

# 2022

ANNUAL REPORT

# 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 2022

<b>Directors</b>	Alan G Rydge AM (Chairman) Anthony J Clark AM Murray E Bleach Greg J Robertson
<b>Group Secretary</b>	Peter W Horton
<b>Auditor</b>	KPMG
<b>Bank</b>	National Australia Bank Limited
<b>Registered Office</b>	Level 15, 478 George Street, Sydney NSW 2000 Telephone: (02) 9373 6732 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 2022 Annual General Meeting will be held at:

The Screening Room,  
State Theatre Building,  
49 Market Street, Sydney, NSW

**On Thursday 27th October 2022  
at 10.00am**

# chairman's report to shareholders

I present to you the Group's consolidated results for the year ended 30 June 2022.

## Group's operations and results

Profit for the year ended 30 June 2022 was \$33,757,000 compared to \$21,029,000 for the prior 2021 financial year, an increase of \$12,728,000 or 60.5%. The profit result for the year included \$4,755,000 from a one-off, fully franked in-specie dividend of Woodside Energy shares resulting from the merger of BHP's petroleum business into Woodside Energy. Excluding this one-off BHP in-specie dividend, the profit result for the year to 30 June 2022 was \$29,002,000, representing an increase on the prior year of \$7,973,000 or 37.9%.

Dividends and distributions received totalled \$29,610,000 before special dividends and the BHP in-specie dividend noted above. This was an increase of \$9,168,000 on the prior year or 44.8%. During the period we saw most dividends increase from those paid during the prior year when many businesses were affected by COVID health restrictions. Consistent with the prior year, the Group did not receive any dividends from the Group's largest investment, Event Hospitality & Entertainment, whose businesses were greatly impacted by COVID restrictions. Special dividends received during the year decreased from the prior year by 10.9% from \$1,352,000 to \$1,205,000.

Interest income increased from \$50,000 in the prior year to \$73,000 in the year to 30 June 2022. Interest rates increased in the latter part of the year, albeit from a very low base, and the company's investment in term deposits has also increased. The weighted average interest rate on term deposits increased marginally, from 0.54% in the prior year to 0.60%.

The income tax expense for the year was \$976,000. Last year there was a low income tax expense of \$49,000 which had resulted from the reversal of a provision for deferred income tax amounting to \$697,000, a previously anticipated liability which is no longer expected to eventuate.

Administration expenses were \$898,000 compared to \$870,000 in the previous year. The management expense ratio (MER) for the year ended 30 June 2022 was 0.09%, compared to the prior year of 0.10%.

## Earnings per ordinary share

Basic and diluted earnings were \$1.275 per ordinary share for the year to 30 June 2022 compared to \$0.794 per share for the 2021 financial year. Excluding the one-off BHP in-specie dividend of Woodside Energy shares, the basic and diluted earnings was \$1.095 per ordinary share for the year to 30 June 2022.

## Dividends

On 16 August 2022 the directors declared a final fully franked dividend of 44 cents per ordinary share, plus a special fully franked dividend of 14 cents per ordinary share, payable on 19 September 2022. The directors have declared a special dividend after taking into account the profit derived from the one off in-specie dividend received from BHP. The prior year final dividend paid in September 2021 was 41 cents per ordinary share. Including the special dividend total dividends paid and payable in respect of ordinary shares for the financial year ended 30 June 2022 amount to 98 cents per share, being an increase of 46.3% on the prior year.

An interim dividend of 40 cents per ordinary share was paid in March 2022. The prior year interim dividend paid in March 2021 was 26 cents per ordinary share.

A final preference share dividend of 7 cents per share fully franked is also payable on 19 September 2022.

The record date for both the ordinary and preference final dividends is 1 September 2022.

The Dividend Reinvestment Plan remains suspended.

## Net tangible asset backing

The net tangible asset backing for each issued ordinary share at 30 June 2022, 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 \$36.99 (2021: \$38.53). 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 \$30.95 (2021: \$31.99). The relevant figures at 31 July 2022 were \$39.52 and \$32.78 respectively.

## Investments

The market value of the equity investment portfolio as at 30 June 2022 was \$949,299,000 compared to \$1,000,907,000 at the prior year end. Short term cash holdings and term deposits totalled \$27,480,000 at 30 June 2022 (2021: \$17,235,000).

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 2022 totalled \$8,804,000 (2021: \$9,358,000).

Acquisitions above \$400,000 during the year were:

BHP	\$2,005,000
Telstra	\$1,006,000
Resmed Inc	\$1,004,000
South32	\$1,001,000
Bank of Queensland	\$1,000,000
Ramsay Healthcare	\$1,000,000
Woolworths	\$1,000,000
Transurban	\$759,000

As previously referred to, in June 2022, the Group also received shares in Woodside Energy via a fully franked in-specie dividend with a market value, at that time, totalling \$4,978,000. The receipt of these Woodside Energy shares resulted from BHP's disposal of its petroleum business to Woodside Energy.

In May 2022, Tabcorp demerged its lottery business, The Lottery Corporation, and the Group received shares in this new listed entity, which had a market value of \$3,510,000 at 30 June 2022.

During the year the company disposed of investments in Sydney Airports, Japara Healthcare, CIMIC and Crown Resorts. All these disposals resulted from takeovers or takeover offers received. The consideration received for all investment disposals during the year was \$7,844,000. Prior year consideration received on disposals totalled \$6,084,000. There were also capital returns received during the year from Wesfarmers and Boral totalling \$4,303,000 (2021: Nil).

The market valuations for investments during the year to 30 June 2022 fluctuated as various risks and concerns about the future emerged. Market valuations for most of the year remained at what could be regarded high levels until June when we saw a sharp fall in valuations as the combined concerns of rising inflation and interest rates, economic growth prospects concerns, ongoing post COVID supply chain issues and the ongoing Ukraine war took full impact. The market value of the Group's investment portfolio, after adjusting for investment acquisitions and disposals, decreased during the year by \$53 million or 5.3%. The S&P/ASX 200 Index decreased by

10.2% over the financial year. 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 minus 2.1% compared with a decrease in the S&P ASX 200 Accumulation Index over the period of 6.5%.

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.

## Outlook

After the sharp fall in investment market values in June 2022, we have seen market values steadily increase.

There are a number of continuing significant risk factors and uncertainties, as noted above, that have the potential to impact on investment market valuations. It is expected that we will see further volatility in market valuations in the months ahead.

