MILTON CORPORATION LIMITED

ABN 18 000 041 421

An Australian Listed Investment Company
Listed since 1958

ANNUAL REPORT 2009

Profile

Milton is a listed investment company incorporated in 1938. In 1958 it listed on the Sydney Stock Exchange when the capital of Milton was £80,000 ($160,000). Milton's market capitalisation was $1.3 billion at 30 June 2009.

Objective

Milton's objective is to hold a diversified portfolio of assets that generates a growing income stream for distribution to shareholders in the form of increasing fully franked dividends and provides capital growth in the value of the shareholders' investment.

Investment philosophy

Milton is predominantly a long term investor in companies and trusts that are well managed, with a profitable history and an expectation of increasing dividends and distributions. Turnover of investments is low and capital gains arising from disposals are reinvested.

Milton also invests in real property development, fixed interest securities and liquid assets such as cash and bank bills.

Milton's Investment Committee, consisting of three non-executive directors and the managing director, meets regularly to review the investment portfolio and to consider its executives' investment recommendations.

Investment portfolio

One outcome from the investment philosophy is that Milton's portfolio does not seek to be aligned with any stock exchange index. The asset composition is detailed in the Chairman's Review on page 2 and a complete list of investments commences on page 7.

Dividend policy

Ordinary fully franked dividends are paid out of the underlying operating profit which excludes special dividends, realised capital gains and impairment losses.

Internal management

Milton's executives manage the company and its investments to maximise returns to its shareholders. Their focus is on operating efficiently to meet Milton's objective. This internal management structure helps to maintain low operating costs.

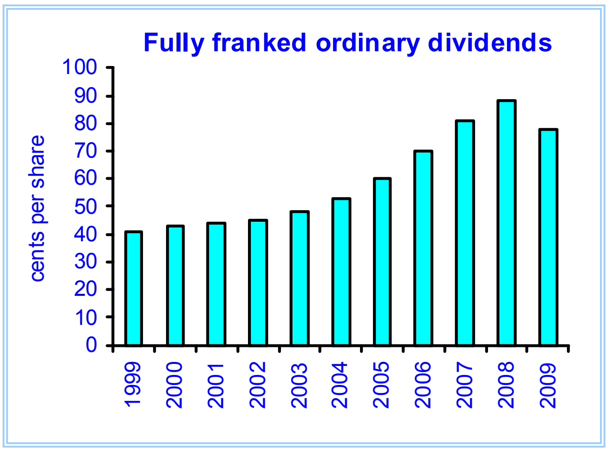
Contents

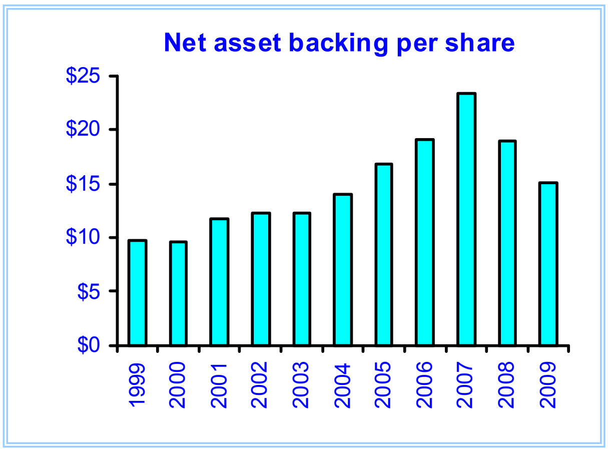
Calendar

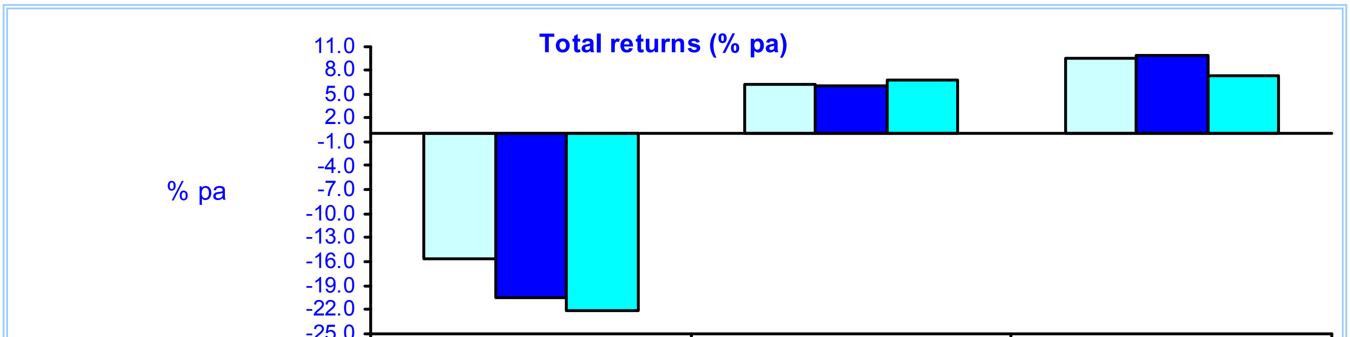
Final dividend:-	
- Ex dividend date	13 August 2009
- Record date	19 August 2009
- Payment date	11 September 200
- Share Purchase Plan offer opens	11 September 2009
- Share Purchase Plan offer closes	28 September 2009
Annual General Meeting	8 October 2009 at 3 pm
- To be held at:	**Museum of Sydney, AGL Theatre,** **Cnr Bridge & Phillip Streets, Sydney**

Key performance indicators

	2009	2008
Operating profit after tax This represents the ordinary profit from the investments and excludes special investment revenue, net realised capital gains and losses and impairment losses	$73.6 m	$82.8m
Weighted average operating earnings per share The operating profit after tax expressed on a per share basis after taking into account the additional shares issued during the year under the Share Purchase Plan and the acquisition of an unlisted investment company	85.0 cents	98.5 cents
Dividends per share	78 cents	88 cents
Management expense ratio This is the total cost of running Milton, net of management fees recovered, expressed as a percentage of the average Total Assets for the year	0.19%	0.17%
Net asset backing per share The net asset value, before providing for tax on unrealised capital gains, of each Milton share on issue at 30 June	$15.11	$19.03
Total Portfolio Return (TPR) over 10 years This compound return measures the change in the value of an investment in Milton by considering the movement in the value of the net asset backing and assuming dividends are reinvested in Milton shares. The TPR is net of expenses and tax paid.	9.4%	14.2%
Total Shareholder Return (TSR) over 10 years This compound return measures the change in the value of an investment in Milton by considering the movement in the market price and assuming dividends are reinvested in Milton shares.	9.8%	13.4%







	1 Year	5 Years	10 Years
TPR	-15.6	6.2	9.4
TSR	-20.5	6.0	9.8
All Ordinaries accum	-22.1	6.7	7.3

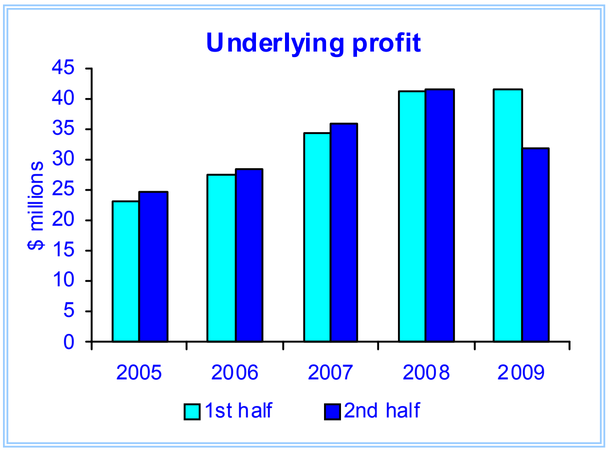
Chairman's Review

In the 2009 financial year, tighter global credit conditions affected most companies. Companies found credit was difficult to obtain and those with maturing facilities found it increasingly difficult to rollover those facilities. Balance sheet strength became a priority, resulting in reduced dividend payouts and an increasing number of share issues, often at substantial discounts. Deteriorating economic conditions reduced the profitability of many companies which put additional stress on dividends.

