

**MILTON CORPORATION LIMITED**

ABN 18 000 041 421

**APPENDIX 4D – HALF YEAR REPORT  
RESULTS FOR ANNOUNCEMENT TO THE MARKET  
HALF-YEAR ENDED 31 DECEMBER 2012**

(Comparative figures being the half-year ended 31 December 2011)

			<u>\$'000</u>
<b>Revenue:</b>			
Operating revenue	up 2.4%	to	57,757
Special investment revenue	up 77.3%	to	1,147
<b>Profits:</b>			
Profit after tax (before special investment revenue )	up 2.2%	to	55,163
Special investment revenue after tax	up 77.3%	to	1,147
Profit attributable to shareholders of Milton	up 3.1%	to	<u>56,310</u>
<b>Earnings per share:</b>			<u>Cents</u>
Basic and diluted earnings per share based on profit attributable to shareholders of Milton	up 3.1%	to	46.30
Basic and diluted earnings per share based on profit after tax <u>before</u> special investment revenue after tax	up 2.2%	to	45.35
<b>Dividend per ordinary share:</b>			
Interim fully franked dividend	up 2.6%	to	39.00
Record date for interim dividend is 20 February 2013			
Payment date is 6 March 2013			

**Net Tangible Asset Backing per Share**

NTA before provision for tax on unrealised capital gains was \$18.42 as at 31 December 2012 compared with \$16.08 as at 31 December 2011, an increase of 14.6%.

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**

**23 JANUARY 2013**

### **MILTON DECLARES AN INCREASED INTERIM DIVIDEND**

Net profit after tax for the six months to 31 December 2012 increased by 3.1% to \$56.3 million

This result included fully franked special dividend income of \$1.1 million which was received from Suncorp Group, New Hope Corporation, Graincorp and Woolworths. The Woolworths dividend was an in-specie distribution of Shopping Centres Australasia Group units.

Underlying operating profit, which excludes these specials, was 2.2% higher than the previous corresponding six months at \$55.2 million or 45.4 cents per share.

Milton's managing director, Mr Frank Gooch said, "Milton has lifted its fully franked interim dividend by 2.6% to 39 cents per share to pass on the benefit of the higher underlying operating profit to its shareholders."

"The inclusion of the Metcash 2012 final dividend and its 2013 interim dividend combined with increases in dividends from companies such as ALS, A.P. Eagers, Insurance Australia Group, Macquarie Group, Wesfarmers, W H Soul Pattinson and the larger banks offset disappointing falls in income from QBE and Perpetual," Mr Gooch said.

As expected lower term deposit rates affected the earnings on liquid assets with interest income reducing by 13.6% to \$3.0 million for the six months.

Lower interest rates have encouraged many investors to seek higher income by investing in companies that offer reliable franked dividends. This has contributed to an increase in the market as a whole with the All Ordinaries Index up 12.8% for the six months to 31 December 2012.

Mr Gooch said, "Milton's equity investment portfolio has been constructed over many years through the consistent application of its long held investment philosophy which is to invest in well managed companies that have a profitable history and the expectation of sound dividend growth. This portfolio, which represents 90% of total assets, delivered income growth and helped to lift Milton's NTA<sup>(1)</sup> by 12.2% over the six months to \$18.42 per share at 31 December 2012."

The return to equities by many investors has also contributed to the reduction in the discount to NTA at which Milton shares have traded over the six months. At 31 December 2012 the share price of \$17.68 represented a 4% discount to the NTA. The total shareholder return which includes dividends paid and share price appreciation for the six month period was 19.2% and this compares favourably with the accumulation return of the All Ordinaries Index of 15.5%. Milton's total shareholder return for the ten year period to 31 December 2012 was 9% per annum compounded which was in line with the accumulation return of All Ordinaries Index.

Milton has continued to invest cautiously over the last six months with \$15 million invested across 21 companies. The single largest additional investment was \$3 million in Telstra. McMillan Shakespeare was added to the portfolio with an initial investment of \$1 million.

Disposals of smaller holdings during the period included Cabcharge, Caltex, CSR and Hills Industries.

Milton's liquid assets at balance date totalled \$150 million which is sufficient to pay the increased interim dividend and to fund ongoing investment activities.

While there are some indications that the European and USA economies may be improving the Australian economy is softening.

Housing finance remains subdued and the domestic consumer remains reluctant to spend, despite a series of interest rates cuts by the RBA. Many companies have focused on cost cutting to maintain profitability and this has impacted the employment outlook. At the same time the strong Australian dollar continues to impact exporters including the mining companies many of which are also receiving lower prices for their commodities.

Milton will use the upcoming reporting season to gain further insight into the sustainability of earnings and dividends and seek to increase its investments as opportunities arise.