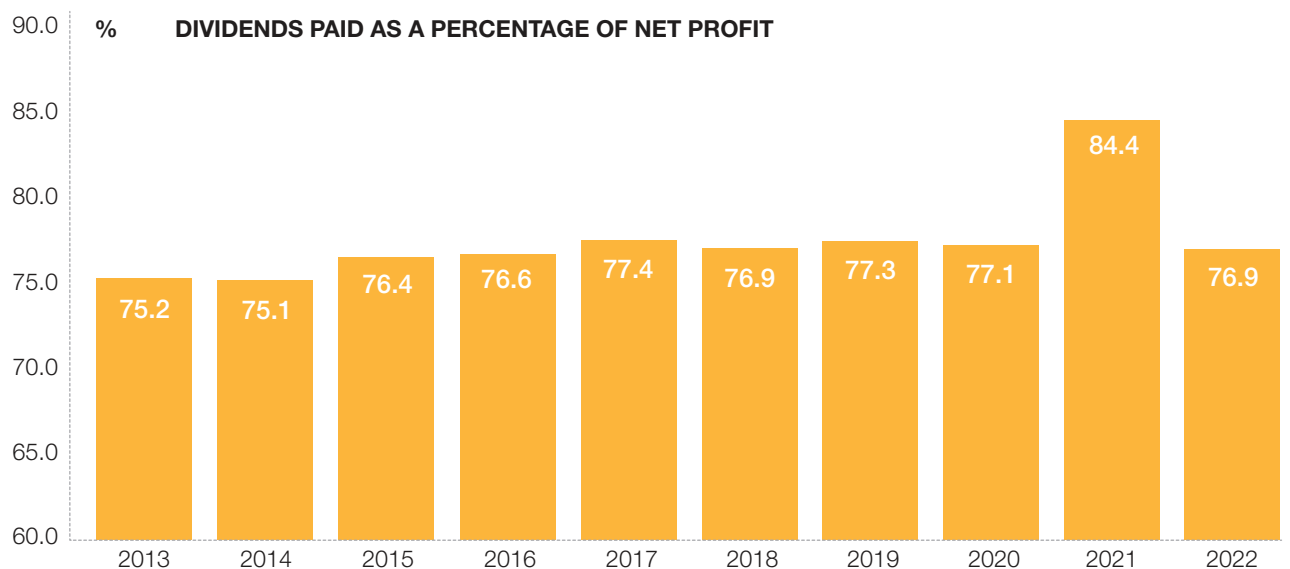
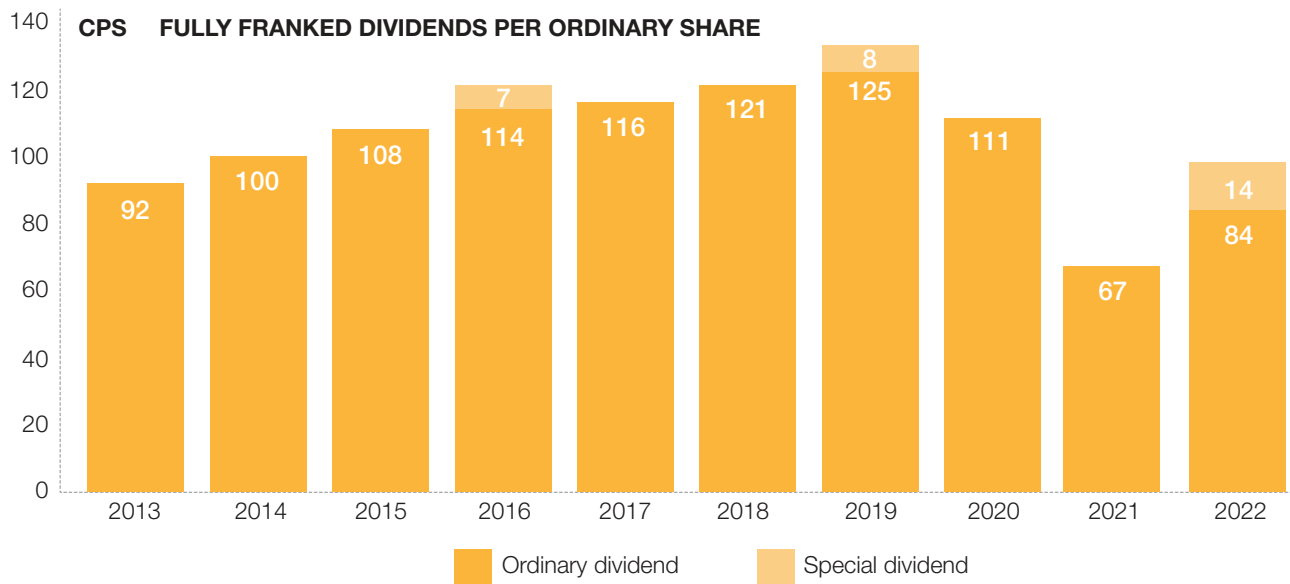
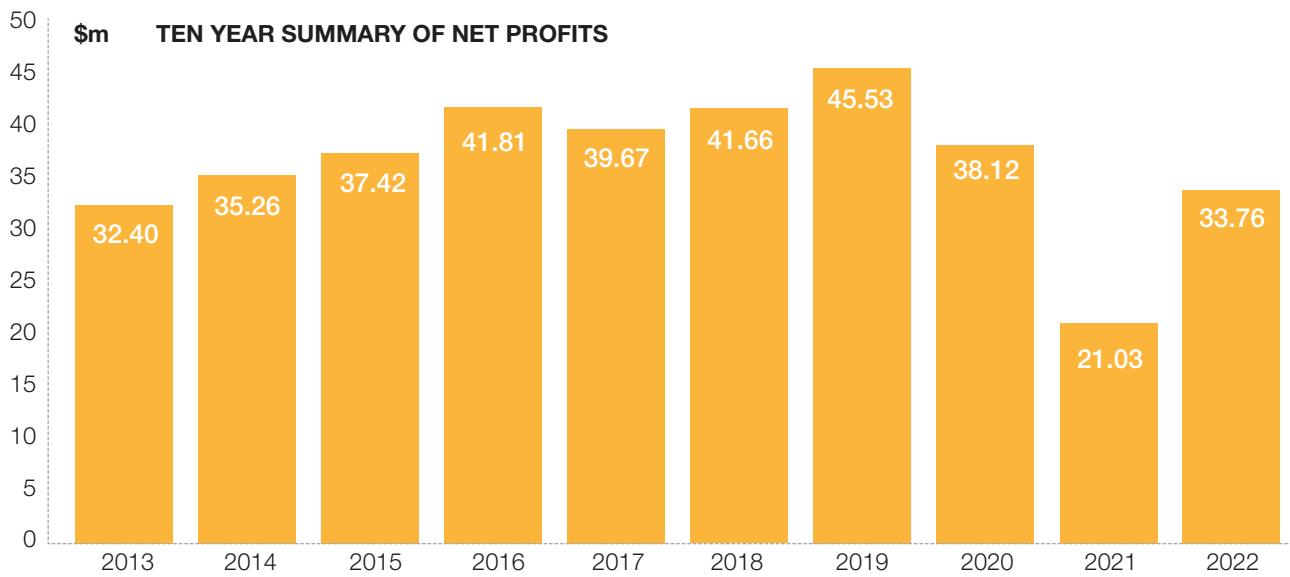
We continue to have confidence in the quality and mix of the businesses in which the Group has invested. The group is well placed to take advantage of investment opportunities when the market value offers good long term value.

In these uncertain times, the Group will continue to take a cautious approach in pursuing its policy of holding equity investments for the long term and reinvesting dividends and other income in entities listed on the Australian Securities Exchange.



A G RYDGE AM  
Chairman

16 August 2022



# directors' report

FOR THE YEAR ENDED 30 JUNE 2022

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 2022 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 AM

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 Event Hospitality & Entertainment Limited. Also a director of Enbeear 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 December 2014 to December 2021).

Broad experience as a director of listed companies and previously practised as a Chartered Accountant retiring as a partner of KPMG in 1998.

Former directorships include Ramsay Health Care Limited, Telstra Corporation Limited, Amalgamated Holdings Limited (now known as Event Hospitality & Entertainment Limited) and Sphere Minerals Limited.

Mr Anthony Clark AM, will retire from the Board effective from the close of the next Annual General Meeting of the Company to be held on 27 October 2022. Mr Clark's significant contribution over the past 22 years will be acknowledged at the Annual General Meeting.

### Mr Murray E Bleach CA, GAICD, BA(Fin), MAPFin.

Member of the Institute of Chartered Accountants in Australia and Graduate of the Australian Institute of Company Directors.

Independent Non-Executive Director since 2014.

Chairman of the Nominations and Remuneration Committee and Chairman of the Audit and Risk Committee (from December 2021).

Over 40 years' experience in accounting and financial services, with extensive experience in infrastructure and start-up

investment. He was previously in charge of Macquarie Group's North American operations and was the CEO of Intoll Group, the Chairman of Suicide Prevention Australia and a Non-Executive Director and the Chairman of the Board Investment Committee at IFM Investors for 9 years.

He is Chairman and co-founder of start-up investment group, AddVenture/Tidal Ventures and director and Chairman of Energy Action Ltd.

### Mr Greg J Robertson CA, MBA, LLB, BEc, MAICD

Member of the Institute of Chartered Accountants in Australia and also a member of the Australian Institute of Company Directors.

Independent Non-Executive Director since 2 May 2022.

