

**MILTON CORPORATION LIMITED**

ABN 18 000 041 421

**APPENDIX 4D – HALF YEAR REPORT  
RESULTS FOR ANNOUNCEMENT TO THE MARKET  
HALF-YEAR ENDED 31 DECEMBER 2013****(Comparative figures being the half-year ended 31 December 2012)**

<b>Revenue:</b>			<b>\$'000</b>
Operating revenue	Up 5.9%	to	61,167
Special investment revenue	Up 110%	to	2,408
<b>Profits:</b>			
Profit after tax (before special investment revenue )	Up 6.7%	to	58,846
Special investment revenue after tax	Up 109%	to	2,397
Profit attributable to shareholders of Milton	Up 8.8%	to	61,243
<b>Earnings per share:</b>			
<b>Cents</b>			
Basic and diluted earnings per share based on profit attributable to shareholders of Milton	Up 6.8% <sup>(1)</sup>	to	9.89
Basic and diluted earnings per share based on profit after tax <u>before</u> special investment revenue after tax	Up 4.8% <sup>(1)</sup>	to	9.50
<b>Ordinary dividend per share:</b>			
Interim fully franked dividend	Up 5.1% <sup>(1)</sup>	to	8.2
Record date for interim dividend is 19 February 2014 Payment date is 4 March 2014			

**Dividend Reinvestment Plan**

Milton has introduced a Dividend Reinvestment Plan (DRP) which will be in operation for the interim dividend. Eligible Shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares will be equal to the volume weighted average selling price (VWAP) over the five day period commencing on the first trading day after the Record Date being 20 February 2014. The last day for the receipt of an election notice for participation in the DRP is 20 February 2014.

**Net Tangible Asset Backing per Share**

Net Tangible Asset Backing per Share before provision for tax on unrealised capital gains (NTA) was \$4.32 as at 31 December 2013 compared with \$3.68<sup>(1)</sup> as at 31 December 2012, an increase of 17.4%.

<sup>(1)</sup> Comparative figures have been re-stated to reflect the 5 for 1 share split in October 2013.

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 2013 Annual Financial Report.

# **MILTON CORPORATION LIMITED**

A.B.N. 18 000 041 421

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ASX code: MLT

Share Registry Enquiries: 1800 641 024

## **ASX+MEDIA RELEASE**

**22 JANUARY 2014**

### **MILTON LIFTS THE FULLY FRANKED INTERIM DIVIDEND TO 8.2 CPS AND INTRODUCES A DIVIDEND REINVESTMENT PLAN**

Milton Corporation's shareholders will receive an increased fully franked interim dividend of 8.2 cents per share on 4 March 2014 and may now participate in a dividend reinvestment plan (DRP).

Milton's managing director, Mr Frank Gooch, said "Milton's diversified portfolio of Australian listed companies has once again delivered increased investment income, which we are pleased to pass on to our shareholders."

Included in net profit after tax of \$61.2 million were ordinary investment income of \$57.6 million and special dividend income of \$2.4 million.

Underlying operating profit of \$58.8 million, which excludes the special dividend income, was 6.7% higher than the previous corresponding half.

Strong equity market returns over the year lifted Milton's net tangible asset backing per share before provision for tax on unrealised capital gains (NTA) to \$4.32 at 31 December 2013 compared with \$3.68<sup>(2)</sup> at 31 December 2012.

"Milton's internal management structure and focus on shareholder returns enabled operating costs to be maintained at a similar level as last year even though the NTA increased by 17.4% and the company's total assets, which are now valued at \$2.7 billion, are more than 20% higher than a year ago," Mr Gooch said.

"Milton's annualised operating costs for the half year represented just 0.13% of average total assets," he said.

Milton recently introduced a number of initiatives to enhance its attractiveness to retail investors and self managed superannuation funds.

