

MILTON CORPORATION LIMITED

ABN 18 000 041 421

**APPENDIX 4D – HALF YEAR REPORT
RESULTS FOR ANNOUNCEMENT TO THE MARKET
HALF-YEAR ENDED 31 DECEMBER 2010**

(Comparative figures being the half-year ended 31 December 2009)

			<u>\$'000</u>
Revenue:			
Operating revenue	Up 29.9%	to	45,754
Special investment revenue	Up 35.6%	to	3,122
Profits:			
Operating profit after tax but before special investment revenue	Up 31.4%	to	42,903
Special investment revenue after tax	Up 34.5%	to	3,097
Acquisition related costs of subsidiaries after tax			(193)
Net profit for the half-year attributable to shareholders	Up 23.4%	to	<u>45,807</u>
Earnings per share:			
			<u>Cents</u>
Basic and diluted earnings per share including after tax special investment revenue	Up 9.3%	to	44.71
Basic and diluted earnings per share based on operating profit before special investment revenue	Up 16.3%	to	41.87
Dividends per ordinary share:			
Interim fully franked dividend paid 5 January 2011	Up 5.7%	to	37.0

Refer to the attached media release for commentary and explanation of the results.

This report is based on financial statements which have been subject to independent review by the auditors, Moore Stephens Sydney.

All documents comprise the information required by listing rule 4.2A.

This information should be read in conjunction with the most recent annual financial report.

MILTON CORPORATION LIMITED

A.B.N. 18 000 041 421

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ASX+MEDIA RELEASE

27 JANUARY 2011

RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2010

Milton Corporation Limited (Milton), an Australian listed investment company, is pleased to report its Underlying Operating Profit after Tax for the six months to 31 December 2010 increased to \$42.9 million, a lift of 31.4% over the previous corresponding six month period.

The Underlying Operating Profit after Tax received a boost from the acquisition of a private investment company in August 2010 and from the merger with Choiseul Investments Limited (Choiseul) in December 2010. Organic growth in earnings was achieved through the receipt of increased dividends from many of the companies in Milton's investment portfolio.

Milton's managing director, Mr Frank Gooch, said, "It is encouraging that many of the companies in the portfolio have increased their ordinary dividend and we are optimistic that we will see further increases in the upcoming reporting season."

This result included an interim dividend of \$1.2 million from Choiseul, which would normally have been received in the second half of the financial year but was brought forward to December 2010 as a consequence of the merger with Milton.

The weighted average earnings per share, based on the underlying operating profit, were 41.9 cents, an increase of 16.4% over the previous corresponding period.

This result is ahead of the forecast provided to the market on 18 November 2010, when the increased fully franked interim dividend of 37 cents per share was declared. Milton shareholders on the register at close of business on 14 December 2010 will have received this dividend on 5 January 2011. The payment of this interim dividend was brought forward due to the expected completion of the merger with Choiseul. In future years interim dividends are likely to be paid in March.

"The increase in the ordinary dividend is directly related to the increase in underlying earnings per share and is consistent with Milton's objective to pay increasing fully franked dividends to its shareholders." Mr Gooch said.

"We think it is important that shareholders' returns consist of fully franked cash dividends as well as capital growth." He added.

In addition to the underlying operating profit, Milton's Net profit after tax of \$45.8 million included special dividends of \$3.1 million and acquisition related costs of \$0.2 million.

The investment portfolio increased in value by \$513 million to \$1.966 billion over the six months to 31 December 2010. The acquisition of the private investment company and the merger with Choiseul contributed a net \$450 million to the increase.

During the period Ramsay Health Care Limited was added to the portfolio whilst Healthscope Limited, Adtrans Group Limited and Intoll Group were taken over.

At 31 December 2010 Milton's net tangible assets, before provision for tax on unrealised capital gains and after provision for Milton's interim dividend, amounted to \$2.1 billion, up from \$1.6 billion at 30 June 2010.

A large part of the increase was due to the Choiseul merger and the private investment company acquisition completed during the half year. These were funded by the issue of 26.2 million new Milton shares.

The net tangible asset backing per share, before provision for tax on unrealised capital gains, and after provision for Milton's interim dividend, was \$17.39 per share at 31 December 2010.