Over 35 years' experience in business management, business valuations, mergers, acquisitions and reconstructions. Extensive experience in private equity investment across a wide range of industry sectors. He was a partner at Arthur Andersen, following which he was an Executive Director at Investec Wentworth Private Equity Limited for close to 10 years, and subsequently an Executive Director of Adexum Capital Limited for 8 years.

He is currently a director of Actuity Capital Partners Pty Ltd and Echo HoldCo Pty Ltd.

### 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.

### Officers who were previously partners of the audit firm

AJ Clark and PW Horton were officers of the Company during the year and were previously partners of the current audit firm, KPMG, at a time when the audit firm undertook an audit of the Company. The most recent that any of these officers previously worked with KPMG was more than 20 years ago.

# directors' report

FOR THE YEAR ENDED 30 JUNE 2022

## 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>7</b>	<b>3</b>	<b>1</b>
<b>No. of meetings attended:</b>			
Mr A G Rydge	7	3	1
Mr A J Clark	7	3	1
Mr M E Bleach	7	3	1
Mr G J Robertson	1	1	1

## Corporate Governance

For the year ended 30 June 2022, the Board applied where practicable, the guidelines set out in the 4th Edition of ASX Corporate Governance Principles and Recommendations issued by the ASX Corporate Governance Council. The Company has disclosed its current 2022 Corporate Governance Statement in the Governance and Policies section on the Carlton Investments website at:

<https://www.carltoninvestments.com.au/AboutUs/GovernanceandPolicies.aspx>

The Group has also lodged the 2022 Corporate Governance Statement and Appendix 4G with the ASX. 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. As disclosed in the 2022 Corporate Governance Statement, 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 due to his related interests in the Company. The remaining members of the Board do not consider that this in any way diminishes the effective conduct of the Board's functions; and
- Recommendation 3.3, as the Company does not have a whistleblower policy. Given the size of the Company and also taking into account compensating procedures undertaken, the Board does not consider that this exception impacts on the effectiveness of the Board's governance processes.

## 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

Other than noted elsewhere in this report, 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.

# directors' report

FOR THE YEAR ENDED 30 JUNE 2022

## Results and review of operations

The consolidated profit for the year attributable to the members of Carlton Investments Limited was:

	2022	2021
	\$000	\$000
Operating revenue	35,643	21,960
Administration and finance costs	(910)	(882)
Profit before income tax expense	34,733	21,078
Income tax expense	(976)	(49)
Net profit for the year	33,757	21,029

The net profit for the year ended 30 June 2022 increased from the prior year by \$12,728,000 or 60.5%. Included in the net profit is a one-off in-specie fully franked dividend of Woodside Energy shares, valued at \$4,755,000, resulting from the merger of BHP's petroleum business into Woodside Energy. If the BHP in-specie dividend was to be excluded from the profit result for the year, the profit would have been \$29,002,000, representing an increase on the prior year of \$7,973,000 or 37.9%

Dividends and distributions received, before special dividends and the BHP in-specie dividend of Woodside Energy shares, totalled \$29,610,000 representing an increase of \$9,168,000 on the prior year or 44.8%. During the year to 30 June 2022 we have seen dividends increase from those paid during the prior year when many businesses were impacted to a greater extent by COVID related issues. Consistent with the prior year, the Group did not receive any dividends from the Group's largest investment, Event Hospitality & Entertainment, whose businesses have in the past been greatly impacted by COVID health restrictions. Special dividends received during the year decreased from the prior year from \$1,352,000 to \$1,205,000 or 10.9%.

Interest income totalled \$73,000, compared to \$50,000 in the prior year. The weighted average interest rate on term deposits increased from 0.54% in the prior year to 0.60%. In the latter part of the financial year, with interest rates increasing, there was a greater proportion of funds held in term deposits.

Administration expenses for the year were \$898,000 compared to \$870,000 in the prior year. The management expense ratio (MER) for the year was 0.09% compared to 0.10% in the prior year.

The income tax expense for the year was \$976,000 compared to \$49,000 in the prior year. The very low income tax expense for the prior year of \$49,000 resulted from the reversal of a provision for deferred income tax amounting to \$697,000, being a previously anticipated liability which was no longer expected to eventuate. The income tax expense for the prior year before this reversal was \$746,000.

Equity investments purchased during the year to 30 June 2022 totalled \$8,804,000 (2021: \$9,358,000). Major additions to the portfolio were BHP, Telstra, Resmed Inc, South 32, Bank of Queensland, Ramsay Healthcare, Woolworths and Transurban. 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 \$400,000 during the year to 30 June 2022 are given in the Chairman's Report.

The Group also received shares in Woodside Energy valued at \$4,978,000 via a fully franked in-specie dividend of Woodside Energy shares resulting from BHP's disposal of its petroleum business to Woodside Energy.

During the year to 30 June 2022, Tabcorp demerged its lottery business to a new listed entity, The Lottery Corporation, and the Group received shares in this new entity, which had a market value of \$3,510,000 at 30 June 2022.

The disposal of equity investments during the financial year were the result of, with the exception to one low valued investment, takeovers or takeover offers received for Sydney Airports, Japara Healthcare, CIMIC and Crown Resorts. The consideration received on disposal of investments totalled \$7,844,000 (2021: \$6,084,000).

Capital returns were received during the year from Wesfarmers and Boral totalling \$4,303,000 (2021: \$Nil).

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. In the year to 30 June 2022 we have seen the market values of the Group's investment portfolio, after adjusting for investment acquisitions and disposals, decrease during the year by \$53 million or 5.3% (2021: \$266 million increase or 36%). The S&P/ASX 200 Index decreased by 10.2% over the financial year. 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 minus 2.1% compared with a decrease in the S&P ASX 200 Accumulation Index over the period of 6.5%.

During the year to 30 June 2022 we saw market values for investments remain relatively high until June when market valuations fell sharply as a result of the combined concerns of the impacts of rising interest rates and inflation, uncertain economic growth prospects, ongoing supply chain issues and the Ukraine war.



# directors' report

FOR THE YEAR ENDED 30 JUNE 2022

## Dividends

- Paid during the year in respect of the prior financial year:
  - (i) As proposed in last year's report, a final ordinary share dividend of 41 cents per share, fully franked, amounting to \$10,854,000 was paid on 20 September 2021.
  - (ii) As proposed in last year's report, a final preference share dividend of 7 cents per share, fully franked, amounting to \$6,000 was paid on 20 September 2021.

\$000

- In respect of the current financial year:
  - (i) An interim ordinary share dividend of 40 cents per share, fully franked, was declared and paid on 21 March 2022. 10,590
  - (ii) A final ordinary dividend of 44 cents per ordinary share in respect of the year ended 30 June 2022 has been declared. The dividend will be fully franked. 11,649
  - (iii) A special dividend of 14 cents per ordinary share in respect of the year ended 30 June 2022 has been declared. The dividend will be fully franked and is in respect of the one off receipt of the BHP in-specie dividend. 3,706

Total ordinary share dividends paid or payable in respect of the year ended 30 June 2022 25,945

- (iv) An interim preference share dividend of 7 cents per share, fully franked, was paid on 22 March 2021. 6

- (v) A final preference share 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 2022 25,957

In the financial statements preference share dividends are recorded as a finance cost, refer note 3-4 to the financial statements.

## Outlook and likely developments

Equity markets are now operating in an environment of uncertainty, with post COVID supply chain issues, the Ukraine war continuing, rising inflation and interest rates and economic growth concerns. We consider that the impacts from these issues will remain with us well into the current financial year.

The Board continues to have confidence in the mix and quality of businesses in which the Group has invested. With some volatility in investment market values expected in the months ahead, the group is well placed to take advantage of investments opportunities when it is considered that a potential new or further investment represents good long term value.