Many institutional investors encouraged directors to lower dividend payouts, rather than have dilutive share issues such as deeply discounted underwritten dividend reinvestment plans.

With uncertain economic and earnings outlooks, the All Ordinaries index fell 42% from 5333 at 30 June 2008 to 3112 on 6 March 2009. Since then, optimism has returned and the All Ordinaries index has recovered by 40% to 4346 at 12 August 2009. As is often the case, the market is anticipating an improvement in economic conditions.

Underlying profit



Milton's underlying operating profit after tax, which excludes special investment revenue, realised capital gains and losses and impairment losses, for the year to 30 June 2009, was $73.6 million which was 11.1% below that of the prior year.

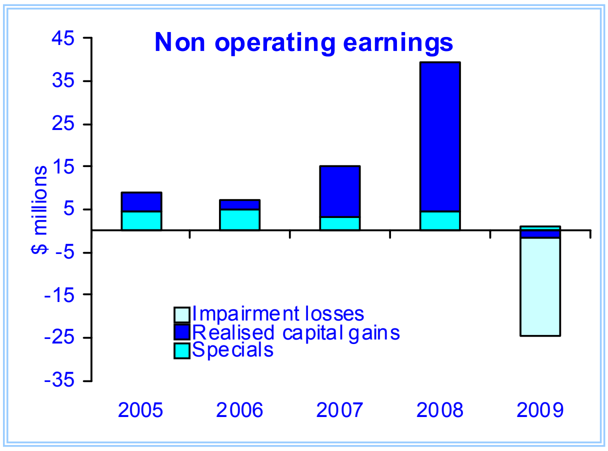
The underlying operating profit after tax in the first half to 31 December 2008 was flat when compared with the previous corresponding period. However, lower ordinary dividend receipts in the second half of the year affected the underlying profit for the year.

Interest income earned on cash and other liquid assets reduced as the Reserve Bank of Australia cut official interest rates from 7.25% to 3.0%. The effect was more pronounced in the second half due to the timing of the rate cuts.

Trading profits of $1 million were significantly higher than prior years as Milton took advantage of a number of shorter term trading opportunities that arose from the large number of discounted capital issues offered to the market, particularly in the second half of the year.

The property joint ventures, in the greater region of Perth, were again profitable however the returns of $2.2 million were lower than the prior year's strong result.

Total operating expenses, net of management fee recoveries, were $2.7 million which was 9% lower than the prior year. During the year Milton relocated to new premises resulting in a reduction in annualised accommodation costs. The board and staff continue to be alert to new opportunities to improve efficiencies and reduce costs.



Net profit after tax for the year was $50.0 million. The main factors affecting this result were the reduction in special investment revenue, lower net realised gains and unrealised impairment losses.

Special investment revenue by its nature is expected to vary from year to year. In 2009, Milton received just $0.9 million as companies sought to retain cash, whereas in the prior year it received $4.7 million.

Net realised losses amounted to $1.8 million compared with realised gains of $34.7 million in the prior year.

Reduced corporate activity resulted in fewer realised gains arising from takeovers. Just Group and St George Bank were the only companies in Milton's portfolio that were taken over during the year.

Realised capital losses arose from the sale of investments with which we had concerns regarding future distributions of profit.

Chairman's Review (continued)

Unrealised impairment losses after tax amounted to $22.6 million. Investments are revalued continuously throughout the year with the changes in value recorded in the asset revaluation reserve. However the accounting standards require the investments to be reviewed for impairment at each reporting date and where there is evidence of impairment, the loss is recognised in the income statement and the asset revaluation reserve is adjusted accordingly. Any subsequent reversal of an unrealised impairment loss is not reversed through the income statement. The amount of the loss is determined by reference to the market price at the last day of the reporting period which, in many instances, can differ substantially from the investment's long term fair value.

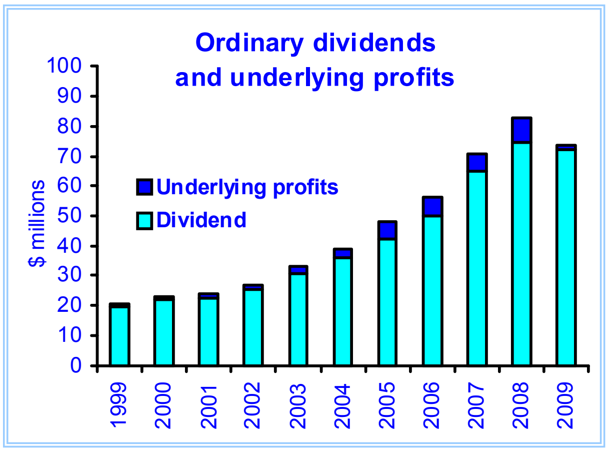
As these losses are unrealised and based on short term valuations, they are excluded from the calculation of underlying operating profit.

Earnings per share

The weighted average earnings per share, based on underlying operating profit, were 85.0 cents per share compared with 98.5 cents per share in the prior year.

Fully franked ordinary dividends

Milton has consistently paid out a high proportion of its underlying profits as ordinary dividends to its shareholders. The total dividend payout for the 2009 financial year is $67.9 million, representing over 92% of Milton's underlying operating profit for that year.



Milton maintained its interim dividend during the year, however, with dividend receipts falling in the second half and with the expectation that dividend income is likely to fall in the following year, the final dividend was reduced to 35 cents per share. The full year ordinary dividend of 78 cents per share was 11.4% lower than the prior year ordinary dividend of 88 cents per share.

In 1999, the fully franked ordinary dividend was 41 cents per share and in 2009 the dividend was 78 cents per share. In the period since 1999, Milton has also paid five fully franked special dividends totalling 68 cents per share.

Balance sheet

Milton has a strong balance sheet with total assets in excess of $1.3 billion, including cash and other liquid assets of $80 million. Milton is well placed to participate in opportunities which are expected to arise as the economy improves.

With approximately 90% of Milton's assets being long term investments in companies listed on the Australian Securities Exchange, the valuation of its net assets will fluctuate as the value of its underlying investments fluctuate.

Capital

Milton increased its issued capital during the year by $62 million.

In October 2008, Milton raised $15.5 million through the issue of 0.9 million shares to shareholders who participated in the Share Purchase Plan ("SPP"). The SPP is being offered again, to those shareholders on the register on 19 August 2009 which is the record date for the final dividend.

In February 2009, Milton issued 3.6 million shares to acquire an unlisted investment company with net assets of $47 million.

Milton's market capitalisation at 30 June 2009 was $1.3 billion, with 89 million shares on issue and more than 14,500 shareholders.

Investments

The investment portfolio was valued at $1.2 billion at 30 June 2009.

Milton invested a total of $20 million, for the long term, in 42 companies throughout the year. The largest single investment was in Rio Tinto in June 2009 when Milton took up its entitlement in the rights issue at $28.29 per share.

Two companies were added to the portfolio during the year. Milton received Premier Investments scrip as consideration for its takeover of Just Group, which was completed in August 2008. Cardno, a consulting engineering business operating in Australia and internationally, was also added to the portfolio.

Milton's investment in Westpac increased upon the completion of the Westpac merger with St George Bank in November 2008.

A small number of holdings were sold due to concerns over their long term outlook.