Over the ten years to 31 December 2010 Milton's shares have returned 10.5% per annum compounded. This return, which assumes the fully franked dividends are reinvested is known as the Total Shareholder Return (TSR) and compares quite favourably with the Accumulation Return of the All Ordinaries Index for the same period of 8.7% per annum.

Mr Gooch said, "This comparison actually understates Milton's performance as the TSR does not reflect the benefit of the fully franked component of the Milton dividends. Investors might also note that Milton's TSR is also inclusive of all operating costs."

Milton's chairman, Mr Robert Millner said, "Milton is positioned well to take advantage of the opportunities that are expected to arise over the next twelve months as the economy improves.

Following the merger with Choiseul, Milton has a \$2 billion equity investment portfolio as well as over \$100 million of cash available for investment in sound dividend paying companies.

We are optimistic that dividends overall will continue to increase and Milton will continue to increase its dividends as its underlying earnings per share increase."

ISSUED FOR : MILTON CORPORATION LIMITED

FOR FURTHER INFORMATION: MR FRANK GOOCH, MANAGING DIRECTOR
MILTON CORPORATION LIMITED
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BACKGROUND

Milton is a listed investment company that was incorporated in 1938.

Milton invests for the long-term in well managed companies with a profitable history and the expectation of dividend growth, and its key objective is to pay increasing fully franked dividends per share.

Milton operates with an internal management structure and does not have an external manager. Hence the administration costs as a percentage of total assets remains low when compared to many externally managed entities.

Milton's operating cost at 31 December 2010 was 0.16 per cent per annum.

MILTON'S TOTAL RETURNS

For the period ended 31 December 2010	TSR ⁽¹⁾ % p.a	TPR ⁽²⁾ % p.a.	All Ordinaries Accumulation Index % p.a.
10 years	10.5	10.2	8.7
5 years	1.1	3.5	4.9
3 years	(6.0)	(4.1)	(4.9)
1 year	(4.5)	0.7	3.3

(1) Total Shareholder Return (TSR) - Share price movement with dividends reinvested

(2) Total Portfolio Return (TPR) - Net asset backing movement with dividends reinvested

TPR is calculated after deducting all expenses, including income tax, and after allowing for tax paid on realised capital gains. This understates the TPR when compared with Accumulation Index which is not affected by expenses or tax.

MILTON'S INVESTMENT PROFILE

The 20 largest investments at 31 December 2010 are set out below.

COMPANY	MARKET VALUE \$ m	COMPANY	MARKET VALUE \$ m
Westpac Banking Corporation	231.4	Q B E Insurance Group Limited	49.1
Commonwealth Bank of Australia	152.9	Rio Tinto Limited	38.5
BHP Billiton Limited	140.6	Brickworks Limited	36.2
Washington H Soul Pattinson	114.6	Woodside Petroleum Limited	33.4
National Australia Bank Limited	102.6	Telstra Corporation Limited	29.3
Wesfarmers Limited	88.7	AGL Energy Limited	28.5
Campbell Brothers Limited	85.8	Perpetual Limited	25.5
Woolworths Limited	66.9	Suncorp-Metway Limited	24.4
Australia & New Zealand Banking Group	64.9	Leighton Holdings Limited	23.8
Bank of Queensland	60.8	Total market value of Top 20	1,454.7
Bendigo & Adelaide Bank Limited	56.8	Total Assets	2,154.0

CLASSIFICATION OF ASSETS

The following table shows assets at 31 December 2010 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

CLASSIFICATION	TOTAL ASSETS %	CLASSIFICATION	TOTAL ASSETS %
Banks	31.5	Real estate	2.1
Diversified financials	10.0	Healthcare	1.8
Materials	12.9	Telecommunications	1.6
Consumer staples	9.6	Other shares	5.4
Insurance	4.9	Cash and equivalents	7.5
Commercial services	4.6	Other assets	1.4
Energy	3.4		
Capital goods	3.3	Total	100

MILTON CORPORATION LIMITED

ABN 18 000 041 421

HALF-YEAR ENDED 31 DECEMBER 2010

DIRECTORS' REPORT

The directors of Milton Corporation Limited ("Milton") present their report together with the consolidated financial statements for the half-year ended 31 December 2010 and the auditor's independent review report thereon.