The Share Purchase Plan (SPP) was reinstated in September 2013 and it was well supported with 5,500 shareholders participating. The SPP enabled shareholders to acquire additional Milton shares at a discount of 2.5% to the market price and it increased Milton's funds available for investment by \$63 million.

In October 2013 Milton's shares were split into five shares for each existing share on issue. Since the split there has been an improvement in the liquidity and turnover in the trading of Milton's shares.

The directors have introduced a DRP to enable shareholders to increase their investment in Milton without incurring any transaction costs. The DRP will commence with the 2014 interim dividend. Shareholders who wish to participate in the DRP must lodge their election with the share registry by 20 February 2014.

Pricing of the new DRP will be equal to the volume weighted average selling price over the five day period commencing on the first trading day after the Record Date being 20 February 2014.

During the half to December 2013, Milton continued to actively manage its portfolio with \$63 million being invested in over 30 companies that are expected to deliver consistent dividends and sound long term returns. In the same period disposals amounted to \$6 million.

The larger purchases included partial participation in the ALS rights issue in July 2013 with \$3 million invested and participation in the recent IAG placement with a further \$5 million invested. In addition Milton increased its holding of Rio Tinto by \$5 million, APA Group by \$3.7 million and Tatts Group by \$3 million.

The larger disposals included a reduction in the QBE holding and the sale of the investment in Fairfax Media.

In November 2013 the shareholders of The Trust Company approved a scheme of arrangement to merge with Perpetual Limited. Milton elected to receive Perpetual scrip as consideration for its long term investment in The Trust Company and consequently Milton received shares in Perpetual Limited valued at \$24 million in December 2013. As a further consequence of the merger Milton received \$0.6 million in special fully franked dividends from The Trust Company.

Milton's diversified portfolio, which is not aligned with any stock market index, performed quite strongly over the year to 31 December 2013. The total return of Milton's portfolio (TPR) for the year was 22.1%. This return is based on the movement in the company's NTA combined with dividends paid and compared favourably with the accumulation return of the All Ordinaries Index of 19.7%.

Mr Gooch said, "This comparison tends to understate Milton's relative performance as Milton's NTA is reduced by income tax paid and expenses incurred whereas the All Ordinaries Index is unaffected by these items."

"Perhaps more importantly Milton's TPR has outperformed the index over longer periods with the ten year TPR of 9.7% per annum compounded exceeding the accumulation return of the All Ordinaries index of 9.1%," he added.

The domestic economy is likely to face a few challenges over the next twelve months however many Australian companies have restructured their operations and lowered their cost bases and are expected to at least maintain their dividends.

Whilst Milton's investment portfolio comprises Australian listed companies, many of these companies have operations off shore and are expected to benefit from an improvement in global economic conditions over the next twelve months as well as from any depreciation of the Australian dollar.

Milton's chairman, Mr Robert Millner said that he was confident that the investment portfolio, as a whole, will deliver sufficient investment income to enable Milton to at least maintain its fully franked final dividend of 8.6 cents per share.

<sup>(2)</sup> NTA disclosed in the 2012 half year financial statement was \$18.42. This number has been restated to reflect the 5 for 1 share split which occurred in October 2013.

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<b>ISSUED FOR:</b>	<b>MILTON CORPORATION LIMITED</b>
<b>FOR FURTHER INFORMATION:</b>	<b>MR FRANK GOOCH, MANAGING DIRECTOR</b>
<b>TELEPHONE:</b>	<b>(02) 9993 0782 (OFFICE)</b> <b>0414 675 748 (MOBILE)</b>

## MILTON VALUE PROPOSITION

*Milton pays fully franked dividends semi annually*

- Milton has paid a dividend every year since listing in 1958
  - Milton's 2014 interim dividend of 8.2 cps paid is 5.1% higher than the 2013 interim dividend
- Milton provides exposure to a diverse portfolio of Australian listed companies*

- Investment portfolio at 31 December 2013 was valued at \$2.5 billion

*Milton is an efficient, low cost and professionally managed collective investment*

- Total annualised operating costs represent approximately 0.13% per annum of average total assets
- Milton is internally managed and no fees are paid to an external manager

## CONSISTENT LONG TERM RETURNS

The compound returns shown in the following table comprise both capital gains and dividend income. The returns do not include any benefit from the franking attached to Milton's fully franked dividends.