Chairman's Review (continued)

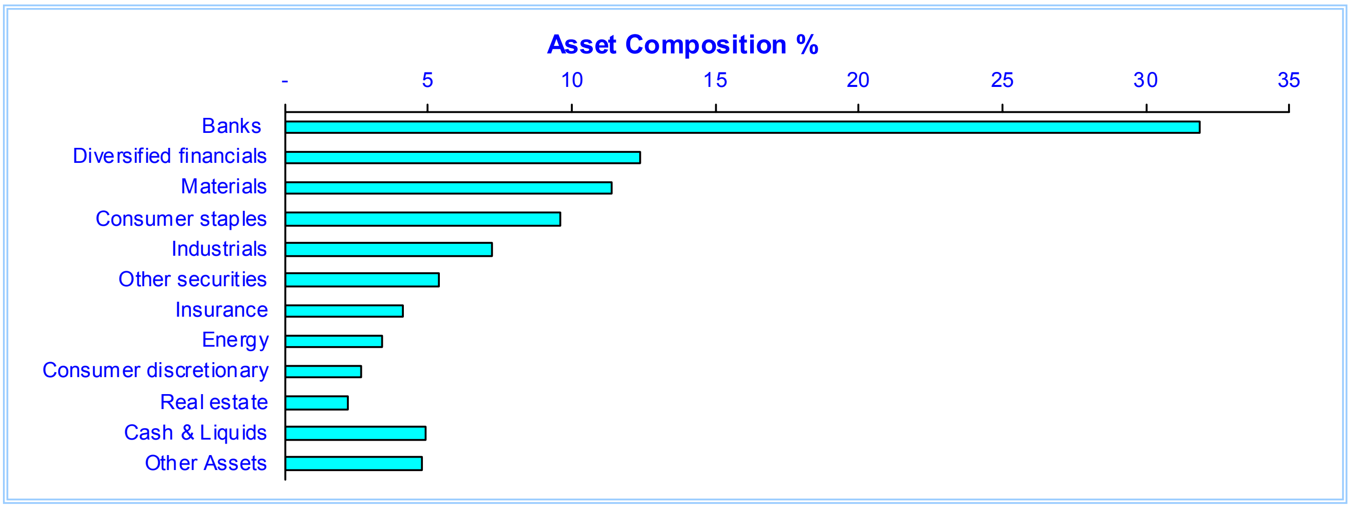
Top 20 Investments at 30 June 2009

Company (Ordinary shares only)	Fair value $'000	Company (Ordinary shares only)	Fair value $'000
Westpac Banking Corporation	173,209	Bendigo & Adelaide Bank	30,937
Commonwealth Bank	83,193	Campbell Brothers	29,256
National Australia Bank	62,673	Brickworks	27,769
BHP Billiton	61,927	Woodside Petroleum	25,347
Washington H. Soul Pattinson	52,064	Telstra Corporation	20,773
Choiseul Investments	49,616	QBE Insurance	19,105
Woolworths	48,709	CSL	18,260
Wesfarmers	43,755	Perpetual	18,120
Bank of Queensland	41,905	Rio Tinto	17,334
ANZ Banking Group	34,852	AGL Energy	17,087
		Total market value of Top 20	875,891

Asset composition

The total assets, which were valued at $1.3 billion at 30 June 2009, comprised long term investments in listed securities, investments in real property development, cash and other liquid assets.

The graph below shows the composition of the major asset classes using the Global Industry Classification Standard ("GICS") codes.



Total Returns

Total Return calculations measure the change in the value of an investor's holding assuming all dividends are reinvested and are usually benchmarked against the accumulation returns of the share market indices.

The Total Shareholder Return (TSR) uses market price to value the investor's holding. Milton produced a compound return over ten years of 9.8% per annum.

Total Portfolio Return (TPR) uses net asset backing to value the investor's holding and is therefore net of all expenses and tax paid on earnings and realised capital gains. Milton's TPR for the ten years to 30 June 2009 was 9.4% per annum compounded.

The Accumulation Return of the All Ordinaries Index, which excludes expenses and tax, was 7.3% per annum compounded for the same ten year period.

Chairman's Review (continued)

Board Changes

Mr David Myles will retire as a director at the conclusion of Milton's annual general meeting on 8 October 2009. Mr Myles was appointed a director of Milton Corporation Limited upon completion of the merger with Matine Limited in 1998. Prior to this he was a director of Matine Limited for six years.

I would like to acknowledge and thank him for his contribution to Milton as both a director and as chairman of the audit committee.

I would also like to welcome Mr Graeme Crampton, who was appointed to the board in June 2009 and will stand for election at the annual general meeting. Mr Crampton is an experienced accountant, having been a partner of a major accounting firm for more than 28 years.

Outlook

There are a number of signs beginning to emerge that indicate that the economy may be starting to improve. However, there is likely to be a time lag before the improvement is reflected in growth in earnings and dividends by many companies.

The current consensus view is that full year 2009 earnings per share and dividends per share for many companies are likely to be lower than the previous year.

The profit reporting season which has just commenced will provide a clearer indication of the direction of the economy and the impact on Milton's investment revenue.

R. D. MILLNER
Chairman

Sydney, 12 August 2009

Five Year Financial Summary

	2009	2008	2007	2006	2005
Underlying operating profit after tax ($million)	73.6	82.8	70.5	56.0	48.0
Profit after tax ($million) (4)	50.0	122.0	85.7	63.1	56.8
Underlying earnings per share (cents)(1)	85.0	98.5	91.0	78.5	68.5
Administration costs as % of Total Assets	0.19	0.17	0.13	0.18	0.20
Interim dividend (cents per share)	43	43	38	33	28
Final dividend (cents per share)*	35	45	43	37	32
Full year ordinary dividend (cents per share)	78	88	81	70	60
Special dividend (cents per share)	-	8	-	10	-
*LIC Capital Gain paid as part of final dividend (cents per share)	-	12	6	-	-
Net assets(2) at 30 June ($million)	1,345	1,609	1,926	1,369	1,182
Net asset backing per share(2) at 30 June($)	15.11	19.03	23.41	19.09	16.78
Net asset backing per share(3) at 30 June($)	13.98	16.78	19.63	16.12	14.39
Last sale price at 30 June ($)	14.50	19.38	22.45	19.95	16.25
All Ordinaries Index at 30 June	3948	5333	6310	5034	4230
Ten year Total Shareholder Return (% per annum)	9.8	13.4	17.6	20.0	20.4
Five year Total Shareholder Return (% per annum)	6.0	12.4	17.4	16.8	18.3
Shares on issue (million)	88.9	84.5	82.3	71.6	70.5
Number of shareholders	14,578	13,890	13,522	12,815	12,098

(1) Underlying earnings per share represents earnings per share based on operating profit before special dividends, realised gains and losses and impairment losses.

(2) Before providing for tax on unrealised capital gains and losses and before providing for ordinary final and special dividends.

(3) After providing for tax on unrealised capital gains and losses and before providing for ordinary final and special dividends.

(4) Restated to reflect adjustments required under AIFRS.

Milton Corporation Foundation

Milton was one of the founders of Milton Corporation Foundation, a charitable foundation formed in 1988 to acknowledge the 50th anniversary of incorporation of Milton Corporation Limited.

Since its formation the Foundation has made donations totalling more than $1.3 million to various charities and at 30 June 2009 it had capital of approximately $1.5 million.

Details of donations made by the Foundation to date may be obtained by writing to the Foundation.

Tax deductible donations of $2 or more may be made by individuals and companies to the Foundation by forwarding them to The Trustees, Milton Corporation Foundation, PO Box R1836, Royal Exchange NSW 1225.