<sup>(1)</sup> NTA is net tangible assets per share, before provision for tax on unrealised capital gains.

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**ISSUED FOR : MILTON CORPORATION LIMITED**

**FOR FURTHER INFORMATION : MR FRANK GOOCH, MANAGING DIRECTOR  
MILTON CORPORATION LIMITED  
TEL: (02) 9993 0782 MOBILE: 0414 675 748**

## MILTON PROFILE

### Traditional investment company

Milton is a traditional investment company that was listed in 1958 and its key objective is to pay increasing fully franked dividends per share out of the dividends that it receives from its long term holdings in Australian equities.

Milton seeks to invest in well managed companies and trusts that are listed on the Australian Securities Exchange, have a profitable history and the expectation of dividend and distribution growth.

### Diversified portfolio of long term investments

This long term approach to investing results in low turnover of the portfolio which is not aligned to any index.

### CLASSIFICATION OF ASSETS

The following table shows assets at 31 December 2012 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

CLASSIFICATION	TOTAL ASSETS %	CLASSIFICATION	TOTAL ASSETS %
Banks	33.1	Capital goods	2.2
Consumer staples	10.5	Real estate	2.0
Materials	10.5	Healthcare	2.0
Diversified financials	9.9	Other shares	6.2
Commercial services	5.8	Total shares	92.1
Insurance	4.4	Cash & liquid assets	6.0
Telecommunication	2.9	Other assets	1.9
Energy	2.6	Total	100.0

Milton's 25 largest equity investments, which represent approximately 75% of total assets at 31 December 2012 are set out below.

COMPANY	MARKET VALUE \$ m	COMPANY	MARKET VALUE \$ m
Westpac Banking Corporation	271.3	CSL	31.6
Commonwealth Bank of Australia	187.3	Rio Tinto	29.8
Washington H Soul Pattinson	124.4	QBE Insurance Group	29.5
BHP Billiton	119.3	Suncorp-Metway	28.8
ALS Limited	117.1	Perpetual Trustees	28.4
National Australia Bank	109.3	Woodside Petroleum	27.2
Wesfarmers	105.1	AP Eagers	24.8
Woolworths	75.9	Coca-Cola Amatil	18.4
ANZ Banking Group	71.5	Insurance Australia Group	17.7
Telstra Corporation	55.3	Macquarie Bank	17.5
Bendigo and Adelaide Bank	48.5	Santos	15.6
Bank of Queensland	48.1		
Brickworks	37.2	Total market value of Top 25	1,675.0
AGL Energy	35.4	Total Assets	2,243.5

### Efficient, low cost operation

Milton's employees manage the company and its investments keeping administration costs low. For the six months to 31 December 2012, administration costs represented 0.16% per annum of the company's average total assets.

# MILTON CORPORATION LIMITED

ABN 18 000 041 421

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## HALF-YEAR ENDED 31 DECEMBER 2012

### 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 2012 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 F. Church, FCSA, F Fin, FAICD

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

Kevin J. Eley, CA, F Fin

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

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

#### REVIEW OF OPERATIONS

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Milton's equity investment portfolio has been constructed over many years through the consistent application of its long held investment philosophy which is to invest in well managed companies that have a profitable history and the expectation of sound dividend growth. This portfolio, which represents 90% of total assets, delivered income growth and helped to lift Milton's NTA by 12.2% over the six months to \$18.42 per share at 31 December 2012.

Milton has continued to invest cautiously over the last six months with \$15 million invested across 21 companies. The single largest additional investment was \$3 million in Telstra and McMillan Shakespeare was added to the portfolio with an initial investment of \$1 million.

Disposals of smaller holdings during the period included Cabcharge, Caltex, CSR and Hills Industries.

Milton's liquid assets at balance date totalled \$150 million which is sufficient to pay the increased interim dividend and to fund ongoing investment activities.

#### **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**

The company 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.

A handwritten signature in black ink, appearing to be 'R.D. Millner', with a long horizontal line extending to the right.

R.D. Millner

Chairman

Sydney, 23 January 2013

**Milton Corporation Limited**  
**Consolidated income statement**  
**for the half-year ended 31 December 2012**

		Half-year	
	Notes	2012 \$'000	2011 \$'000
Ordinary dividends and distributions		54,304	52,746
Interest		3,033	3,511
Net gains (loss) on trading portfolio		85	(24)
Other revenue		335	185
<b>Operating revenue</b>		<b>57,757</b>	<b>56,418</b>
Share of net profits of joint ventures – equity accounted	3	1,790	2,798
Special dividends and distributions		1,147	647
Income from operating activities		60,694	59,863
Administration expenses		(1,701)	(1,611)
<b>Profit before income tax expense</b>		<b>58,993</b>	<b>58,252</b>
Income tax expense thereon		(2,683)	(3,621)
<b>Profit attributable to shareholders of Milton</b>		<b>56,310</b>	<b>54,631</b>
		<b>Cents</b>	Cents
Basic and diluted earnings per share		46.30	44.92

