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REPORT TO SHAREHOLDERS ON HALF YEAR RESULTS TO 31 DECEMBER 2018

The Company's Appendix 4D and financial report for the half-year ended 31 December 2018 were lodged with the Australian Securities Exchange (ASX) on 19 February 2019 and are available to be downloaded from the Company's website or the ASX website.

HIGHLIGHTS

- Profit for the half year was $23,036,000, a 3.0% increase on the $22,372,000 result for the previous corresponding half-year.
- Interim dividend of 55 cents per ordinary share, to be paid on 25 March 2019, reflects an increase of 4 cents per share (7.8%) compared to that paid in 2018.

GROUP'S OPERATIONS AND RESULTS

The consolidated net profit for the half year to 31 December 2018 attributable to the members of Carlton Investments Limited was:

	31 December 2018 $000	31 December 2017 $000
Profit before income tax	**23,433**	22,744
Income tax expense thereon	**(397)**	(372)
Net profit for the half year	**23,036**	22,372

Net profit for the half year to 31 December 2018 increased by $664,000 or 3.0% compared to the previous corresponding half year. Dividends and distributions received and receivable of $23,667,000 increased by $623,000 or 2.7%. Included in dividends received were special dividends of $223,000 compared to $124,000 in the previous half year to 31 December 2017. During the half year the Group has benefited from increased dividend levels from the Group's investment in mining and some energy stocks, which was partly offset by decrease in Telstra dividends.

Interest income of $237,000 increased by $45,000 compared to the previous corresponding half year. Average funds held on term deposit increased by $3 million and the weighted average effective interest rate on term deposits increased by 0.10%.

NET TANGIBLE ASSET BACKING

The net tangible asset backing for each issued ordinary share at 31 December 2018 prior to payment of the interim dividends and before provision for tax on unrealised capital gains was $35.06 (30 June 2018: $37.09). The net tangible asset backing per share after provision for tax on unrealised capital gains was $29.27 at 31 December 2018 (30 June 2018: $30.80). The relevant figures as at 31 January 2019 were $35.46 before provision for capital gains tax and $29.57 after providing for capital gains tax.

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INTERIM DIVIDENDS
The Directors have today declared an interim dividend of 55 cents per Ordinary Share, fully franked, payable on 25 March 2019. An interim dividend of 7.0 cents per Preference Share, fully franked, will be paid on the same date. The Record Date for the interim dividends is 1 March 2019.

ON MARKET SHARE BUY BACK
During the half year, the Directors resolved to extend the period of the On Market Share Buy Back to 28 November 2018. There were no ordinary shares bought back during the half year ended 31 December 2018.

INVESTMENTS
Major additions (over $400,000) to the portfolio during the half year were in BHP Billiton, Fortescue Metals Group, G8 Education, Treasury Wine Estates, and Woodside Petroleum. The total cost of shares and securities purchased during the half year to 31 December 2018 was $6,289,000.

The Group also received shares in Coles Group during the half year, which had an initial market value of $7,828,000, when Wesfarmers demerged the Coles business to a separate listed entity.

The twenty largest investments, at quoted market values, as at 31 December 2018 were:

	$000's		$000's
Event Hospitality & Entertainment	418,699	Telstra	12,351
National Australia Bank	52,878	Gowing Bros	12,223
Westpac Bank	44,612	Bendigo & Adelaide Bank	12,054
Commonwealth Bank	41,493	Amcor	11,304
AGL	33,532	Rio Tinto	10,892
BHP Billiton	29,015	James Hardie	9,455
ANZ Bank	24,565	Orica	9,345
Wesfarmers	19,635	APA Group	8,160
Bank of Queensland	13,807	Origin Energy	7,373
Perpetual	13,771	Coles Group	7,154
			792,318
Total market value of shares and units in listed entities as at 31 December 2018			908,316

In the half year we saw market values reach decade highs in August 2018 and then in the following months to 31 December 2018 there were large value falls across the Australian share market. The market value of the Group's investment portfolio decreased by 6.1% during the six months ended 31 December 2018, after adjusting for acquisitions and capital returns. This compares to a decrease of 8.8% in the S&P/ASX 200 Index over the same period. On a total portfolio return basis (measured by the movement in NTA per share assuming dividends are reinvested), there was a negative return for the six months of 3.7% compared to a decrease in the S&P/ASX 200 Accumulation Index over the same period of 6.8%.

A G RYDGE
CHAIRMAN
19 February 2019