In these uncertain times, the Group will continue to take a cautious approach when pursuing its policy of purchasing equity investments for the long term through reinvesting dividends and other income in entities listed on the Australian Securities Exchange

# directors' report

FOR THE YEAR ENDED 30 JUNE 2022

## Remuneration Report - Audited

The Company has a Board of four 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	Leave entitlements movements	Total
		\$	\$	\$	\$
<b>Directors</b>					
Mr A G Rydge	<b>2022</b>	<b>90,000</b>	<b>9,000</b>	-	<b>99,000</b>
	2021	90,411	8,589	-	99,000
Mr A J Clark	<b>2022</b>	<b>79,091</b>	<b>7,909</b>	-	<b>87,000</b>
	2021	79,452	7,548	-	87,000
Mr M E Bleach	<b>2022</b>	<b>79,091</b>	<b>7,909</b>	-	<b>87,000</b>
	2021	79,452	7,548	-	87,000
Mr G J Robertson	<b>2022</b>	<b>13,182</b>	<b>1,318</b>	-	<b>14,500</b>
	2021	-	-	-	-
	<b>2022</b>	<b>261,364</b>	<b>26,136</b>	-	<b>287,500</b>
	2021	249,315	23,685	-	273,000
<b>Company Secretary/Chief Financial Officer</b>					
Mr P W Horton	<b>2022</b>	<b>172,500</b>	<b>27,500</b>	<b>8,946</b>	<b>208,946</b>
	2021	170,000	25,000	7,664	202,664

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

	2022	2021	2020	2019	2018
Net profit for year (\$000)	<b>33,757</b>	21,029	38,115	45,526	41,665
Dividends cents per ordinary share#	<b>98^</b>	67	111	133*	121
Net tangible asset backing before capital gains tax at 30 June	<b>\$36.99</b>	\$38.53	\$28.50	\$36.68	\$37.09
Share price at 30 June	<b>\$28.35</b>	\$30.01	\$22.97	\$31.60	\$33.08
Management Expense Ratio	<b>0.09%</b>	0.10%	0.10%	0.09%	0.09%

# Interim, final and special dividends in respect of year

^ 2022 included a special dividend of 14 cents per share

\* 2019 includes a special dividend of 8 cents per share

# directors' report

FOR THE YEAR ENDED 30 JUNE 2022

## Remuneration Report (continued)

### 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		Change during year		Held at	
	1 July 2021	1 July 2020	2022	2021	30 June 2022	30 June 2021
Mr A G Rydge	16,084,540	16,084,540	-	-	16,084,540	16,084,540
Mr A J Clark	5,000	5,000	-	-	5,000	5,000
Mr M E Bleach	6,120	6,120	-	-	6,120	6,120
Mr G J Robertson	-	-	-	-	-	-

The 16,084,540 ordinary shares disclosed above as being held directly, indirectly or beneficially by Mr A G Rydge includes 13,351,639 ordinary shares held by Enbear 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	
	2022	2021	2022	2021	2022	2021
Mr A G Rydge	1,214,360	1,214,360	14,852,116	14,852,116	16,066,476	16,066,476
Mr A J Clark	5,000	5,000	-	-	5,000	5,000
Mr M E Bleach	-	-	6,120	6,120	6,120	6,120
Mr G J Robertson	-	-	-	-	-	-

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 37,941 (2021: 37,941) preference shares by virtue of his directorship of Event Hospitality & Entertainment 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

# directors' report

FOR THE YEAR ENDED 30 JUNE 2022

## 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 and Risk 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.

Details of amounts paid to KPMG for audit and non-audit services provided during the year are:

### Statutory Audit

- Audit and review of financial reports

### Services other than statutory audit

- Taxation compliance services

2022 \$	2021 \$
65,611	63,089
12,320	14,190
<b>77,931</b>	<b>77,279</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 after the financial statements.

## 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 6-6 to the consolidated entity's financial statements.

## Rounding off

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that legislative instrument 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 16 August 2022.



A G RYDGE AM  
Director



M E BLEACH  
Director

# consolidated income statement

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$000	2021 \$000
Dividends and distributions received before BHP in-specie dividend	2-3	30,815	21,794
BHP in-specie dividend of Woodside Energy shares	2-3	4,755	-
		<b>35,570</b>	21,794
Interest income		73	50
Other income		-	116
Operating revenue		<b>35,643</b>	21,960
Administration expenses	2-4	(898)	(870)
Finance costs	3-4	(12)	(12)
Profit before income tax expense		<b>34,733</b>	21,078
Income tax expense	2-5	(976)	(49)
Profit for the year		<b>33,757</b>	21,029
Basic and diluted earnings per ordinary share	2-1	<b>\$1.275</b>	\$0.794

The consolidated income statement is to be read in conjunction with the notes to the financial statements set out on pages 17 to 32.

# consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$000	2021 \$000
Net profit for the year	33,757	21,029
Other comprehensive income: <i>Items that will not be reclassified to the income statement in the future</i>		
(Decrease)/increase in fair value of investments	(53,019)	266,116
Decrease/(increase) in deferred tax liability relating to change in fair value of investments	12,965	(70,947)
Total other comprehensive (loss)/profit	(40,054)	195,169
Total comprehensive (loss)/income for the year	(6,297)	216,198

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 17 to 32.

# consolidated statement of financial position

AS AT 30 JUNE 2022

	Note	2022 \$000	2021 \$000
<b>CURRENT ASSETS</b>			
Cash	6-1	12,480	11,235
Receivables	3-2	3,238	2,602
Investments - term deposits	3-1	15,000	6,000
<b>TOTAL CURRENT ASSETS</b>		<b>30,718</b>	19,837
<b>NON-CURRENT ASSETS</b>			
Investments - equities	3-1	949,299	1,000,907
Deferred tax assets	2-5	31	26
<b>TOTAL NON-CURRENT ASSETS</b>		<b>949,330</b>	1,000,933
<b>TOTAL ASSETS</b>		<b>980,048</b>	1,020,770
<b>CURRENT LIABILITIES</b>			
Payables	3-3	152	132
Current tax liabilities	2-5	204	392
<b>TOTAL CURRENT LIABILITIES</b>		<b>356</b>	524
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	2-5	160,263	173,076
Other financial liabilities	3-4	166	166
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>160,429</b>	173,242
<b>TOTAL LIABILITIES</b>		<b>160,785</b>	173,766
<b>NET ASSETS</b>		<b>819,263</b>	847,004
<b>EQUITY</b>			
Share capital	4-1	20,146	20,146
Revaluation reserve	4-1	418,633	458,687
Retained profits		380,484	368,171
<b>TOTAL EQUITY</b>		<b>819,263</b>	847,004

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 17 to 32.

# consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2022

Year to 30 June 2022	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 1 July 2021	20,146	458,687	368,171	847,004
Dividends paid	-	-	(21,444)	(21,444)
	20,146	458,687	346,727	825,560
Profit for the year	-	-	33,757	33,757
Other comprehensive income:-				
Decrease in fair value of investments	-	(53,019)	-	(53,019)
Decrease in deferred tax liability relating to change in fair value of investments	-	12,965	-	12,965
Other comprehensive income	-	(40,054)	-	(40,054)
Total comprehensive income/(loss)	-	(40,054)	33,757	(6,297)
Total equity as at 30 June 2022	20,146	418,633	380,484	819,263
Year to 30 June 2021	Share capital \$000	Revaluation reserve \$000	Retained earnings \$000	Total \$000
Equity as at 1 July 2020	20,146	263,518	368,851	652,515
Dividends paid	-	-	(21,709)	(21,709)
	20,146	263,518	347,142	630,806
Profit for the year	-	-	21,029	21,029
Other comprehensive income:-				
Increase in fair value of investments	-	266,116	-	266,116
Increase in deferred tax liability relating to change in fair value of investments	-	(70,947)	-	(70,947)
Other comprehensive income	-	195,169	-	195,169
Total comprehensive income/(loss)	-	195,169	21,029	216,198
Total equity as at 30 June 2021	20,146	458,687	368,171	847,004

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 17 to 32.



# consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$000	2021 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Dividends and distributions received		30,200	20,395
Interest received		52	66
Other income		-	116
Cash paid for operating expenses		(877)	(857)
Income tax paid		(1,037)	(1,092)
Income tax refunds		20	21
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	6-1	<b>28,358</b>	18,649
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from capital returns and disposal of investments		12,147	6,084
Payments for acquisition of investments		(8,804)	(9,358)
Term deposits increase		(9,000)	(4,000)
<b>NET CASH FROM/(USED IN) INVESTING ACTIVITIES</b>		<b>(5,657)</b>	(7,274)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(21,444)	(21,709)
Finance costs		(12)	(12)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(21,456)</b>	(21,721)
Net increase/(decrease) in cash held		1,245	(10,346)
<b>CASH AT BEGINNING OF FINANCIAL YEAR</b>		<b>11,235</b>	21,581
<b>CASH AT END OF FINANCIAL YEAR</b>	6-1	<b>12,480</b>	11,235

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 17 to 32.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## SECTION 1 – BASIS OF PREPARATION

### 1-1 Reporting Entity

Carlton Investments Limited (The Company) is a company domiciled in Australia. The address of the Company's registered office is Level 15, 478 George Street, Sydney, NSW. The consolidated financial report of the Company as at and for the year ended 30 June 2022 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 16 August 2022.

### 1-2 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 ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 is applicable to the Group and therefore the amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### (d) Changes in accounting policies

The accounting policies adopted by the Group are consistent with those adopted during the previous corresponding financial year.

#### (e) New and Revised Accounting Standards

A number of new accounting standards and interpretations became mandatory for the current financial year ended 30 June 2022. These new accounting standards and interpretations have not had a material effect on the Group's consolidated financial statements.

There are also a number of new accounting standards, amendments to accounting standards and interpretations, which are not yet mandatory, which have not been adopted in preparing these consolidated financial statements. From an initial assessment, it is not expected that these new and amended accounting standards and interpretations will have a significant effect on the consolidated financial statements of the Group when they are adopted.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## SECTION 2 – EARNINGS AND COSTS

### 2-1 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.

	<b>2022</b>	2021
Basic and diluted earnings per ordinary share	<b>\$1.275</b>	\$0.794
<b>Reconciliation of earnings used in the calculation of earnings per share:</b>	<b>\$000</b>	\$000
Profit as per the consolidated statement of profit	<b>33,757</b>	21,029
	<b>Number</b>	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	<b>26,474,675</b>	26,474,675

### 2-2 Timing of recognition of income

Revenues from dividends and trust distributions are recognised in the profit or loss when the right to receive those dividends and trust distributions 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. Receivables, at year end for these revenue items, are recognised on the same basis.

### 2-3 Dividends and distributions received

	<b>2022</b>	2021
	<b>\$000</b>	\$000
<b>Dividends and distributions received</b>		
Dividends and distributions received from listed entities:		
Dividends – ordinary	<b>28,723</b>	19,610
Dividends – special	<b>1,205</b>	1,352
Distributions from trusts	<b>887</b>	832
	<b>30,815</b>	21,794
BHP in-specie dividend received on demerger of the BHP petroleum business to Woodside Energy (refer below)	<b>4,755</b>	-
	<b>35,570</b>	21,794
Dividends from:		
Investments held at year end	<b>35,570</b>	21,671
Investments disposed of during the year	<b>-</b>	123
	<b>35,570</b>	21,794

In June 2022, BHP paid a fully franked in-specie dividend of Woodside Energy shares resulting from the sale by BHP of its petroleum business to Woodside Energy. The value of the in-specie dividend received, being the market value of the Woodside Energy shares at that time, was \$4,978,000. In determining the appropriate accounting treatment for this dividend, the purchase cost history of BHP shares held has been compared with the market value of BHP shares immediately following the demerger of the petroleum business to Woodside. A portion of this dividend amounting to \$223,000, relating to a recent purchase of BHP shares, has been assessed for accounting purposes, to be a return of the amount invested and has been recognised as other comprehensive income in the Statement of Comprehensive Income. The balance of the in-specie dividend, amounting to \$4,755,000, has been recognised in the Income Statement.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 2-4 Administration expenses

	Note	2022 \$000	2021 \$000
Directors' fees and employee remuneration		575	551
Auditor's remuneration	6-5	78	77
Rent and office service charges		23	24
Other administration costs		222	218
		<b>898</b>	<b>870</b>

## 2-5 Income tax

### Accounting policy

Income tax expense comprises current and deferred tax. Current or deferred income tax is recognised in the profit or loss for the year 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.

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.

	2022 \$000	2021 \$000
<b>Income tax expense</b>		
Prima facie income tax expense calculated at 30% (2021: 30%) on operating profit	10,420	6,323
Increase/(decrease) in income tax expense due to:		
Imputation gross up on dividends received	3,957	2,135
Franking credits on dividends received	(13,189)	(7,117)
Difference in timing of recognition of franked dividends receivable	(90)	(414)
Other adjustments	(86)	(95)
Over provision in previous year	(36)	(86)
	<b>976</b>	<b>746</b>
Reversal of prior year deferred income tax provision no longer required	-	(697)
Income tax expense	<b>976</b>	<b>49</b>
Income tax expense in the statement of profit or loss comprises:		
Current income tax expense	1,073	832
Over provision current income tax prior year	(36)	(86)
Deferred income tax expense adjustments	(61)	(697)
	<b>976</b>	<b>49</b>

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 2-5 Income tax (continued)

	2022 \$000	2021 \$000
<b>Current tax liability</b>		
Balance at beginning of year	392	778
Income tax paid	(1,017)	(1,071)
Current year's income tax provision	865	741
Over provision in previous year	(36)	(56)
Balance at end of year	204	392
<b>Deferred tax liability</b>		
Balance at beginning of year	173,076	102,761
(Decrease)/increase in deferred tax liability on change in market value of investments recognised directly in equity	(12,965)	70,947
Origination and reversal of timing differences	152	(632)
Balance at end of year	160,263	173,076
Represented by:		
Capital gains tax on unrealised investment gains	160,063	173,011
Temporary differences on timing of recognition of dividend and distribution income	200	65
	160,263	173,076
<b>Deferred tax asset</b>		
Balance at beginning of year	26	22
Origination and reversal of temporary differences	5	4
Balance at end of year	31	26
Represented by:		
Temporary differences - employee entitlements accrued	31	26

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## SECTION 3 – ASSETS AND LIABILITIES

### 3-1 Investments

	Note	2022 \$000	2021 \$000
<b>Current</b>			
Term deposits		15,000	6,000

Term deposits are carried at cost. They have been placed with major financial institutions and at 30 June 2022 had remaining maturity periods of 48 to 167 days (2021: 49 to 78 days) with interest rates of 0.70% to 2.95% (2021: 0.30% to 0.32%). The weighted average effective interest rate on term deposits for the year ended 30 June 2022 was 0.60% (2021: 0.54%). 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	6-10	949,299	1,000,907
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Shares and units in listed entities are measured at fair value on an ongoing basis. 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 as “other comprehensive income”, through the Statement of Comprehensive Income, directly in equity. This accounting treatment had been adopted as the shares and units held in listed entities are equity instruments held for long-term capital growth and dividend income, rather than with the primary, shorter term, object of profit from their sale.

During the year to 30 June 2022 investments were acquired for consideration of \$8,804,000 (2021: \$9,358,000). The Group also received an in-specie dividend from BHP on the sale of its petroleum business to Woodside Energy. This transaction resulted in the receipt of shares in Woodside Energy to the value of \$4,978,000.

Proceeds from disposal of investments in the year to 30 June 2022 totalled \$7,844,000 (2021: \$6,084,000). The proceeds from capital returns during the year to 30 June 2022 were \$4,303,000 (2021: Nil).

In the twelve months to 30 June 2022, we saw market values for the Group’s investment portfolio in listed shares and units fall by 5.3%, after adjusting for investment acquisitions, disposals and capital returns. There was consistent market volatility during the year, with the larger market value fluctuations occurring in the second half of the year and including a sharp fall in market values in June 2022. This sharp fall in market values resulted from increased market concerns about the economic growth impacts of rising inflation, interest rate increases, ongoing post COVID supply chain issues and the continuing Ukraine war.