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

**Milton Corporation Limited**  
**Consolidated statement of comprehensive income**  
**for the half-year ended 31 December 2012**

	<b>Half-year</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit</b>	<b>56,310</b>	54,631
Other comprehensive income net of income tax		
Revaluation of investments	<b>235,479</b>	(156,707)
Provision for tax (expense) benefit on revaluation of investments	<b>(70,889)</b>	46,753
	<hr/>	<hr/>
Other comprehensive income	<b>164,590</b>	(109,954)
	<hr/>	<hr/>
<b>Total comprehensive income attributable to shareholders of Milton</b>	<b>220,900</b>	(55,323)
	<hr/>	<hr/>

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



**Milton Corporation Limited**  
**Consolidated statement of financial position**  
**as at 31 December 2012**

	<b>31 December 2012 \$'000</b>	30 June 2012 \$'000
<b>Current assets</b>		
Cash	134,648	117,618
Receivables	3,073	22,237
Other financial assets	14,989	14,951
<b>Total current assets</b>	<u>152,710</u>	<u>154,806</u>
<b>Non-current assets</b>		
Receivables	3,280	3,433
Investments	2,067,208	1,825,344
Joint ventures – equity accounted	19,620	18,341
Plant and equipment	61	66
Deferred tax assets	672	786
<b>Total non-current assets</b>	<u>2,090,841</u>	<u>1,847,970</u>
<b>Total assets</b>	<u>2,243,551</u>	<u>2,002,776</u>
<b>Current liabilities</b>		
Payables	748	2,938
Current tax liabilities	1,131	1,767
Provisions	236	163
<b>Total current liabilities</b>	<u>2,115</u>	<u>4,868</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	188,180	116,901
Provisions	334	334
<b>Total non-current liabilities</b>	<u>188,514</u>	<u>117,235</u>
<b>Total liabilities</b>	<u>190,629</u>	<u>122,103</u>
<b>Net assets</b>	<u>2,052,922</u>	<u>1,880,673</u>
<b>Shareholders' equity</b>		
Issued capital	1,373,857	1,373,857
Capital profits reserve	93,982	98,411
Asset revaluation reserve	428,392	259,373
Retained profits	156,691	149,032
<b>Total equity attributable to shareholders of Milton</b>	<u>2,052,922</u>	<u>1,880,673</u>

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

**Milton Corporation Limited**  
**Consolidated statement of changes in equity**  
**for the half-year ended 31 December 2012**

	Issued capital \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total shareholders equity \$'000
<b>Balance at 1 July 2012</b>	<b>1,373,857</b>	<b>98,411</b>	<b>259,373</b>	<b>149,032</b>	<b>1,880,673</b>
<b>Profit</b>	-	-	-	<b>56,310</b>	<b>56,310</b>
<b>Other comprehensive income:</b>					
<b>Net revaluation of investments</b>	-	-	<b>164,590</b>	-	<b>164,590</b>
<b>Total comprehensive income for the half-year</b>	-	-	<b>164,590</b>	<b>56,310</b>	<b>220,900</b>
<b>Net realised loss</b>	-	<b>(4,429)</b>	<b>4,429</b>	-	-
<b>Transactions with shareholders in their capacity as shareholders:</b>					
<b>Dividends paid</b>	-	-	-	<b>(48,651)</b>	<b>(48,651)</b>
<b>Balance at 31 December 2012</b>	<b>1,373,857</b>	<b>93,982</b>	<b>428,392</b>	<b>156,691</b>	<b>2,052,922</b>
<b>Balance at 1 July 2011</b>	<b>1,373,857</b>	<b>99,084</b>	<b>341,531</b>	<b>145,348</b>	<b>1,959,820</b>
<b>Profit</b>	-	-	-	<b>54,631</b>	<b>54,631</b>
<b>Other comprehensive income:</b>					
<b>Net revaluation of investments</b>	-	-	<b>(109,954)</b>	-	<b>(109,954)</b>
<b>Total comprehensive income for the half-year</b>	-	-	<b>(109,954)</b>	<b>54,631</b>	<b>(55,323)</b>
<b>Net realised gains</b>	-	<b>843</b>	<b>(843)</b>	-	-
<b>Transactions with shareholders in their capacity as shareholders:</b>					
<b>Dividends paid</b>	-	-	-	<b>(53,515)</b>	<b>(53,515)</b>
<b>Balance at 31 December 2011</b>	<b>1,373,857</b>	<b>99,927</b>	<b>230,734</b>	<b>146,464</b>	<b>1,850,982</b>