Investments at 30 June 2009

Name of investment	*Holding*	*Fair value* **$'000**
Adelaide Brighton Limited	601,700	1,354
Adtrans Group Limited	410,000	894
AGL Energy Limited	1,270,380	17,087
Alumina Limited	891,919	1,289
Amalgamated Holdings Limited	298,709	1,284
Amcor Limited	558,263	2,786
Ammtec Limited	762,231	1,601
AMP Limited	1,338,906	6,534
A P Eagers Limited	826,000	6,707
APA Group	751,851	2,068
APN News & Media Limited	1,309,855	1,932
ARB Corporation Limited	377,441	1,340
Argo Investments Limited	495,728	2,855
Asciano Group	742,544	991
ASX Limited	151,088	5,589
Austbrokers Holdings Limited	664,546	2,625
Australand Property Group	2,855,788	1,371
Australia & NZ Banking Group Limited	2,113,553	34,852
Australian Agriculture Company Limited	163,462	221
Australian Foundation Investment Company Limited	826,406	3,611
AWB Limited	473,000	558
Axa Asia Pacific Holdings Limited	100,000	389
Bank of Queensland Limited		
- ordinary shares	4,615,083	41,905
- reset preference shares	15,598	1,560
Bendigo & Adelaide Bank Limited	4,451,366	30,937
BHP Billiton Limited	1,783,600	61,927
Billabong International Limited	95,728	838
Blackmores Limited	305,115	4,882
Bluescope Steel Limited	699,039	1,769
Boral Limited	1,248,980	5,083
Bradken Limited	413,338	1,781
Brambles Limited	828,955	4,941
Brickworks Investment Company Limited	511,523	537
Brickworks Limited	2,019,580	27,769
Bunnings Warehouse Property Trust	698,058	1,138
Cabcharge Australia Limited	134,711	695
Caltex Australia Limited	47,700	661
Campbell Brothers Limited	1,413,310	29,256
Cardno Limited	247,000	852
Carlton Investments Limited	354,809	5,226
CFS Retail Property Trust	8,842,979	14,591
Choiseul Investments Limited	11,485,134	49,616
Coca-Cola Amatil Limited	607,859	5,234
Cochlear Limited	15,000	866
Coffey International Limited	605,394	1,144
Commonwealth Bank of Australia	2,133,153	83,193
Commonwealth Property Office Fund	1,066,754	885
Consolidated Media Holdings Limited	140,801	320
Crane Group Limited	628,915	6,383
Crown Limited	140,801	1,024
CSL Limited	567,972	18,260
CSR Limited	548,046	932
David Jones Limited	203,720	927

Name of investment	***Holding***	***Fair value $'000***
Diversified United Investment Limited	242,400	630
Equity Trustees Limited	225,503	3,270
Essa Australia Limited	952,502	162
Fairfax Media Limited	4,099,064	5,001
FKP Property Group	2,208,477	1,148
Fleetwood Corporation Limited	131,500	776
Foster's Group Limited	2,085,744	10,742
Goodman Fielder Limited	320,000	418
Goodman Group	923,777	342
Goldman Sachs JB Were Collateral Mezzanine Fund*	100,000	104
Goldman Sachs JB Were Private Equity Fund*	70,000	9
Graincorp Limited	217,813	1,575
Gresham Private Equity Co-Investment Fund*	100,000	60
GWA International Limited	1,448,999	3,333
Hills Industries Limited	1,719,260	2,699
Incitec Pivot Limited	1,072,000	2,551
Independence Group NL	150,000	694
Insurance Australia Group Limited		
- ordinary shares	1,884,625	6,615
- reset preference shares - RPS1	3,000	302
IAG Finance(NZ) Limited Perpetual Reset Exchangeable Notes	12,000	897
Infigen Energy	1,024,200	1,178
InvoCare Limited	965,254	5,598
IOOF Holdings Limited	75,067	313
Leighton Holdings Limited	587,468	13,805
Lend Lease Corporation Limited	162,049	1,136
Lindsay Australia Limited	1,600,000	320
Lion Nathan Limited	702,000	8,122
LWP Huntlee Unit Trust No.2*	9,500,000	9,521
Macarthur Coal Limited	352,500	2,326
Macquarie Airports	238,610	551
Macquarie Communications Infrastructure Group	40,000	119
Macquarie CountryWide Trust	2,777,860	1,514
Macquarie Global Infrastructure Fund*	49,500	1
Macquarie Group Limited	325,784	12,738
Macquarie Infrastructure Group	1,596,527	2,283
Macquarie Office Trust	1,830,634	384
Metcash Limited	2,218,060	9,560
Mirvac Group	327,380	354
National Australia Bank Limited	2,792,936	62,673
New Hope Corporation Limited	605,500	2,767
Noni B Limited	867,396	789
Nufarm Limited	285,997	2,625
Oakton Limited	375,500	804
Oldfields Holdings Limited	363,900	178
OneSteel Limited	2,657,086	6,855
Orica Limited	49,725	1,080
Origin Energy Limited	136,384	1,997
Perpetual Limited	634,688	18,120
Plantation Land Limited stapled securities*	1,250	131
Premier Investments Limited	338,250	1,867
Qantas Airways Limited	673,789	1,354
QBE Insurance Group Limited	960,064	19,105
Reece Australia Limited	98,761	1,778
Rio Tinto Limited	332,073	17,334

Name of investment	*Holding*	*Fair value $'000*
Santos Limited		
- ordinary shares	885,915	12,970
- reset convertible preference shares	5,000	501
Schaffer Corporation Limited	68,999	297
Sedgman Limited	203,000	197
Select Harvests Limited	209,201	452
Service Stream Limited	1,010,526	414
Seven Network Limited - Transferable Equity Linked Yield Shares 3	7,000	617
Sigma Pharmaceuticals Limited	1,076,915	1,314
Sims Group Limited	613,037	16,252
Sonic Healthcare Limited	253,498	3,123
SP Telemedia Limited	1,776,588	640
Stockland Corporation Group	718,629	2,307
Suncorp-Metway Limited		
- ordinary shares	2,339,507	15,675
- non-cumulative convertible preference shares	30,000	2,610
Tabcorp Holdings Limited	35,767	256
Tasmanian Perpetual Trustees Limited	444,992	1,201
Tattersall's Limited	260,000	663
Telstra Corporation Limited	6,127,647	20,773
Ten Network Holdings Limited	1,060,246	1,240
The Platinum Trust - Japan Fund*	39,332	85
Toll Holdings Limited	742,544	4,641
Transfield Services Infrastructure Fund	100,000	97
Transfield Services Limited	964,026	2,208
Transurban Group Limited	1,664,364	6,957
Trust Company Limited	2,243,751	11,780
Tutt Bryant Group Limited	152,600	101
United Group Limited	935,334	9,681
Washington H. Soul Pattinson & Company Limited	4,843,150	52,064
Wesfarmers Limited		
- ordinary shares	1,757,706	39,812
- partially protected shares	167,767	3,943
West Australian Newspapers Holdings Limited	1,029,245	4,488
Westfield Group	389,925	4,437
Westpac Banking Corporation	8,553,554	173,209
Wide Bay Australia Limited	305,425	2,107
Woodside Petroleum Limited	586,610	25,347
Woolworths Limited	1,847,821	48,709
Worley Parsons Limited	42,912	1,022
Total investments at fair value		**1,225,868**

*Unquoted

Directors' Report

For the year ended 30 June 2009

The directors present their report together with the financial report of Milton Corporation Limited ("Milton") and of the consolidated entity, being Milton and its subsidiaries, for the year ended 30 June 2009 and the independent audit report thereon.

Directors

The directors of Milton at any time during or since the end of the financial year are:

Robert Dobson Millner Independent non-executive chairman.

Director of Milton Corporation Limited since 1998 and appointed Chairman in 2002.
Chairman of the Investment and Remuneration Committees. Extensive experience in the investment industry.

Other current directorships:
Director of Brickworks Limited since 1997 and appointed chairman in 1999. Director of Choiseul Investments Limited since 1995 and appointed chairman in 2000. Director of New Hope Corporation Limited since 1995 and appointed chairman in 1998. Director of Washington H. Soul Pattinson & Company Limited since 1984 and appointed chairman in 1999. Chairman of Brickworks Investment Company Limited since 2003 and Souls Private Equity Limited since 2004. Director of Australian Pharmaceutical Industries Limited since 2000 and SP Telemedia Limited since 2000

John Napier Aitken CA, F Fin Independent non-executive director.

Director of Milton Corporation Limited since 2001.
Member of the Investment and Audit Committees.
Over 36 years experience in the investment management industry.

John Frederick Church FCIS, F Fin Independent non-executive director.

Director of Milton Corporation Limited since 1986.
Member of the Investment and Mortgage Committees.
A solicitor and over 36 years experience in the investment industry.

Graeme Lindsay Crampton B.Ec, FCA, FAICD Independent non-executive director.

Director of Milton Corporation Limited appointed 1 June 2009. Member of the Audit Committee.
A Chartered Accountant and former partner of a major firm of Chartered Accountants for more than 28 years and has extensive experience in the investment industry.