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	
		2022 %	2021 %	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Event Hospitality & Entertainment Limited	Entertainment, hospitality, tourism and leisure	19.1	19.1	401,766	389,144	-	-

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 3-2 Receivables

### Current

Dividends and interest receivable

2022 \$000	2021 \$000
3,238	2,602

Timing of recognition of receivables is disclosed in note 2-2.

## 3-3 Payables

### Current

Other creditors and accruals

152	132
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The consolidated entity's exposure to liquidity risk related to creditors is disclosed in note 5-2.

## 3-4 Other financial liabilities

### Non-Current

Cumulative preference shares

166	166
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82,978 (2021: 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 20 September 2021)

6	6
6	6
12	12

Interim dividend (7 cents per preference share paid on 21 March 2022)

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

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## SECTION 4 – SHARE CAPITAL, RESERVES AND DIVIDENDS PAID

### 4-1 Share capital and reserves

	2022 \$000	2021 \$000
<b>Issued and paid up capital</b>		
26,474,675 (2021: 26,474,675) ordinary shares fully paid	20,146	20,146
<b>Movements in ordinary share capital</b>		
Balance at the beginning of the financial year	20,146	20,146
On market share buy-back – nil	-	-
Balance at the end of the financial year	20,146	20,146

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 2022. There were no shares bought back during the year ended 30 June 2022 (2021: Nil). At 30 June 2022 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

Revaluation reserve	418,633	458,687
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The revaluation reserve comprises the cumulative change in the fair value of equity investments net of the estimated capital gains tax relating thereto.

### 4-2 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
2021				
Final – ordinary share	41.0	10,854	Franked	20 September 2021
2022				
Interim – ordinary share	40.0	10,590	Franked	21 March 2022
<b>Total</b>		21,444		

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 share	44.0	11,649	Franked	19 September 2022
Special – ordinary shares	14.0	3,706	Franked	19 September 2022
		15,355		

The financial effect of the final dividend has not been brought to account in the financial statements for the year ended 30 June 2022 and will be recognised in subsequent financial reports.



# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 4-2 Dividends (continued)

	2022 \$000	2021 \$000
<b>Dividend franking account</b>		
30% franking credits available to shareholders of Carlton Investments Limited for subsequent financial years	<b>71,382</b>	65,581

The above available amount is 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.

In addition to the above amount, there are franking credits available in subsidiary entities at 30 June 2022 totalling \$5,954,000 (2021: \$6,897,000).

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 \$6,583,000 (2021: \$4,654,000).

## 4-3 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.

## SECTION 5 – RISK

### 5-1 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 gains applicable to 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.

### 5-2 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 3-1. None of these assets are considered to be impaired.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 5-2 Financial risk management (continued)

### 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.

Liquidity risk is not considered a material risk as 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.

### 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 96.9% of total assets at 30 June 2022 (2021: 98.0%). 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 at 30 June 2022, total equity represented by share capital, reserves and retained profits would reduce by \$35,308,000 and \$69,896,000 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 6-10.

## SECTION 6 – OTHER INFORMATION

### 6-1 Cash flow information

#### (i) Reconciliation of cash

For the purposes of the Statements of Cash Flows, cash comprises of cash on hand and call bank deposits with original maturities of three months or less. 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:

	2022 \$000	2021
Cash	12,480	11,235

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

Profit for the year as per the consolidated statement of profit or loss	33,757	21,029
Finance costs	12	12
Portion of BHP in-specie dividend of Woodside Energy shares recognised in profit	(4,755)	-
Net cash provided by operating activities before changes in assets and liabilities	29,014	21,041
(Decrease) in current tax payable	(188)	(385)
Increase)/(decrease) in deferred income tax	148	(637)
Increase in other creditors and provisions	20	13
(Increase) in receivables	(636)	(1,383)
<b>Net cash provided by operating activities</b>	<b>28,358</b>	<b>18,649</b>

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 6-2 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:

	2022 \$	2021 \$
Short-term:		
- Base emolument	433,864	419,315
- Leave entitlements movements	8,946	7,664
Post-employment:		
- Superannuation relating to base emoluments	53,636	48,685
	<b>496,446</b>	<b>475,664</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 2022.

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

#### Investments in controlled entities

	Class of Share	Interest Held	
		2022 %	2021 %
<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

#### Amounts receivable from controlled entities

	The Company	
	2022 \$000	2021 \$000
Inter-Company loans receivable		
Non-Current	240,279	227,990

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 in the parent entity disclosure in note 6-6. 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 2025 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 \$23,363 (2021: \$23,870) 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.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 6-2 Related Parties (continued)

### Management fees

The Company provided accounting, administrative and other services during the year to its controlled entities for a management fee of \$974,000 (2021: \$954,000). The management fees are determined using costs incurred by the Company, plus a mark-up of 10%, and are apportioned between each controlled based upon investment portfolio market values. These management fees eliminate on group consolidation.

### Transactions eliminated on consolidation

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

## 6-3 Financing facilities

The Company has not negotiated any financing facilities.

## 6-4 Investment transactions

The total number of transactions in securities that occurred during the financial year was 14 (2021: 17). The total brokerage paid on these transactions was \$26,106 (2021: \$15,354).

## 6-5 Auditor's remuneration

Amounts paid or due and payable for:

Audit services: KPMG

Audit and review of financial reports

Other services: KPMG

Taxation services - Compliance

2022 \$	2021 \$
65,611	63,089
12,320	14,190
<b>77,931</b>	<b>77,279</b>

## 6-6 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2022 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

2022 \$ \$000	2021 \$ \$000
34,978	20,078
-	-
<b>34,978</b>	<b>20,078</b>
12,480	11,235
<b>258,265</b>	<b>244,726</b>
183	167
<b>349</b>	<b>333</b>
<b>257,916</b>	<b>244,393</b>
20,146	20,146
<b>237,770</b>	<b>224,247</b>
<b>257,916</b>	<b>244,393</b>

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## **6-7 Operating segments**

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

## **6-8 Deed of cross guarantee**

Pursuant to ASIC Corporations (Wholly Owned Companies) Instrument 2016/785, the wholly owned controlled entities named 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 income statement, 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 2022, are set out on pages 12, 13 and 14 of the financial statements.

## **6-9 Events subsequent to reporting date**

For final dividends declared after 30 June 2022 refer note 4-2.

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 6-10 Investments in listed equities valued at fair value through other comprehensive income

SECTOR	2022			2021		
	No of shares or units	\$000	%	No of shares or units	\$000	%
<b>CONSUMER DISCRETIONARY</b>						
<i>Media</i>						
Event Hospitality & Entertainment Ltd	30,786,687	401,766		30,786,687	389,144	
Seven West Media Ltd	1,040,000	426		1,040,000	484	
Nine Entertainment Co Holdings Ltd	72,540	132		72,540	211	
HT & E Limited	41,027	46		41,027	70	
NZME Limited	29,630	34		29,630	21	
		<b>402,404</b>	<b>42.39</b>		<b>389,930</b>	<b>38.96</b>
<i>Consumer Services</i>						
Tabcorp Holdings Ltd	776,541	827		776,541	4,023	
The Lottery Corporation Limited	776,541	3,510		-	-	
The Star Entertainment Group Limited	369,000	1,030		369,000	1,362	
G8 Education Limited	361,000	381		361,000	363	
Ardent Leisure Group Limited	386,224	541		386,224	379	
Crown Resorts Limited	-	-		48,804	581	
		<b>6,289</b>	<b>0.66</b>		<b>6,708</b>	<b>0.67</b>
		<b>408,693</b>	<b>43.05</b>		<b>396,638</b>	<b>39.63</b>
<b>FINANCIALS</b>						
<i>Banks</i>						
National Australia Bank Limited	2,201,067	60,287		2,201,067	57,712	
Commonwealth Bank of Australia Ltd	573,183	51,804		573,183	57,243	
Westpac Banking Corporation Limited	1,784,093	34,790		1,784,093	46,047	
ANZ Banking Group Limited	1,004,298	22,125		1,004,298	28,271	
Bank of Queensland Limited	2,129,338	14,202		2,010,338	18,314	
Bendigo & Adelaide Bank Limited	1,117,147	10,133		1,117,147	11,719	
Virgin Money UK plc	549,206	1,214		549,206	2,021	
		<b>194,555</b>	<b>20.49</b>		<b>221,327</b>	<b>22.12</b>
<i>Capital Markets</i>						
Perpetual Limited	424,964	12,273	1.29	424,964	17,020	1.70
<i>Multi-Sector Holdings</i>						
Gowing Bros Limited	4,701,144	12,223	1.29	4,701,144	11,001	1.10
<i>Insurance</i>						
Suncorp Group Limited	194,459	2,135		194,459	2,160	
Medibank Private Limited	185,000	601		185,000	585	
AMP Limited	170,000	162		170,000	191	
		<b>2,898</b>	<b>0.30</b>		<b>2,936</b>	<b>0.29</b>