DIRECTORS

The names of the directors of Milton in office during the half-year and up to the date of this report are:-

Name

Robert D. Millner, FAICD (Chairman)

John N. Aitken, CA, F Fin

John F. Church, FCIS, F Fin

Graeme L. Crampton, B.Ec, FCA, FAICD

Francis G. Gooch B.Bus, CPA (Managing Director)

Ian A. Pollard, BA (Macq), MA (Oxon), D Phil (IMC), FIA, FIAA

REVIEW OF OPERATIONS

Operating profit after tax but before special investment and acquisition related costs of subsidiaries was up 31.4 % to \$42,903,000.

Profit after tax including special dividends and acquisition related costs of subsidiaries was \$45,807,000 representing an increase of 23.4 % over the previous corresponding half-year.

In August 2010, 2,446,521 ordinary shares were issued as consideration for the acquisition of an unlisted investment company.

In November 2010 shareholders of Choiseul Investments Limited (Choiseul) voted in favour of a scheme of arrangement to merge Choiseul with Milton. In accordance with the terms of the scheme Milton issued 23,803,854 new Milton shares to acquire the 88.1% of the issued capital of Choiseul that Milton did not already own. This brought Milton's ownership of Choiseul to 100% and Choiseul became a wholly owned subsidiary of Milton on 2 December 2010.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

ROUNDING OFF

Milton is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed on behalf of the board in accordance with a resolution of the directors.



R.D. Millner
Chairman

Sydney, 27 January 2011

Milton Corporation Limited
Consolidated income statement
for the half-year ended 31 December 2010

	Notes	Half-year	
		2010 \$'000	2009 \$'000
Operating revenue	2a	45,754	35,213
Share of net profits of joint ventures - equity accounted	5	809	1,298
Administration expenses	3	(1,570)	(1,647)
Operating profit before income tax expense, special investment revenue, acquisition related costs of subsidiaries and realised gains and losses		44,993	34,864
Income tax expense thereon*		(2,090)	(2,205)
Operating profit before special investment revenue, acquisition related costs of subsidiaries and realised gains and losses		42,903	32,659
Special investment revenue before tax	2b	3,122	2,303
Income tax expense thereon*		(25)	-
		3,097	2,303
Acquisition related costs of subsidiaries before tax		(275)	-
Income tax expense thereon*		82	-
		(193)	-
Operating profit before realised gains and losses		45,807	34,962
Realised gains on investments before tax		-	2,993
Income tax expense thereon*		-	(832)
Net realised gains on investments		-	2,161
Profit attributable to shareholders of Milton		45,807	37,123
* Total income tax expense		(2,033)	(3,037)
Basic and diluted earnings per share including after tax special investment revenue, acquisition related costs of subsidiaries and realised gains and losses (cents)		44.71	40.9
Basic and diluted earnings per share based on operating profit before special investment revenue, acquisition related costs of subsidiaries and realised gains and losses (cents)		41.87	36.0

The consolidated income statement is to be read in conjunction with the notes to the financial statements.

Milton Corporation Limited
Consolidated statement of comprehensive income
for the half-year ended 31 December 2010

	Notes	Half-year	
		2010 \$'000	2009 \$'000
Profit attributable to shareholders of Milton		45,807	37,123
Other comprehensive income			
Revaluation of investments		114,021	302,473
Provision for tax expense on revaluation of investments		(33,480)	(90,693)
Reduction of deferred tax on Choiseul consolidation		10,323	-
Net realised gains on investments transferred to the income statement from the asset revaluation reserve		-	(2,161)
Other comprehensive income net of income tax		90,864	209,619
Total comprehensive income attributable to shareholders of Milton		136,671	246,742

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Milton Corporation Limited
Consolidated statement of financial position
as at 31 December 2010