Francis Gerard Gooch B.Bus, CPA Managing director.

Managing Director of Milton Corporation Limited since 2004 and chief executive since 1999.
Member of the Investment Committee.
A Certified Practising Accountant and over 24 years experience in the finance and investment industries.

David Fletcher Myles FCA, FCPA Independent non-executive director.

Director of Milton Corporation Limited since 1998.
Chairman of the Audit Committee and a member of the Mortgage and Remuneration Committees.
A Chartered Accountant and former partner of a major firm of Chartered Accountants for 25 years and extensive experience in the investment industry.

Ian Alfred Pollard BA (Macq), MA (Oxon), D Phil(IMC), FIA, FIAA Independent non-executive director.

Director of Milton Corporation Limited since 1998.
A member of the Audit, Mortgage and Remuneration Committees.
An Actuary and over 32 years of involvement in the investment industry.

Other current directorships:
Director of Corporate Express Australia Limited since 2004 and appointed chairman in 2005.

Former directorships in the last three years:
Just Group Limited from 2004 to 2008.
DCA Group Limited from 1984 to 2006.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of Milton during the financial year were:

Director	Directors' Meetings		Investment Committee Meetings		Audit Committee Meetings		Nomination Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
R.D. Millner	6	6	25	26	*	*	1	1	1	1
J.N. Aitken	6	6	24	26	4	4	*	*	*	*
J.F. Church	6	6	24	26	*	*	*	*	*	*
G.L. Crampton	0	0	*	*	1	1	*	*	*	*
F.G. Gooch	6	6	26	26	*	*	1	1	*	*
D.F. Myles	6	6	*	*	4	4	1	1	1	1
I.A. Pollard	6	6	*	*	4	4	1	1	1	1

A - Number of meetings attended.
B - Number of meetings held during the time the director held office or was a member of the committee during the year.
* - Not a member of the relevant committee.

Principal activities

The principal activity of the consolidated entity is investment. The consolidated entity invests in companies and trusts, real property development, fixed interest securities, and liquid assets such as cash and bank bills. There has been no significant change in the nature of this activity during the financial year.

Operating and financial review

The consolidated profit after income tax of the consolidated entity for the year attributable to shareholders of Milton was $50.0 million (2008: $122.0 million). Milton is in a sound financial position with net assets of $1.2 billion and no debt.

The operating and financial reviews are contained in the Chairman's Review on page 2.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of Milton or the consolidated entity during the past financial year other than as disclosed in the financial statements.

Dividends

Dividends paid or declared by Milton to members since the end of the previous financial year were:

	Cents per share	Total amount $'000	Date of payment
Declared and paid during the year			
- Final 2008 ordinary fully franked*	45	38,052	3 September 2008
- Interim 2009 ordinary fully franked	43	36,736	3 March 2009
Declared after end of year and not provided for			
- Final 2009 ordinary fully franked	35	31,146	11 September 2009

* Final 2008 ordinary fully franked dividend included a LIC capital gain dividend of 12 cents per share.
All the dividends paid by Milton since franking was introduced in 1987 have been fully franked.

Events subsequent to reporting date

Apart from the information contained in note 32 to the financial statements, no matter or circumstance has arisen since the end of the financial year that has or may significantly affect the operations, results or state of affairs of Milton or the consolidated entity in subsequent financial years.

Likely developments

Milton will continue its investment activities consistent with its objective of generating increasing revenue for distribution to its shareholders from the diversified portfolio of assets.

The performance of Milton's investments is subject to and influenced by many external factors and therefore it is not appropriate to accurately predict the future results of the investments and Milton's performance.

The Chairman's Review commencing on page 2 of the Annual Report contains information relating to Milton's past performance, operations and outlook.

Environmental Regulations

There are no significant environmental regulations that apply directly to the consolidated entity.

Directors' relevant interests

No director has or has had any interest in a contract entered into since the last Directors' Report or any contract or proposed contract with Milton or any controlled entity or any related entity other than as disclosed in note 29 to the financial statements.

The relevant interest of each director in the capital of Milton at the date of this report is as follows:

Director	No. of Shares
R.D. Millner	4,741,443
J.N. Aitken	20,780
J.F. Church	5,459,056
G.L. Crampton	17,511
F.G. Gooch	98,713
D.F. Myles	36,000
I.A. Pollard	10,878

Indemnification and insurance of directors, officers and auditors

Neither Milton nor any related entity has indemnified or agreed to indemnify, paid or agreed to pay any insurance premium which would be prohibited under Section 199A or Section 199B of the Corporations Act 2001 during or since the financial year ended 30 June 2009.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contracts.

Secretaries

Mr A.R. Davison, B.Bus, CA, FCIS was appointed secretary in August 1999. He previously held the role of group financial controller and secretary with a private group of companies for five years and prior to that worked in chartered accounting and corporate finance roles. He is a fellow of Chartered Secretaries Australia.

Mr J.L. Coombs, B.Com, CA, FCIS was appointed secretary in December 2003. He was previously secretary of Milton from June 1996 to August 1999. He previously held accounting roles in companies involved in financial services. He is a fellow of Chartered Secretaries Australia.

Non-audit services

During the year, Moore Stephens Sydney, Milton's auditor, has performed certain other services in addition to their statutory duties. Details of the amounts paid to the auditors are disclosed in note 6 to the financial statements.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by Milton and have been reviewed and approved by the Audit Committee to ensure they do not impact on the integrity and objectivity of the auditor, and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement APES110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Milton, acting as an advocate for Milton or jointly sharing risks and rewards.

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 17.

Remuneration Report

This report which is audited details the policy for determining the remuneration of directors and executives and provides specific detail of their remuneration.

Remuneration of non-executive directors

The total fees and superannuation paid to non-executive directors each year is limited by an amount approved by shareholders from time to time. Shareholders approved a maximum of $450,000 per annum at the 2003 Annual General Meeting.

Non-executive directors' fees and payments are reviewed annually by the board which gives consideration to the demands made on directors and fees paid to comparable Australian companies. Non-executive directors' remuneration is not linked to Milton's performance and they do not receive bonuses nor are they issued options on securities.

Directors' fees cover all board activities and membership of committees with the Chairman receiving twice the base fee. Directors' base remuneration including superannuation was increased, on 1 July 2008, to $56,500 per annum. The total non-executive director remuneration for the year ended 30 June 2009 was $343,708. The directors have resolved that directors' base remuneration will not be increased for the year ending 30 June 2010.

Non-executive directors, who were appointed before 30 June 2003, are entitled to retirement benefits in accordance with a shareholder approved scheme. The board resolved to cap retirement benefits for all directors at the amounts provided as at 30 June 2003. The total balance provided at 30 June 2009 is disclosed in note 19a and b to the financial statements and on page 15.

Remuneration of executives

The Remuneration Committee reviews the remuneration policy, the performance of the managing director and the annual remuneration packages of the managing director and senior executives and makes recommendations to the board in respect of each of these. The managing director reviews the performance of the senior executives.

The remuneration policy is designed to attract and retain appropriately qualified executives that are necessary to achieve Milton's objectives.

Executive remuneration is comprised of a combination of fixed and variable compensation that takes into consideration the executives' responsibilities, experience and performance.

The fixed compensation is structured as a total employment cost package, which the executive may elect to receive as a combination of cash, non-cash benefits and superannuation contributions. Whilst there are no guaranteed increases to the fixed compensation, it is reviewed annually in June of each year, to ensure that it is competitive and reasonable. The performance of each of the senior executives was reviewed, however, the review of remuneration for all staff for the 2010 financial year has been deferred to later in the financial year.

The variable compensation of the managing director and senior executives may include a cash bonus, participation in the staff share plans or a combination of both. There is no minimum level of variable compensation, with the amount paid each year determined by the board after consideration of Milton's underlying operating performance, which is measured by the rate of growth in underlying earnings per share, and the executives' contribution to the achievement of Milton's objectives. The maximum level of variable compensation for each person has not exceeded 20% of the total fixed compensation for each person.