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 6-10 Investments in listed equities valued at fair value through other comprehensive income (continued)

SECTOR	2022			2021		
	No of shares or units	\$000	%	No of shares or units	\$000	%
<b>Diversified Financial Services</b>						
Macquarie Group Limited	30,061	4,945		29,905	4,678	
ASX Limited	55,916	4,569		55,916	4,345	
Milton Corporation Limited	-	-		599,060	3,774	
Washington H Soul Pattinson & Company Limited	111,605	2,627		-	-	
WAM Capital Limited	1,322,000	2,274		1,322,000	2,895	
Australian United Investments Limited	210,938	1,979		210,938	2,143	
Australian Foundation Co. Limited	245,167	1,841		245,167	1,917	
Pendal Group Limited	74,364	329		74,364	599	
Challenger Limited	60,451	413		60,451	327	
Argo Investments Limited	18,118	159		18,118	162	
		<b>19,136</b>	<b>2.02</b>		<b>20,840</b>	<b>2.08</b>
<b>Real Estate Management &amp; Development</b>						
Lend Lease Corporation Ltd	498,039	4,537	0.48	498,039	5,708	0.57
<b>Real Estate Investment Trusts (REITS)</b>						
Mirvac Group	426,575	842		426,575	1,245	
Cromwell Property Group	1,302,253	983		1,302,253	1,139	
Stockland	96,053	347		96,053	448	
		<b>2,172</b>	<b>0.23</b>		<b>2,832</b>	<b>0.28</b>
		<b>247,794</b>	<b>26.10</b>		<b>281,664</b>	<b>28.14</b>
<b>MATERIALS</b>						
<b>Diversified Metals &amp; Mining</b>						
BHP Group Limited	925,596	38,181		884,146	42,943	
Fortescue Metals Group Limited	938,000	16,443		938,000	21,893	
Rio Tinto Limited	160,860	16,520		160,860	20,371	
South32 Limited	1,073,446	4,229		800,446	2,345	
Deterra Royalties Limited	502,308	2,130		502,308	2,260	
Iluka Resources Limited	164,057	1,549		164,057	1,501	
		<b>79,052</b>	<b>8.33</b>		<b>91,313</b>	<b>9.12</b>
<b>Steel</b>						
Bluescope Steel Limited	471,711	7,500		471,711	10,359	
Sims Metal Management Limited	100,000	1,371		100,000	1,660	
		<b>8,871</b>	<b>0.93</b>		<b>12,019</b>	<b>1.20</b>
<b>Gold</b>						
Newcrest Mining Limited	8,508	178	0.02	8,508	215	0.02
<b>Chemicals</b>						
Orica Limited	541,764	8,544	0.90	541,764	7,195	0.72
<b>Construction Materials</b>						
James Hardie Industries plc	625,362	19,868		625,362	28,310	
Boral Limited	1,163,826	3,014		1,163,826	8,554	
Fletcher Building Limited	298,415	1,343		298,415	2,101	
CSR Limited	235,000	954		235,000	1,354	
Adbri Limited	280,000	678		280,000	972	
		<b>25,857</b>	<b>2.72</b>		<b>41,291</b>	<b>4.13</b>

# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 6-10 Investments in listed equities valued at fair value through other comprehensive income (continued)

SECTOR	2022			2021		
	No of shares or units	\$000	%	No of shares or units	\$000	%
<b>Containers &amp; Packaging</b>						
Amcor plc	853,133	15,391		853,133	12,908	
Orora Limited	1,258,507	4,594		1,258,507	4,191	
		<u>19,985</u>	<u>2.11</u>		<u>17,099</u>	<u>1.71</u>
		<u>142,487</u>	<u>15.01</u>		<u>169,132</u>	<u>16.90</u>
<b>CONSUMER STAPLES</b>						
<b>Food, Beverage &amp; Tobacco</b>						
Treasury Wine Estates Limited	274,795	3,119		274,795	3,210	
Inghams Group Limited	280,000	722		280,000	1,114	
Tassal Group Limited	270,000	1,293		270,000	967	
Graincorp Limited	112,000	1,065		112,000	578	
United Malt Group Limited	112,000	366		112,000	502	
		<u>6,565</u>	<u>0.69</u>		<u>6,371</u>	<u>0.64</u>
<b>Food &amp; Staples Retailing</b>						
Wesfarmers Limited	609,410	25,540		609,410	36,016	
Coles Group Limited	609,410	10,854		609,410	10,415	
Woolworths Limited	173,000	6,159		144,000	5,491	
Endeavour Group Limited	144,000	1,090		144,000	906	
		<u>43,643</u>	<u>4.60</u>		<u>52,828</u>	<u>5.28</u>
<b>Household &amp; Personal Products</b>						
Blackmores Limited	17,000	1,197	0.13	17,000	1,249	0.12
		<u>51,405</u>	<u>5.42</u>		<u>60,448</u>	<u>6.04</u>
<b>ENERGY</b>						
<b>Oil, Gas &amp; Consumable Fuels</b>						
Santos Limited	1,594,352	11,830		1,594,352	11,304	
Woodside Petroleum Limited	429,683	13,681		262,428	5,829	
Origin Energy Limited	1,139,489	6,529		1,139,489	5,139	
Ampol Limited	100,000	3,423		100,000	2,821	
		<u>35,463</u>	<u>3.74</u>		<u>25,093</u>	<u>2.51</u>
<b>UTILITIES</b>						
<b>Gas Utilities</b>						
APA Group	959,991	10,819	1.14	959,991	8,544	0.86
<b>Multi-Utilities</b>						
AGL Energy Limited	1,627,757	13,429	1.41	1,627,757	13,348	1.33
		<u>24,248</u>	<u>2.55</u>		<u>21,892</u>	<u>2.19</u>