	1 year % per annum	3 years % per annum	5 years % per annum	10 years % per annum	15 years % per annum
<b>TSR</b>	24.9	14.0	13.2	9.2	10.9
<b>TPR</b>	22.1	11.7	13.5	9.7	10.3
<b>XAOAI</b>	19.7	8.0	12.7	9.2	8.6

TSR - Total shareholder Return. TPR - Total Portfolio Return. XAOAI - All Ordinaries Accumulation

## ASSET COMPOSITION at 31 December 2013

Milton's assets were valued at \$2.7 billion of which 93% were investments in Australian listed companies and trusts.

The following table shows assets at 31 December 2013 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

CLASSIFICATION	TOTAL ASSETS %	CLASSIFICATION	TOTAL ASSETS %
Banks	36.0	Healthcare	2.2
Materials	9.9	Real estate	2.1
Consumer staples	9.8	Capital goods	1.8
Energy	7.5	Other shares	6.5
Diversified financials	5.3	Total shares	93.0
Insurance	4.4	Cash & liquid assets	5.5
Commercial services	4.1	Other assets	1.5
Telecommunication	3.4	Total	100.0

Milton's 25 largest equity investments, which represent approximately 76% of total assets at 31 December 2013, are set out below.

COMPANY	MARKET VALUE \$ m	COMPANY	MARKET VALUE \$ m
Westpac Banking Corporation	338.3	CSL	40.5
Commonwealth Bank of Australia	235.6	Suncorp Group	39.2
National Australia Bank	152.8	Rio Tinto	37.1
Washington H Soul Pattinson	133.5	AGL Energy	35.5
BHP Billiton	125.9	Woodside Petroleum	31.8
Wesfarmers	124.7	QBE Insurance Group	30.1
ALS	99.0	AP Eagers	28.9
ANZ Banking Group	95.4	Insurance Australia Group	27.2
Woolworths	91.0	Macquarie Bank	25.6
Bank of Queensland	79.7	Santos	20.6
Telstra Corporation	71.3	InvoCare	20.3
Bendigo and Adelaide Bank	67.1		
Perpetual	65.6	Total market value of Top 25	2,063.0
Brickworks	46.3	Total Assets	2,711.3

# MILTON CORPORATION LIMITED

ABN 18 000 041 421

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## HALF-YEAR ENDED 31 DECEMBER 2013

### 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 2013 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, FAICD

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

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

#### REVIEW OF OPERATIONS

Net profit after tax of \$61.2 million comprised \$57.6 million of ordinary investment income and \$2.4 million of special dividend income.

Underlying operating profit of \$58.8 million, which excludes the special dividend income, was 6.7% higher than the previous corresponding half.

Strong equity market returns over the year lifted Milton's net tangible asset backing per share before provision for tax on unrealised capital gains (NTA) to \$4.32 at 31 December 2013 compared with \$3.68<sup>(1)</sup> at 31 December 2012.

The Share Purchase Plan (SPP) was reinstated in September 2013 and it was well supported with 5,500 shareholders participating. The SPP enabled shareholders to acquire additional Milton shares at a discount of 2.5% to the market price and it increased Milton's funds available for investment by \$63 million.

In October 2013 Milton's shares were split into five shares for each existing share on issue. Since the split there has been an improvement in the liquidity and turnover in the trading of Milton's shares.

During the half to December 2013, Milton continued to actively manage its portfolio with \$63 million being invested in over 30 companies that are expected to deliver consistent dividends and sound long term returns. In the same period disposals amounted to \$6 million.