	31 December 2010 \$'000	30 June 2010 \$'000
Current assets		
Cash	143,693	100,637
Receivables	4,888	13,224
Other financial assets	<u>16,790</u>	<u>16,671</u>
Total current assets	<u>165,371</u>	<u>130,532</u>
Non-current assets		
Receivables	3,005	3,700
Investments	1,965,777	1,453,150
Joint ventures – equity accounted	18,089	16,646
Plant and equipment	122	125
Deferred tax assets	<u>1,480</u>	<u>908</u>
Total non-current assets	<u>1,988,473</u>	<u>1,474,529</u>
Total assets	<u>2,153,844</u>	<u>1,605,061</u>
Current liabilities		
Payables	270	303
Current tax liabilities	1,314	1,183
Provisions	103	95
Dividend payable	<u>36,194</u>	<u>-</u>
Total current liabilities	<u>37,881</u>	<u>1,581</u>
Non-current liabilities		
Deferred tax liabilities	166,971	130,757
Provisions	<u>488</u>	<u>415</u>
Total non-current liabilities	<u>167,459</u>	<u>131,172</u>
Total liabilities	<u>205,340</u>	<u>132,753</u>
Net assets	<u>1,948,504</u>	<u>1,472,308</u>
Shareholders' equity		
Issued capital	1,373,857	963,192
Capital profits reserve	107,327	70,080
Asset revaluation reserve	370,049	318,373
Retained profits	<u>97,271</u>	<u>120,663</u>
Total equity attributable to shareholders of Milton	<u>1,948,504</u>	<u>1,472,308</u>
Net tangible assets per share before provision for tax on unrealised capital gains and net of tax on realised capital losses	\$17.39	\$16.51
Net tangible assets per share after provision for tax on unrealised capital gains and net of tax on realised capital losses	\$16.02	\$15.17

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Milton Corporation Limited
Consolidated statement of changes in equity
for the half-year ended 31 December 2010

	Issued capital \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total shareholder s equity \$'000
Balance at 1 July 2010	963,192	70,080	318,373	120,663	1,472,308
Net profit	-	-	-	45,807	45,807
Other comprehensive income:					
Net revaluation of investments	-	-	80,541	-	80,541
Reduction of deferred tax on Choiseul consolidation	-	10,323	-	-	10,323
Total comprehensive income for the half-year	-	10,323	80,541	45,807	136,671
Net realised gains/losses	-	185	(185)	-	-
Gain on initial investment on Choiseul consolidation	-	28,680	(28,680)	-	-
Transactions with shareholders in their capacity as					
Share issues	410,665	-	-	-	410,665
LIC dividends paid	-	(1,941)	-	-	(1,941)
Dividends paid/payable	-	-	-	(69,199)	(69,199)
Balance at 31 December 2010	1,373,857	107,327	370,049	97,271	1,948,504
Balance at 1 July 2009	826,141	72,545	233,956	111,081	1,243,723
Net profit	-	-	-	37,123	37,123
Other comprehensive income:					
Net realised gains	-	-	(2,161)	-	(2,161)
Net revaluation of investments	-	-	211,780	-	211,780
Total comprehensive income for the half-year	-	-	209,619	37,123	246,742
Net realised gains/losses transferred to capital profits reserve	-	(160)	-	160	-
Transfer to asset revaluation reserve	-	(2,105)	2,105	-	-
Transactions with shareholders in their capacity as shareholders:					
Share issues	63,511	-	-	-	63,511
Dividends paid	-	-	-	(31,147)	(31,147)
Balance at 31 December 2009	889,652	70,280	445,680	117,217	1,522,829

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Milton Corporation Limited
Consolidated statement of cash flows
for the half-ended 31 December 2010

	Half-year	
	2010	2009
	\$'000	\$'000
Cash flows from operating activities		
Dividends and distributions received	59,207	41,680
Interest received	3,843	1,875
Distributions received from joint venture entities	850	-
Other receipts in the course of operations	276	837
Proceeds from of sales of trading securities	575	8,909
Payments for trading securities	-	(8,056)
Finance costs paid	-	(61)
Other payments in the course of operations	(1,556)	(1,873)
Income taxes paid	(2,027)	(1,585)
Net cash provided by operating activities	<u>61,168</u>	<u>41,726</u>
Cash flows from investing activities		
Proceeds from disposal of investments	14,483	11,522
Payments for investments	(15,402)	(24,288)
Payments for joint ventures	(1,484)	-
Cash on acquisition of subsidiaries	47,078	-
Payments for acquisition of subsidiaries	(275)	-
Payments of pre acquisition liabilities of subsidiary	(26,368)	-
Payments for plant and equipment	(9)	-
Loans (advanced to) repaid by other entities	(1,024)	1,944
Net cash provided by (used in) investing activities	<u>16,999</u>	<u>(10,822)</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	63,578
Payments for issue of shares	(165)	(95)
Proceeds from borrowings	-	229
Ordinary dividends paid	(34,946)	(31,147)
Net cash (used in) provided by financing activities	<u>(35,111)</u>	<u>32,565</u>
Net increase in cash assets held	43,056	63,469
Cash assets at the beginning of the half-year	<u>100,637</u>	<u>66,503</u>
Cash assets at the end of the half-year	<u>143,693</u>	<u>129,972</u>

The consolidated statement of cash flows is to be read in conjunction with the notes to the financial statements.