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

**Milton Corporation Limited**  
**Consolidated statement of cash flows**  
**for the half-ended 31 December 2012**

	Half-year	
	2012	2011
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Dividends and distributions received	72,494	69,224
Interest received	3,134	3,820
Distributions received from joint venture entities	1,283	3,613
Other receipts in the course of operations	335	185
Proceeds from sales of trading securities	-	1,045
Payments for trading securities	-	(1,077)
Other payments in the course of operations	(1,799)	(1,880)
Income taxes paid	(2,815)	(2,803)
<b>Net cash provided by operating activities</b>	<b>72,632</b>	<b>72,127</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investments	10,476	32,497
Payments for investments	(16,986)	(31,655)
Proceeds from disposal of other financial assets	1,200	1,769
Payments for other financial assets	(1,776)	(200)
Loans repaid by (advanced to) other entities	135	44
<b>Net cash provided by investing activities</b>	<b>(6,951)</b>	<b>2,455</b>
<b>Cash flows from financing activities</b>		
Ordinary dividends paid	(48,651)	(47,434)
Special dividends paid	-	(6,081)
<b>Net cash used in financing activities</b>	<b>(48,651)</b>	<b>(53,515)</b>
<b>Net increase in cash assets held</b>	<b>17,030</b>	<b>21,067</b>
<b>Cash assets at the beginning of the half-year</b>	<b>117,618</b>	<b>127,479</b>
<b>Cash assets at the end of the half-year</b>	<b>134,648</b>	<b>148,546</b>

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

**Milton Corporation Limited**  
**Notes to the consolidated financial statements**  
**for the half-year ended 31 December 2012**

**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 2012 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 23 January 2013.

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 2012 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".

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.

	<b>Half-Year</b>	
	<b>2012</b>	2011
	<b>\$'000</b>	\$'000
<b>2. Ordinary and Special fully franked dividends</b>		
<b>a. Recognised in the half-year</b>		
A final ordinary dividend in respect of the 2012 year of 40 cents per share paid on 4 September 2012. (2011: a final ordinary dividend in respect of the 2011 year of 39 cents per share paid on 20 September 2011)	<b>48,651</b>	47,434
(2011 a special dividend in respect of the 2011 year of 5 cents per share paid on 20 September 2011)	-	6,081
	<u><b>48,651</b></u>	<u><b>53,515</b></u>
<b>b. Not recognised in the current half-year</b>		
Since the end of the half year, the directors declared an interim dividend of 39 cents per share payable on 6 March 2013. (2011; an interim dividend of 38 cents per share paid on 29 February 2012)	<u><b>47,434</b></u>	<u>46,218</u>
<b>3. Contribution from joint venture entities</b>		
<b>Details of joint venture entities</b>		
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.		
<b>Contribution from joint venture entities</b>		
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	<b>1,845</b>	2,773
23.33% interest in the Mews Joint Venture contribution to operating profit before tax	<b>(44)</b>	25
50% interest in the LWP Huntlee Syndicate No 2 joint Venture contribution to operating profit before tax	<u><b>(11)</b></u>	-
Share of net profits of joint ventures	<b>1,790</b>	2,798

	<b>31 December 2012 \$'000</b>	30 June 2012 \$'000
<b>4. Deferred tax liabilities</b>		
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Revaluation of investments	<b>186,817</b>	115,316
Realised capital losses	<b>(15,746)</b>	(15,510)
Amounts recognised in profit:		
Realised capital gains	<b>832</b>	832
Income receivable which is not assessable for tax until receipt	<b>16,277</b>	16,263
	<b>188,180</b>	116,901

**5. Contingencies and capital commitments**

At 31 December 2012 the directors are not aware of any material contingent liabilities, contingent assets or capital commitments.

**6. Events subsequent to balance date**

There has been no transaction or event since 31 December 2012 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

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## HALF-YEAR ENDED 31 DECEMBER 2012

### DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 7 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 2012 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, 23 January 2013

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**Auditor's Independence Declaration  
to the Directors of Milton Corporation Limited**

As lead auditor for the review of Milton Corporation Limited and its Controlled Entities for the half-year ended 31 December 2012, 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.



**Moore Stephens Sydney**  
Chartered Accountants



**Martin J. (Joe) Shannon**  
Partner

Dated in Sydney this 23<sup>rd</sup> day of January 2013.



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## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MILTON CORPORATION LIMITED**

### **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 2012, 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 Milton Corporation Limited 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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due fraud or error.

#### *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 2012 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.

*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 2012 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 23<sup>rd</sup> day of January 2013.