# notes to the consolidated financial statements

FOR THE YEAR ENDED 30 JUNE 2022

## 6-10 Investments in listed equities valued at fair value through other comprehensive income (continued)

SECTOR	2022			2021		
	No of shares or units	\$000	%	No of shares or units	\$000	%
<b>INFORMATION TECHNOLOGY</b>						
<i>Software &amp; Services</i>						
Computershare Limited	22,273	549		22,273	376	
Link Administration Holdings Limited	207,000	785		207,000	1,043	
NextDC Limited	40,500	431		40,500	480	
Domain Holdings Australia Limited	20,000	60		20,000	103	
		<b>1,825</b>	<b>0.19</b>		<b>2,002</b>	<b>0.20</b>
<b>TELECOMMUNICATION SERVICES</b>						
<i>Telecommunication Services</i>						
Telstra Corporation Limited	4,583,600	17,647	1.86	4,333,600	16,294	1.63
<b>INDUSTRIALS</b>						
<i>Capital Goods</i>						
Seven Group Holdings Limited	100,000	1,661		100,000	2,035	
CIMIC Group Limited	-	-		60,765	1,202	
		<b>1,661</b>	<b>0.18</b>		<b>3,237</b>	<b>0.32</b>
<i>Commercial &amp; Professional Services</i>						
IPH Limited	222,500	1,816		222,500	1,736	
Brambles Limited	45,758	490		45,758	524	
Ovato Limited	-	-		1,193,000	4	
Left Field Printing Group Limited	9,072	1		9,072	1	
		<b>2,307</b>	<b>0.24</b>		<b>2,265</b>	<b>0.22</b>
<i>Transportation</i>						
Sydney Airport Limited	-	-		632,029	3,659	
Transurban Group	235,595	3,388		179,635	2,556	
Atlas Arteria	131,776	1,062		131,776	839	
		<b>4,450</b>	<b>0.47</b>		<b>7,054</b>	<b>0.70</b>
		<b>8,418</b>	<b>0.89</b>		<b>12,556</b>	<b>1.24</b>
<b>HEALTH CARE</b>						
<i>Health Care Equipment &amp; Services</i>						
Ansell Limited	222,854	4,956		222,854	9,696	
Sonic Healthcare Limited	82,370	2,719		82,370	3,163	
Healius Limited	303,945	1,115		303,945	1,407	
Ramsay Health Care Limited	14,500	1,062		-	-	
Resmed Inc.	31,000	951		-	-	
Estia Health Limited	160,000	307		160,000	395	
Japara Healthcare Limited	-	-		240,000	307	
Regis Healthcare Ltd	113,000	209		113,000	220	
		<b>11,319</b>	<b>1.19</b>		<b>15,188</b>	<b>1.52</b>
<b>TOTAL</b>		<b>949,299</b>	<b>100.00</b>		<b>1,000,907</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 12 to 32, and the Remuneration Report on pages 9 to 10, 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 2022 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 6-2 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 Corporations (Wholly owned Companies) Instrument 2016/785.
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 2022.
3. The directors draw attention to note 1-2 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 AM  
Director



M E BLEACH  
Director

Dated at Sydney 16 August 2022

# declarations



## 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 of Carlton Investments Limited for the financial year ended 30 June 2022 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.

A stylized, handwritten signature of the KPMG logo in blue ink.

KPMG

A handwritten signature in blue ink that reads 'Duncan McLennan'.

Duncan McLennan  
Partner

Sydney, Australia  
16 August 2022

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# Independent Auditor's Report

## To the shareholders of Carlton Investments Limited

### Report on the audit of the Financial Report

#### Opinion

We have audited the **Financial Report** of Carlton Investments Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2022;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

## Valuation of listed equity investments (\$949,299,000)

Refer to Note 3-1 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Valuation of investments in listed equities is a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>• Size of the Group's portfolio of listed equities. These investments represent 97% of the Group's total assets at year end; and</li> <li>• Importance of the performance of these investments in driving the Group's operating revenue and capital performance, as reported in the Financial Report.</li> </ul> <p>As a result, this was the area with the greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the accounting policies applied by the Group, including those relevant to the fair value of investments, against the requirements of the accounting standards;</li> <li>• We checked the existence of investments, being the ownership and quantity held, to external independent share registry electronic records as at 30 June 2022;</li> <li>• We checked the valuation of a sample of investments, as recorded in the general ledger, to externally quoted market prices from relevant stock exchanges on the 30 June 2022; and</li> <li>• We evaluated the Group's disclosures of investments, using our understanding obtained from our testing, against the requirements of the accounting standards.</li> </ul>

## Other Information

Other Information is financial and non-financial information in Carlton Investments Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

## Responsibilities of Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](http://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Carlton Investments Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

### Director's responsibilities

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 responsibilities

We have audited the Remuneration Report included in pages 9 to 10 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

Duncan McLennan  
Partner

Sydney, Australia  
16 August 2022

# securities exchange requirements

FOR THE YEAR ENDED 30 JUNE 2022

## DETAILS OF SHAREHOLDINGS

AS AT 17 AUGUST 2022

### 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

16,066,476\*

\* Includes associates' holdings

### SUBSTANTIAL SHAREHOLDERS - PREFERENCE SHARES

EVENT HOSPITALITY & ENTERTAINMENT LIMITED

37,941

### DISTRIBUTION OF SHAREHOLDERS

Category	No. of Shareholders	No. of Shares
<b>Ordinary</b>		
1 – 1,000	1,260	517,531
1,001 – 5,000	929	2,281,624
5,001 – 10,000	202	1,460,885
10,001 – 100,000	177	4,300,950
100,001 & Over	12	17,913,685
	<b>2,580</b>	<b>26,474,675</b>

Number of Ordinary Shareholders holding less than a marketable parcel 108

Category	No. of Shareholders	No. of Shares
<b>Preference</b>		
1 – 1,000	30	8,319
1,001 – 5,000	4	6,627
5,001 – 10,000	3	17,575
10,001 & Over	2	50,457
	<b>39</b>	<b>82,978</b>

Number of Preference Shareholders holding less than a marketable parcel 18

# securities exchange requirements

FOR THE YEAR ENDED 30 JUNE 2022

## DETAILS OF SHAREHOLDINGS (continued)

AS AT 17 AUGUST 2022

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	1,214,360	4.6
4. Washington H Soul Pattinson and Company Ltd	462,988	1.7
5. T N Phillips Investments Pty Limited	245,000	0.9
6. Somoke Pty Ltd (Pulman Super Fund A/C)	226,956	0.9
7. Gowing Bros Limited	206,224	0.8
8. A.J Dixon Pty Ltd (Super Fund A/C)	194,543	0.7
9. Marlen Pty Limited	176,785	0.7
10. Ravenscourt Proprietary Limited	167,226	0.6
11. Charles and Cornelia Goode Foundation Pty Ltd (CCG Foundation A/C)	136,000	0.5
12. Citicorp Nominees Pty Limited	116,733	0.4
13. Phillips JN	100,000	0.4
14. A & M Dixon Investments Pty Ltd	98,732	0.4
15. Govett Investments Pty Ltd	98,046	0.4
16. Hamilton RS	96,523	0.4
17. HSBC Custody Nominees (Australia) Limited	94,442	0.4
18. ACN 009 757 948 Pty Ltd	86,164	0.3
19. Bofinger Dr. M	85,313	0.3
20. Aygeear Pty Limited	85,246	0.3
	<b>18,658,151</b>	<b>70.5</b>
Issued Ordinary Shares	26,474,675	

TWENTY LARGEST PREFERENCE SHAREHOLDERS		
	No. of shares held	% of capital held
1. Event Hospitality & Entertainment Ltd	37,941	45.7
2. Morton IE & DL (Debian Super Fund A/C)	12,516	15.1
3. Wilcorp No 41 Pty Limited	6,010	7.2
4. Green A J	5,819	7.0
5. Winpar Holdings Limited	5,746	6.9
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. Lukins N L	466	0.6
18. Lamproglou J	350	0.4
19. Gowing J E	300	0.4
20. Morton I E	300	0.4
	<b>81,411</b>	<b>98.1</b>
Issued Preference Shares	82,978	



# ordinary dividends and share issues

SINCE 1 JULY 2012

Date	Share issue/Dividend	Issue price/ Dividend rate	Franking %
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
21/03/2016	Cash dividend	\$0.46	100
26/09/2016	Cash dividend	\$0.68	100
26/09/2016	Cash dividend – special	\$0.07	100
20/03/2017	Cash Dividend	\$0.48	100
25/09/2017	Cash Dividend	\$0.68	100
20/03/2018	Cash Dividend	\$0.51	100
24/09/2018	Cash Dividend	\$0.70	100
25/03/2019	Cash Dividend	\$0.55	100
23/09/2019	Cash Dividend	\$0.70	100
23/09/2019	Cash Dividend – special	\$0.08	100
23/03/2020	Cash Dividend	\$0.55	100
21/09/2020	Cash Dividend	\$0.56	100
22/03/2021	Cash Dividend	\$0.26	100
20/09/2021	Cash Dividend	\$0.41	100
21/03/2022	Cash Dividend	\$0.40	100
19/09/2022	Cash Dividend	\$0.44	100
19/09/2022	Cash Dividend - special	\$0.14	100



**Carlton Investments Limited**

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