Milton Corporation Limited
Notes to the consolidated financial statements
for the half-year ended 31 December 2010

1. Statement of significant accounting policies

a. Basis of preparation

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, and other applicable Australian Accounting Standards (including Australian Accounting Interpretations).

These half-year financial statements do not include all the notes of the type normally included in an annual financial report. It is recommended that these half-year financial statements be read in conjunction with the 30 June 2010 annual financial report and any public announcements made by Milton and its controlled entities during the half-year in accordance with any continuous disclosure requirements arising under the Corporations Act 2001.

These financial statements have been prepared on an accruals basis and are based on the historical cost basis except as modified by the revaluation of investments which are recorded at fair value.

These consolidated half-year financial statements were approved by the Board of Directors on 27 January 2011.

This financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available in ASIC Class Order 98/100.

The accounting policies have been consistently applied by Milton and its consolidated entities and are consistent with those applied in the 30 June 2010 annual financial report.

b. Investments

Investments are recognised initially at cost and Milton has elected to present subsequent changes in fair value of equity instruments in other comprehensive income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of equity instruments.

Quoted investments are valued continuously at fair value, which is the price quoted on the Australian Securities Exchange.

When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the capital profits reserve.

Dividends and distributions are brought to account on the date that the investment trades "ex-dividend".

Ordinary dividends and ordinary trust distributions are included in operating revenue.

Special dividends and special trust distributions are included in special investment revenue as this revenue is of an irregular nature.

De-merger dividends arising from company de-consolidations are treated as returns of capital and not as dividends.

c. Operating segments

The consolidated entity operates in Australia only and the principal activity is investment.

		Half-Year	
		2010	2009
		\$'000	\$'000
2. Revenue			
a. Ordinary revenue			
Dividends and distributions		42,003	30,415
Interest		3,263	2,264
Net realised gains on trading portfolio		227	1,433
Other revenue		261	1,101
		<u>45,754</u>	<u>35,213</u>
b. Special investment revenue			
Dividends and distributions		<u>3,122</u>	<u>2,303</u>
3. Administration expenses			
Employment and administration		1,438	1,578
Occupancy		120	57
Depreciation		12	12
		<u>1,570</u>	<u>1,647</u>
4. Ordinary fully franked dividends			
a. Recognised in the half-year			
A final dividend in respect of the 2010 year of 36 cents per share paid on 1 September 2010 (2009: a final dividend in respect of the 2009 year of 35 cents per share paid on 11 September 2009)		34,946	31,147
An interim dividend of 37 cents per share paid on 5 January 2011		36,194	-
		<u>71,140</u>	<u>31,147</u>
b. Not recognised in the current half-year			
(2009: an interim dividend of 35 cents per share paid on 3 March 2010)		-	32,530
		<u>-</u>	<u>32,530</u>
5. Contribution from joint venture entities			
Details of joint venture entities			
Companies in the consolidated entity have entered into joint ventures to develop real property. These joint ventures which are held by subsidiaries have been accounted for using the equity accounting principles.			
Contribution from joint venture entities			
The group has interests in the following joint venture entities:			
33.33% interest in the Ellenbrook Syndicate Joint Venture contribution to operating profit before tax.		684	1,154
23.33% interest in the Mews Joint Venture contribution to operating profit before tax		125	144
50% interest in the LWP Huntlee Syndicate No 2 Joint Venture		-	-
Share of net profits of joint ventures		<u>809</u>	<u>1,298</u>

	31 December 2010 \$'000	30 June 2010 \$'000
6. Issued capital		
Movement in share capital		
Balance at 1 July 2010: 97,075,280 shares (1 July 2009: 88,988,740 shares)	963,192	826,141
(2009: share purchase plan issues of 3,953,829 shares for cash)	-	63,578
26,250,375 shares issued as consideration for acquisitions (2009: 4,132,711 shares)	439,341	73,570
Elimination of 1,700,000 shares in Milton held by Choiseul ⁽¹⁾	(28,560)	-
Share issue costs net of tax	(116)	(97)
Balance at 31 December 2010: 121,625,655 shares (30 June 2010: 97,075,280 shares)	<u>1,373,857</u>	<u>963,192</u>

⁽¹⁾ Choiseul owns 1,700,000 Milton shares which will be either cancelled or disposed of by December 2011.

