. of Shares
Ordinary			Preference		
1 – 1,000	998	477,484	1 – 1,000	33	8,635
1,001 – 5,000	1,157	2,788,285	1,001 – 5,000	4	6,627
5,001 – 10,000	212	1,505,947	5,001 – 10,000	3	17,409
10,001 – 100,000	181	4,388,303	10,001 – 100,000	2	50,307
100,001 & Over	10	17,314,656			
	<b>2,558</b>	<b>26,474,675</b>		<b>42</b>	<b>82,978</b>
Number of Ordinary Shareholders holding less than a marketable parcel	74		Number of Ordinary Shareholders holding less than a marketable parcel	22	

### TWENTY LARGEST ORDINARY SHAREHOLDERS

	No. of shares held	% of capital held
1. Enbear Pty Limited	13,351,639	50.4
2. Alpheob Pty Limited	1,415,231	5.4
3. Rydge A G	660,322	2.5
4. Amalgamated Holdings Limited	630,169	2.4
5. Milton Corporation Limited	356,778	1.3
6. T N Phillips Investments Pty Limited	245,000	0.9
7. Somoke Pty Ltd (Pulman Super Fund A/C)	211,349	0.8
8. Marlen Pty Limited	172,785	0.7
9. Gowing Bros Limited	171,137	0.6
10. Aygeear Pty Limited	100,246	0.4
11. Govett Investments Pty Limited	98,046	0.4
12. Hamilton R S	96,523	0.4
13. Gowing S M	96,024	0.4
14. Phillips J N	93,168	0.3
15. Crawley M F	91,294	0.3
16. A.C.N. 009 757 948 Pty Ltd	86,164	0.3
17. Mythia Pty Ltd	80,779	0.3
18. Phillips J N & Aust Executor Trustees	76,698	0.3
19. Ravenscourt Pty Ltd	75,000	0.3
20. Pardis Pty Limited	63,199	0.2
	<b>18,171,551</b>	<b>68.6</b>

Issued Ordinary Shares

26,474,675

### TWENTY LARGEST PREFERENCE SHAREHOLDERS

	No. of shares held	% of capital held
1. Amalgamated Holdings Limited	37,941	45.7
2. Morton IE & DL (Debian Super Fund A/C)	12,366	14.9
3. Wilcorp No 41 Pty Limited	6,010	7.2
4. Winpar Holdings Limited	5,746	6.9
5. Green A J	5,653	6.8
6. Cameron W R	2,127	2.6
7. Seven Bob Investments Pty Ltd (RF Cameron Super Fund A/C)	1,700	2.0
8. Neild D R G	1,500	1.8
9. Cameron A D	1,300	1.6
10. Elkington Dr G B	1,000	1.2
11. Turner A H	834	1.0
12. Fitzharris J M	833	1.0
13. Hallworth G T	800	1.0
14. Cameron K V M	750	0.9
15. Elkington M	585	0.7
16. Crawley D E	534	0.6
17. UBS Wealth Management Aust Nominees Pty Ltd	466	0.6
18. Gowing J E	300	0.4
19. Morton I E	300	0.4
20. Fletcher N E J	250	0.3
	<b>80,995</b>	<b>97.6</b>

Issued Preference Shares

82,978

# ordinary dividends and share issues

SINCE 1 JULY 2005

Date	Share issue/Dividend	Issue price/ Dividend rate	Franking %
16/09/2005	Cash dividend	\$0.28	100
07/03/2006	Cash dividend	\$0.21	100
18/04/2006	Share Purchase Plan offer (Maximum number of shares – 297)	16.82	N/A
19/09/2006	Cash dividend	\$0.33	100
07/03/2007	Cash dividend	\$0.24	100
18/04/2007	Share Purchase Plan offer (Maximum number of shares – 246)	20.30	N/A
19/09/2007	Cash dividend	\$0.36	100
07/03/2008	Cash dividend	\$0.27	100
24/09/2008	Cash dividend	\$0.40	100
18/03/2009	Cash dividend	\$0.27	100
15/09/2009	Cash dividend	\$0.40	100
18/03/2010	Cash dividend	\$0.27	100
19/09/2010	Cash dividend	\$0.40	100
24/03/2011	Cash dividend	\$0.30	100
21/09/2011	Cash dividend	\$0.48	100
22/03/2012	Cash dividend	\$0.32	100
19/09/2012	Cash dividend	\$0.52	100
21/03/2013	Cash dividend	\$0.34	100
18/09/2013	Cash dividend	\$0.58	100
20/03/2014	Cash dividend	\$0.37	100
17/09/2014	Cash dividend	\$0.63	100
19/03/2015	Cash dividend	\$0.43	100
21/09/2015	Cash dividend	\$0.65	100



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