The board has resolved that there will be no variable compensation paid for the 2009 financial year to the managing director and senior executives as the underlying earnings per share were lower than the prior year.

Milton's objectives are of a long term nature and involve the management of a portfolio of investments to maximise returns to shareholders through an increase in dividends paid and the value of the shareholders' investment. Consequently the directors consider that it is appropriate to use both qualitative and quantitative measures to assess the executives' performance. A focus on short term indicators may encourage behaviour that is not in the best long term interests of Milton and its shareholders. The directors are more concerned that the executives are motivated to build shareholder wealth over the long term.

The executives' performances are assessed annually on the basis of their participation in the investment processes as well as by such indicators as growth in earnings per share and dividends per share relative to the market as a whole.

The staff share plans currently in operation include the Senior Staff Share Plan ("SSSP") and the Employee Share Plan ("ESP").

Executives are invited to apply for the number of SSSP shares in Milton as determined by the non-executive directors. The shares are acquired on the market and held on their behalf by the trustee of the SSSP. The price offered to the executive shall be at a discount of one cent per share to the market value of the shares.

In accordance with the terms of the SSSP, Milton provides an interest free loan to the executives to fund the acquisition of each parcel of SSSP shares. Each loan is repaid by the application of the after tax proceeds from the dividends paid on the SSSP shares.

SSSP shares may not be sold, transferred, mortgaged or otherwise dealt with by the executive for a period of three years from the date of issue or until the executive ceases employment with Milton.

If the executive's employment ceases, the executive may within 30 days repay the loan and direct the trustee to transfer the shares to the executive or, provided the value of the shares is greater than the loan outstanding, direct the trustee to sell the shares, repay the loan and distribute the balance to the executive. Otherwise the trustee will sell the shares when so directed by Milton and apply the proceeds to the repayment of the loan.

The shareholder approved SSSP enables the executives to have an investment in Milton so that their interests are closely aligned with the shareholders. Executives are required to hold the shares for a minimum period of three years with the benefit to the executives accruing over time as dividends are paid and the Milton share price appreciates.

The board considers that the SSSP is appropriately designed to retain key executives and to encourage them to act in the best long term interests of the shareholders (refer to note 24b to the financial statements).

The board notes that the Productivity Commission is examining the framework for the remuneration of directors and executives in Australia and is due to report in December 2009. Milton's remuneration policy will be reviewed following the release of that report.

Executives, other than the managing director, may participate in the ESP which enables a bonus of up to $1,000 to be paid in the form of Milton shares (refer note 24a to the financial statements).

In addition, executives are provided with life, total & permanent disablement and salary continuance insurance.

The overall level of executive reward takes into account the performance of the consolidated entity over a number of years. Over the past 5 years, the total remuneration for the specified executives has grown by approximately 9.0% per annum. The key performance indicators for the consolidated entity for the same period are tabled below.

	2009	**2008**	**2007**	**2006**	**2005**
Underlying earnings per share (cents)[(1)]	85.0	98.5	91.0	78.5	68.5
Growth in underlying earnings per share %	(13.8)	8.2	15.9	14.6	17.3
Full year ordinary dividend (cents per share)	78.0	88.0	81.0	70.0	60.0
Growth in full year dividend %	(11.4)	8.6	15.7	16.7	13.2
Special dividend (cents per share)	-	8.0	-	10.0	-
Net asset backing per share[(2)] at 30 June($)	15.11	19.03	23.41	19.09	16.78
Growth in net asset backing per share %	(20.6)	(18.7)	22.6	13.8	19.9
Five year Total Shareholder Return (% per annum)	6.0	12.4	17.4	16.8	18.3
Ten year Total Shareholder Return (% per annum)	9.8	13.4	17.6	20.0	20.4

(1) Underlying earnings per share represents earnings per share based on operating profit before special dividends, realised gains and losses and impairment losses.

(2) Before providing for tax on unrealised capital gains and before providing for ordinary final and special dividends.

Details of remuneration

Amounts of remuneration

Details of the remuneration of each non-executive director of Milton Corporation Limited, the managing director and specified executives of Milton for the years ended 30 June 2008 and 2009 are set out in the following tables.

Non-executive directors of Milton Corporation Limited

Name			Short Term Benefits Fees $	Post Employment Superannuation $	Total paid $	Retirement Provision[1] $
R.D. Millner	Chairman	**2009**	**103,670**	**9,330**	**113,000**	**55,905**
		2008	100,917	9,083	110,000	55,905
J.N. Aitken	Director	**2009**	**36,500**	**20,000**	**56,500**	**13,500**
		2008	35,000	20,000	55,000	13,500
J.F. Church	Director	**2009**	**51,835**	**4,665**	**56,500**	**90,000**
		2008	50,459	4,541	55,000	90,000
G.L. Crampton	Director	**2009**	**2,708**	**2,000**	**4,708**	-
		2008	-	-	-	-
D.F. Myles	Director	**2009**	**31,500**	**25,000**	**56,500**	**45,000**
		2008	30,000	25,000	55,000	45,000
I.A. Pollard	Director	**2009**	**43,196**	**13,304**	**56,500**	**45,000**
		2008	50,459	4,541	55,000	45,000
Total Remuneration		**2009**	**269,409**	**74,299**	**343,708**	**249,405**
		2008	266,835	63,165	330,000	249,405

(1) The directors' retirement benefits have been capped at the balance provided at 30 June 2003.

Managing director and executives of Milton Corporation Limited and the consolidated entity

Name		Short Term Benefits			Post Employment Super-annuation	Other long term benefits (3)	Share based payments (4)	Total (6)
		Salary $	Cash bonus (1) $	Non monetary benefits (2) $	$	$	$	$
F.G. Gooch[5]	**2009**	**316,670**	**-**	**44,610**	**79,000**	**26,430**	**125,114**	**591,824**
Managing director	2008	290,000	40,000	42,651	100,000	5,314	93,060	571,025
A.R. Davison	**2009**	**191,743**	**-**	**3,269**	**17,257**	**5,489**	**52,409**	**270,167**
CFO, secretary	2008	186,870	16,000	3,405	13,130	3,228	35,978	258,611
J.L. Coombs	**2009**	**86,190**	**-**	**2,292**	**40,285**	**7,224**	**1,000**	**136,991**
Secretary	2008	93,505	4,000	2,134	27,924	2,540	1,000	131,103
Total	**2009**	**594,603**	**-**	**50,171**	**136,542**	**39,143**	**178,523**	**998,982**
remuneration	2008	570,375	60,000	48,190	141,054	11,082	130,038	960,739

(1) Represents 100% of cash bonus paid or payable which vested in the year.

(2) Non monetary benefits include the provision of a motor vehicle, parking, the cost of life, total & permanent disablement insurance and salary continuance insurance.

(3) Other long term benefits are comprised of long service leave provisions.

(4) Includes the notional value of interest on loans provided to acquire shares in Milton under the Senior Staff Share Plan and participation by executives in the Employee Share Plan (refer note 24 to the financial statements).

(5) The total bonus for 2008 was $60,000 of which $20,000 was paid as superannuation and $40,000 as cash.

(6) No executive received any variable compensation, consisting of share issues or cash bonus payments, in respect of the remuneration for the 2009 year.

There are no fixed term employment contracts between Milton and its employees. Employment may be terminated with four weeks notice by either Milton or the employee. There are no provisions for any termination payments other than for unpaid annual and long service leave.

Share based compensation, Senior Staff Share Plan equity holdings and loans

In August 2008 executives accepted an invitation to apply for additional SSSP shares as detailed in the table below. This invitation was made in respect of their performance for the 2008 year.

No invitation to participate in the SSSP has been made to executives in respect of the 2009 year.