The larger purchases included partial participation in the ALS rights issue in July 2013 with \$3 million invested and participation in the recent IAG placement with a further \$5 million invested. In addition Milton increased its holding of Rio Tinto by \$5 million, APA Group by \$3.7 million and Tatts Group by \$3 million.

The larger disposals included a reduction in the QBE holding and the sale of the investment in Fairfax Media.

## **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.



R.D. Millner

Chairman

Sydney, 22 January 2014

**Milton Corporation Limited**  
**Consolidated income statement**  
**for the half-year ended 31 December 2013**

	Notes	Half-year	
		2013 \$'000	2012 \$'000
Ordinary dividends and distributions		57,774	54,304
Interest		2,445	3,033
Net gains (loss) on trading portfolio		686	85
Other revenue		262	335
<b>Operating revenue</b>		<b>61,167</b>	<b>57,757</b>
Share of net profits of joint ventures – equity accounted	3	1,712	1,790
Special dividends and distributions		2,408	1,147
Income from operating activities		65,287	60,694
Administration expenses		(1,678)	(1,701)
<b>Profit before income tax expense</b>		<b>63,609</b>	<b>58,993</b>
Income tax expense thereon		(2,366)	(2,683)
<b>Profit attributable to shareholders of Milton</b>		<b>61,243</b>	<b>56,310</b>
		Cents	Cents
Basic and diluted earnings per share	4	9.89	9.26 <sup>(1)</sup>

<sup>(1)</sup> The basic and diluted earnings per share disclosed in the 2012 half year financial statement was 46.3cps. This number has been restated to reflect the 5 for 1 share split which occurred in October 2013.

*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 2013**

	<b>Half-year</b>	
	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>Profit</b>	<b>61,243</b>	56,310
Other comprehensive income net of income tax		
<i>Items that will not be reclassified to profit and loss</i>		
Revaluation of investments	<b>264,916</b>	235,479
Provision for tax (expense) benefit on revaluation of investments	<b>(79,345)</b>	(70,889)
	<hr/>	<hr/>
Other comprehensive income	<b>185,571</b>	164,590
	<hr/>	<hr/>
<b>Total comprehensive income attributable to shareholders of Milton</b>	<b>246,814</b>	220,900

*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 2013**

	Notes	31 December 2013 \$'000	30 June 2013 \$'000
<b>Current assets</b>			
Cash		148,059	114,804
Receivables		3,291	23,170
Other financial assets		<u>12,693</u>	<u>14,410</u>
<b>Total current assets</b>		<u>164,043</u>	<u>152,384</u>
<b>Non-current assets</b>			
Receivables		3,488	2,925
Investments		2,522,536	2,202,530
Joint ventures – equity accounted		20,667	19,664
Plant and equipment		55	52
Deferred tax assets		<u>497</u>	<u>538</u>
<b>Total non-current assets</b>		<u>2,547,243</u>	<u>2,225,709</u>
<b>Total assets</b>		<u>2,711,286</u>	<u>2,378,093</u>
<b>Current liabilities</b>			
Payables		782	834
Current tax liabilities		91	1,112
Provisions		<u>66</u>	<u>60</u>
<b>Total current liabilities</b>		<u>939</u>	<u>2,006</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	5	302,805	223,282
Provisions		<u>431</u>	<u>412</u>
<b>Total non-current liabilities</b>		<u>303,236</u>	<u>223,694</u>
<b>Total liabilities</b>		<u>304,175</u>	<u>225,700</u>
<b>Net assets</b>		<u>2,407,111</u>	<u>2,152,393</u>
<b>Shareholders' equity</b>			
Issued capital	6	1,447,919	1,384,438
Capital profits reserve		78,629	91,332
Asset revaluation reserve		710,732	512,458
Retained profits		<u>169,831</u>	<u>164,165</u>
<b>Total equity attributable to shareholders of Milton</b>		<u>2,407,111</u>	<u>2,152,393</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 2013**