7. Deferred tax liabilities

The balance comprises temporary differences attributable to:

Amounts recognised directly in equity:

Revaluation of investments

159,716 123,095

Amounts recognised in profit:

Realised capital losses

(11,707) (10,868)

Unrealised gains on trading securities

- 14

Income receivable which is not assessable for tax until receipt

18,962 18,516

166,971 130,757

8. Acquisition and disposal of controlled entities

a. Acquisition of subsidiaries

In August 2010 Milton acquired 100% of the shares in an unlisted investment company with the consideration consisting of the issue of 2,446,521 new Milton shares with a fair value of \$41,413,000.

In December 2010 Milton increased its ownership of Choiseul to 100% when it acquired 88.1% of the issued capital of Choiseul with the consideration consisting of 23,803,854 new Milton shares.

In the previous corresponding six months there were no acquisitions.

The main activity of the companies is investing in listed securities.

The operating results of the companies from the date of acquisition have been included in the consolidated income statement, while the assets and liabilities have been included in the consolidated statement of financial position.

Choiseul contributed revenues of \$1,520,000 and net profit of \$1,219,000 to the group for the period from 3 December 2010 to 31 December 2010. If the merger had occurred on 1 July 2010 consolidated revenue and consolidated profit for the half-year ended 31 December 2010 would have been \$61,671,000 and \$56,048,000 respectively.

The results of the unlisted investment company from 1 July 2010 to the date of acquisition and subsequent to that are not considered material to warrant separate disclosure.

The basis of fair value of the net assets acquired is the price quoted in an active market being the Australian Securities Exchange.

	Half-Year	
	2010	2009
	\$'000	\$'000
The assets and liabilities recognised as a result of the acquisitions are as follows:		
Choiseul		
Fair value of the net assets acquired:		
Investments	439,661	-
Liquid and other assets	51,634	-
Liabilities	(39,843)	-
	451,452	-

Unlisted Investment Company:

Fair value of the net assets acquired:

Investments	39,621	-
Liquid and other assets	2,781	-
Liabilities	(989)	-
	41,413	-

Total acquisition costs of \$275,000 are included in the consolidated income statement (2009: nil) and share issue costs of \$164,000 have been included in issued capital.

b. Disposal of subsidiaries

In December 2010 the unlisted investment company that was acquired and referred to in note 8a was placed into voluntary liquidation (2009: no disposals)

9. Contingencies and capital commitments

At 31 December 2010 the directors are not aware of any material contingent liabilities, contingent assets or capital commitments.

10. Events subsequent to balance date

There has been no transaction or event since 31 December 2010 to the date of this report of which the directors are aware that has had a material affect on Milton or its financial position.

MILTON CORPORATION LIMITED

ABN 18 000 041 421

HALF-YEAR ENDED 31 DECEMBER 2010

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 6 to 14 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
- (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.

This declaration is made in accordance with a resolution of the directors.



R.D. Millner
Chairman

Sydney, 27 January 2011

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**Auditor's Independence Declaration
to the Directors of Milton Corporation Limited
and its Controlled Entities**

As lead auditor for the review of Milton Corporation Limited and its Controlled Entities for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Milton Corporation Limited and its Controlled Entities during the period.



Moore Stephens Sydney
Chartered Accountants



Martin J. (Joe) Shannon
Partner

Dated in Sydney this 27th day of January 2011.

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MILTON CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Milton Corporation Limited (Milton) and its Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Milton and the entities it controlled at half year's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*. As the auditor of Milton Corporation Limited and its Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Milton Corporation Limited and its Controlled Entities is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*.

Moore Stephens Sydney

Moore Stephens Sydney
Chartered Accountants

Martin J. Shannon

Martin J. (Joe) Shannon
Partner

Dated in Sydney, the 27th day of January 2011.