The movements during the reporting period are as follows:

Executives' shareholdings in relation to the Senior Staff Share Plan - Number of shares held

		Opening Balance	Received as Remuneration	Closing Balance
F.G. Gooch	**2009**	**80,000**	**15,000**	**95,000**
Managing director	2008	65,000	15,000	80,000
A.R. Davison	**2009**	**30,000**	**7,500**	**37,500**
CFO, secretary	2008	22,500	7,500	30,000

Loans in relation to the Senior Staff Share Plan

Details regarding loans outstanding at the reporting date to specified directors and specified executives, where the individual's aggregate loan balance exceeded $100,000 at any time in the reporting period, are as follows:

		Opening Balance $	Net change $	Closing Balance $	Highest balance in the period $	Notional Interest [1] $
F.G. Gooch	**2009**	**1,191,940**	**219,127**	**1,411,067**	**1,475,748**	**125,114**
Managing director	2008	897,593	294,347	1,191,940	1,239,593	93,060
A.R. Davison	**2009**	**467,626**	**116,902**	**584,528**	**609,531**	**51,409**
CFO, secretary	2008	313,880	153,746	467,626	484,880	34,978

(1) The notional interest has been included under "Share Based Payment" in the remuneration of the managing director and the executive disclosed on page 15.

Terms and conditions of the loans are referred to in note 24b to the financial statements.

Rounding off

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission and in accordance with that Class Order, amounts in the Directors' Report and financial 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, 12 August 2009

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

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Milton Corporation Limited for the year ended 30 June 2009, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Moore Stephens Sydney
Chartered Accountants

S. M. Whiddett
Partner

Dated in Sydney this 12th day of August 2009

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Corporate Governance Statement

This statement outlines Milton's main corporate governance practices which have been in place throughout the financial year.

The board considers it essential that directors and staff of Milton employ sound corporate governance practices in carrying out their duties and responsibilities. Accordingly, a code of conduct has been issued to detail the expected behaviour required to ensure that Milton acts with integrity and objectivity.

A number of committees, which operate in accordance with their respective charters, have been established to assist the board in carrying out its responsibilities.

Milton has posted its corporate governance practices to its website: www.milton.com.au. The board charter, code of conduct, committee charters and various policies are available on this website.

The ASX Corporate Governance Council released its "Principles of Good Corporate Governance and Best Practice Recommendations" ("Recommendations") in March 2003 and these were revised in August 2007. The directors of Milton support the thrust of the Recommendations and, whilst the Recommendations are not prescriptive, the ASX Listing Rules require listed companies to identify those recommendations that have not been followed and the reasons for not following them.

The directors consider that Milton's corporate governance practices do comply with the Recommendations.

Board of directors

The board charter details the composition and the role and responsibilities of the board and their relationship with management to accomplish the board's primary role of promoting the long-term success of Milton. The board is accountable to shareholders for the performance of Milton. It oversees the activities and performance of management and provides an independent and objective view of Milton's performance.

The board is comprised of a majority of independent non-executive directors and one executive director with a mix of skills and considerable experience in the investment industry.

The details of the directors, their experience, qualifications, term of office, and independent status are set out in the Directors' Report.

The Recommendations state that to be considered independent, directors must be "a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the independent exercise of judgement."

All directors except Mr J.F. Church would satisfy all the tests of the Recommendations and are considered as being independent.

The Recommendations state that the determination of the independence of a director is to be dealt with by the board of directors who are to consider all relevant facts and circumstances on a case by case basis.

Mr J. F. Church controls a substantial shareholding of 6.13% of Milton's issued capital and has been a director since 1986. The board is strongly of the opinion that the thinking and actions of Mr Church and his commitment to represent the interests of all shareholders is not impaired, and he is considered, by the board as a whole, to be independent.

In accordance with the Corporations Act 2001, any director who has an interest of any kind in relation to any matter dealt with at a board or committee meeting is required to advise the meeting and abstain from participation in the decision process.

All non-executive directors are subject to re-election at least every three years.

Independent professional advice may be sought by a director at Milton's expense with the prior approval of the chairman. A copy of advice received by the director is made available to the chairman to be dealt with at his discretion.

The board meets regularly to review management reports on the investment portfolio and on the operational and financial performance of Milton. The directors agreed in 2003 to phase out retirement benefits, with the amount to be paid to each director upon retirement limited to the provision in the financial statements as at 30 June 2003, details of which are disclosed on page 15.

Board committees

The board has established committees to assist it in carrying out its responsibilities. The charters that identify the roles and responsibilities of the following committees have been approved by the board and are available on Milton's website.

The Audit Committee, consisting of at least three independent non-executive directors, reviews the effectiveness of the risk management and other internal controls, the reliability of financial information and the appointment and effectiveness of the external auditor. To assist in this function the committee may invite the external auditor and senior executives to report to meetings. Any significant non-audit services to be provided by the external auditors must be approved in advance by the Audit Committee. The Audit Committee considers that the provision of those non-audit services provided to date by the external auditor would not affect the auditor's independence.

The Investment Committee, consisting of three non-executive directors and the managing director, meet regularly to review the investment portfolio and to make investment decisions within defined limits. All directors may attend the Investment Committee meetings. The defined limits are reviewed by the board from time to time.

The Mortgage Committee, consisting of three non-executive directors, is responsible for the approval of loans within defined limits. Loans outside the limits are approved by the board. The defined limits are reviewed by the board from time to time.

The Nomination Committee consists of those directors who are not seeking re-election. This committee reviews the composition of the board annually and makes recommendations on the appropriate skill mix, personal qualities, expertise and diversity. The committee having reviewed the performance of the directors recommended Messrs Millner and Crampton for election at the 2009 annual general meeting.

The Remuneration Committee, consisting of three non-executive directors, advises the board on remuneration policies and practices generally, and makes specific recommendations to the board annually on remuneration packages and other terms of employment for senior executives and directors.

Share trading guidelines

Directors and officers are encouraged to have a personal financial interest in Milton by acquiring and holding shares on a long term basis.

The buying or selling of shares in Milton is not permitted by any director or any officer of Milton or their associates when that person is in possession of price sensitive information not available to the market in relation to those shares. Apart from that, the directors or their associates may buy or sell shares in Milton at any time during the year other than for the seven days prior to the date of lodgement of announcements regarding the results of Milton until the day after the date of such lodgement.

Directors, officers and their associates are required to inform the chairman of any intention to sell shares.

Continuous disclosure and shareholder communication

The secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules.

The board reviews and approves all announcements to the ASX, except for the monthly net asset backing announcements which are reviewed by the chief financial officer and the managing director.

Milton has established a website to enhance communication with its shareholders and potential investors. The website contains historical information, copies of all information disclosed to the ASX and a corporate governance section that includes details of the various committee charters and policies. Shareholders, who have advised Milton of their email addresses, are notified by email of all announcements to the ASX. The communication policy is posted on Milton's website.

Risk management

The managing director and chief financial officer report annually to the Audit Committee on Milton's risk management system and provide written confirmation to the board that the integrity of the financial statements are founded on a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting.

The board considers an internal audit function is not necessary due to the nature and size of Milton's operations. The external auditors report to the Audit Committee on risk management issues identified during the course of the audit. The risk management policy is posted on Milton's website.

Milton Corporation Limited
Income statements
for the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Operating revenue	2a	**78,092**	90,233	**77,588**	89,971
Share of net profits of joint ventures – equity accounted	26b	**2,185**	5,725	**-**	-
Operating expenses	3	**(3,010)**	(3,277)	**(3,010)**	(3,277)
Finance costs		**(221)**	(4,341)	**(221)**	(4,341)
Operating profit before income tax expense, special investment revenue, realised gains and losses and impairment losses		**77,046**	88,340	**74,357**	82,353
Income tax expense thereon*	5a	**(3,422)**	(5,518)	**(2,757)**	(5,279)
Operating profit before special investment revenue, realised gains and losses and impairment losses		**73,624**	82,822	**71,600**	77,074
Special investment revenue before tax	2b	**882**	4,717	**882**	4,706
Income tax expense thereon*	5b	**(16)**	(203)	**(16)**	(203)
		866	4,514	**866**	4,503
Operating profit before realised gains and losses and impairment losses		**74,490**	87,336	**72,466**	81,577
Realised (losses) gains on investments before tax		**(1,629)**	48,750	**(1,629)**	48,750
Income tax expense thereon*	5c	**(212)**	(14,066)	**(212)**	(14,066)
Net realised (losses) gains on investments		**(1,841)**	34,684	**(1,841)**	34,684
Impairment losses before tax		**(31,540)**	**-**	**(31,540)**	-
Income tax benefit thereon*	5d	**8,894**	**-**	**8,894**	-
Impairment losses		**(22,646)**	**-**	**(22,646)**	-
Profit attributable to shareholders of the parent entity		**50,003**	122,020	**47,979**	116,261
*Total income tax benefit (expense)		**5,244**	(19,787)	**5,909**	(19,548)
Basic and diluted earnings per share including after tax special investment revenue, realised gains and losses and impairment losses (cents)	9	**57.7**	145.2		
Basic and diluted earnings per share based on operating profit before special investment revenue, realised gains and losses and impairment losses (cents)	9	**85.0**	98.5		

The income statements are to be read in conjunction with the notes to the financial statements.