	Issued capital \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total shareholders equity \$'000
<b>Balance at 1 July 2013</b>	<b>1,384,438</b>	<b>91,332</b>	<b>512,458</b>	<b>164,165</b>	<b>2,152,393</b>
<b>Profit</b>	-	-	-	<b>61,243</b>	<b>61,243</b>
<b>Other comprehensive income:</b>					
<b>Net revaluation of investments</b>	-	-	<b>185,571</b>	-	<b>185,571</b>
<b>Total comprehensive income for the half-year</b>	-	-	<b>185,571</b>	<b>61,243</b>	<b>246,814</b>
<b>Net realised loss</b>	-	<b>(12,703)</b>	<b>12,703</b>	-	-
<b>Transactions with shareholders in their capacity as shareholders:</b>					
<b>Share issues net of transaction costs</b>	<b>63,481</b>	-	-	-	<b>63,481</b>
<b>Dividends paid</b>	-	-	-	<b>(55,577)</b>	<b>(55,577)</b>
<b>Balance at 31 December 2013</b>	<b>1,447,919</b>	<b>78,629</b>	<b>710,732</b>	<b>169,831</b>	<b>2,407,111</b>
<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>

*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 2013**

	Half-year	
	2013	2012
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Dividends and distributions received	79,972	72,494
Interest received	2,550	3,134
Distributions received from joint venture entities	1,183	1,283
Other receipts in the course of operations	242	335
Proceeds from sales of trading securities	837	-
Payments for trading securities	(150)	-
Other payments in the course of operations	(1,835)	(1,799)
Income taxes paid	(3,111)	(2,815)
<b>Net cash provided by operating activities</b>	<b>79,688</b>	<b>72,632</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investments	9,640	10,476
Payments for investments	(62,915)	(16,986)
Proceeds from disposal of other financial assets	-	1,200
Payments for other financial assets	(487)	(1,776)
Loans repaid by other entities	122	441
Loans (advanced to) other entities	(662)	(306)
<b>Net cash provided by investing activities</b>	<b>(54,302)</b>	<b>(6,951)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issues	63,563	-
Payments arising from capital raising	(117)	-
Ordinary dividends paid	(52,523)	(48,651)
Special dividend paid	(3,054)	-
<b>Net cash used in financing activities</b>	<b>7,869</b>	<b>(48,651)</b>
<b>Net increase in cash assets held</b>	<b>33,255</b>	<b>17,030</b>
<b>Cash assets at the beginning of the half-year</b>	<b>114,804</b>	<b>117,618</b>
<b>Cash assets at the end of the half-year</b>	<b>148,059</b>	<b>134,648</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 2013**

**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 2013 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 22 January 2014.

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 2013 annual financial report. Additionally Milton has adopted AASB 13- *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB-13* for the half ended 31 December 2013 which is mandatory for annual reporting periods beginning on or after 1 January 2013. These standards explain how to measure fair value and enhance fair value disclosures. There is no effect on the measurement of Fair Value of Milton's assets and liabilities as a result of adoption of AASB 13 and AASB 2011-8. However, Milton has enhanced its disclosures on fair value measurements of its quoted investments under note 1(b) as per the requirements of these two new standards.

**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 determined by the unadjusted last-sale price quoted on the Australian Securities Exchange at the measurement date. Use of unadjusted last sale price in an active market such as the Australian Securities Exchange falls within the Level 1 fair value hierarchy of measuring fair value under AASB 13. 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 dividend income.

**c. Operating segments**

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

	Half-Year	
	2013 \$'000	2012 \$'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 2013 year of 8.6 <sup>(1)</sup> cents per share paid on 4 September 2013. (2012: a final ordinary dividend in respect of the 2012 year of 8.0 <sup>(1)</sup> cents per share paid on 4 September 2012)	52,523	48,651
A special dividend in respect of the 2013 year of 0.5 <sup>(1)</sup> cents per share paid on 4 September 2013. (2012 : Nil)	3,054	-
	55,577	48,651
<b>b. Not recognised in the current half-year</b>		
Since the end of the half year, the directors declared an interim dividend of 8.2 cents per share payable on 4 March 2014. (2012; an interim dividend of 7.8 <sup>(1)</sup> cents per share paid on 6 March 2013)	51,443	47,434
	51,443	47,434
<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	1,774	1,845
23.33% interest in the Mews Joint Venture Contribution to operating profit before tax	46	(44)
50% interest in the LWP Huntlee Syndicate No 2 Joint Venture Contribution to operating profit before tax	(108)	(11)
Share of net profits of joint ventures	1,712	1,790
<b>4. Earnings per share</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	9.89	9.26 <sup>(1)</sup>
	<b>\$'000</b>	<b>\$'000</b>
Profit attributable to shareholders of the parent entity	61,243	56,310
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	619,137,013	608,128,275 <sup>(1)</sup>
Diluted earnings per share figures are the same because there are no dilutive potential ordinary shares.		

<sup>(1)</sup>Restated in line with the current half year calculations to reflect the 5:1 share split in October 2013

	<b>31 December 2013 \$'000</b>	30 June 2013 \$'000
<b>5. Deferred tax liabilities</b>		
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Revaluation of investments	<b>305,995</b>	223,521
Realised capital losses	<b>(19,594)</b>	(16,516)
Amounts recognised in profit:		
Income receivable which is not assessable for tax until receipt	<b>359</b>	232
Scrip for scrip rollover relief	<b>16,045</b>	16,045
	<u><b>302,805</b></u>	<u>223,282</u>

## **6. Issued Capital**

### **a. Movement in share capital**

Balance at 1 July 2013	<b>1,384,438</b>	1,373,857
Shares issued as consideration for acquisition	-	10,594
Share Purchase Plan <sup>(1)</sup>	<b>63,563</b>	-
Less : Transaction costs ( net of tax)	<b>(82)</b>	(13)
Balance at 31 December	<u><b>1,447,919</b></u>	<u>1,384,438</u>

### **b. Movement in number of shares**

	<b>Number of Shares</b>	Number of Shares
Balance at 1 July 2013	<b>122,147,119</b>	121,625,655
Shares issued as consideration for acquisition	-	521,464
Share Purchase Plan <sup>(1)</sup>	<b>3,324,432</b>	-
Share Split <sup>(2)</sup>	<b>501,886,204</b>	-
Balance at 31 December 2013	<u><b>627,357,755</b></u>	<u><b>122,147,119</b></u>

<sup>(1)</sup>Milton reinstated the Share Purchase Plan during the year and issued 3,324,432 shares on 30 September raising \$63.5 million (2012 : Nil)

<sup>(2)</sup>Share Split on the basis of 5 shares for each existing Milton share on issue as at 18 October 2013.

### **c. Ordinary shares**

All capital consists of fully paid ordinary shares which are listed on the ASX and carry one vote per share and the right to receive dividends.

## **7. Contingencies and capital commitments**

At 31 December 2013 the directors are not aware of any material contingent liabilities, contingent assets or capital commitments.

## **8. Events subsequent to balance date**

There has been no transaction or event since 31 December 2013 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 2013

### 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 2013 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, 22 January 2014

Moore Stephens Sydney  
Level 15, 135 King Street  
Sydney NSW 2000  
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Sydney, NSW 2001

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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 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a. the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. 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 22<sup>nd</sup> day of January 2014.



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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 and its Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 31 December 2013, 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 Corporation Limited and the entities it controlled at the 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 of the half-year financial report that gives a true and fair view 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to 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 *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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.

*Independence*

In conducting our review, we have complied with the 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 2013 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 22<sup>nd</sup> day of January 2014.