Milton Corporation Limited
Balance sheets
as at 30 June 2009

	Note	Consolidated		Parent	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
Current assets					
Cash and cash equivalents	10	**66,503**	65,343	**66,465**	65,308
Receivables	11a	**14,224**	21,740	**23,745**	31,256
Other financial assets	12	**15,609**	14,143	**15,609**	14,143
Total current assets		**96,336**	101,226	**105,819**	110,707
Non-current assets					
Receivables	11b	**2,827**	2,239	**2,827**	2,239
Investments	13	**1,225,868**	1,503,756	**1,354,688**	1,741,109
Joint ventures – equity accounted	26c	**14,203**	12,852	**-**	-
Plant and equipment	14	**127**	98	**127**	98
Deferred tax assets	15	**8,520**	1,203	**8,520**	1,115
Total non-current assets		**1,251,545**	1,520,148	**1,366,162**	1,744,561
Total assets		**1,347,881**	1,621,374	**1,471,981**	1,855,268
Current liabilities					
Payables	16	**1,163**	562	**126,443**	236,171
Interest bearing liabilities	17a	**-**	2,676	**-**	2,676
Current tax liabilities		**682**	7,424	**19**	6,184
Provisions	19a	**215**	128	**215**	128
Total current liabilities		**2,060**	10,790	**126,677**	245,159
Non-current liabilities					
Interest bearing liabilities	17b	**-**	165	**-**	165
Deferred tax liabilities	18	**101,706**	190,692	**101,189**	190,217
Provisions	19b	**392**	415	**392**	415
Total non-current liabilities		**102,098**	191,272	**101,581**	190,797
Total liabilities		**104,158**	202,062	**228,258**	435,956
Net assets		**1,243,723**	1,419,312	**1,243,723**	1,419,312
Equity					
Issued capital	20	**826,141**	763,770	**826,141**	763,770
Reserves	21	**325,921**	545,225	**364,225**	581,995
Retained profits	22	**91,661**	110,317	**53,357**	73,547
Total equity		**1,243,723**	1,419,312	**1,243,723**	1,419,312
Net tangible assets per share before provision for tax on unrealised capital gains		**$15.11**	$19.03		
Net tangible assets per share after provision for tax on unrealised capital gains		**$13.98**	$16.78		

The balance sheets are to be read in conjunction with the notes to the financial statements.

Milton Corporation Limited
Statements of changes in equity
for the year ended 30 June 2009

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Total equity attributable to shareholders at the beginning of the year	**1,419,312**	1,615,327	**1,419,312**	1,616,822
Profit attributable to shareholders for the year	**50,003**	122,020	**47,979**	116,261
Impairment losses transferred from the asset revaluation reserve to the income statement	**22,646**	-	**22,646**	-
Net devaluation of investments	**(324,976)**	(428,165)	**(323,440)**	(424,335)
Provision for tax benefit on unrealised capital losses	**95,920**	128,744	**95,920**	128,739
	(156,407)	(177,401)	**(156,895)**	(179,335)
Contributions of equity, net of issue costs	**62,371**	53,141	**62,371**	51,577
Pre-acquisition earnings of subsidiaries liquidated	**-**	-	**488**	2,003
Dividends paid from retained profits	**(71,406)**	(66,816)	**(71,406)**	(66,816)
Dividends paid from capital profits reserve	**(10,147)**	(4,939)	**(10,147)**	(4,939)
	(19,182)	(18,614)	**(18,694)**	(18,175)
Total equity attributable to shareholders at the end of the year	**1,243,723**	1,419,312	**1,243,723**	1,419,312

The statements of changes in equity are to be read in conjunction with the notes to the financial statements.

Milton Corporation Limited
Cash flow statements
for the year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Cash flows from operating activities					
Dividends received		**77,216**	73,901	**76,729**	73,714
Interest received		**4,629**	10,581	**4,624**	10,549
Distributions received from joint venture entities		**833**	4,166	**-**	-
Other receipts in the course of operations		**2,149**	5,742	**2,144**	5,722
Proceeds from sales of trading securities		**5,327**	943	**5,327**	-
Payments for trading securities		**(4,527)**	(914)	**(4,527)**	-
Finance costs paid		**(252)**	(4,448)	**(252)**	(4,448)
Other payments in the course of operations		**(3,093)**	(3,147)	**(3,090)**	(3,147)
Income taxes paid		**(10,012)**	(8,464)	**(9,954)**	(8,464)
Net cash provided by operating activities	25a	**72,270**	78,360	**71,001**	73,926
Cash flows from investing activities					
Proceeds from disposal of investments		**11,611**	33,346	**11,611**	33,346
Payments for investments		**(24,140)**	(81,310)	**(24,140)**	(81,310)
Cash on acquisition of subsidiaries		**9,398**	283	**-**	-
Payments for acquisitions of subsidiaries		**(380)**	(450)	**(380)**	(450)
Payments for plant and equipment		**(64)**	(89)	**(64)**	(89)
Loans repaid by (advanced to) other entities		**1,820**	(1,157)	**1,820**	(1,157)
Net cash used in investing activities		**(1,755)**	(49,377)	**(11,153)**	(49,660)
Cash flows from financing activities					
Proceeds from issue of shares		**15,564**	23,101	**15,564**	23,101
Payments for issue of shares		**(62)**	(79)	**(62)**	(79)
Proceeds from borrowings		**-**	2,219	**10,202**	6,943
Repayment of borrowings		**(3,304)**	(9,443)	**(2,842)**	(9,443)
Ordinary dividends paid		**(74,788)**	(71,754)	**(74,788)**	(71,754)
Special dividend paid		**(6,765)**	-	**(6,765)**	-
Net cash used in financing activities		**(69,355)**	(55,956)	**(58,691)**	(51,232)
Net increase (decrease) in cash assets held		**1,160**	(26,973)	**1,157**	(26,966)
Cash assets at the beginning of the year		**65,343**	92,316	**65,308**	92,274
Cash assets at the end of the year	10	**66,503**	65,343	**66,465**	65,308

The cash flow statements are to be read in conjunction with the notes to the financial statements.

1. Statement of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Milton Corporation Limited as an individual entity and the consolidated entity consisting of Milton Corporation Limited and its subsidiaries.

a. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards and 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 available-for-sale financial assets and certain financial assets and liabilities measured at fair value.

The financial statements are 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.

b. Basis of consolidation

The consolidated financial statements include the financial statements of Milton, being the parent entity, and its subsidiaries. The balances and effects of transactions between subsidiaries included in the consolidated financial statements have been eliminated in full.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

Where entities have come under the control of the parent entity during the year, their operating results have been included in the group from the date control was obtained. Entities cease to be consolidated from the date on which control is transferred out of the group and the consolidated financial statements include the result for the part of the reporting period during which the parent entity had control.

c. Income tax

The income tax expense is the tax payable on the current year's taxable income based on the income tax rate enacted adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax is recognised using the balance sheet method.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax balances attributable to revaluation amounts are recognised directly in equity through the asset revaluation reserve.

1. Statement of significant accounting policies (continued)

c. Income Tax (continued)

Milton Corporation Limited (the head entity) and its wholly-owned subsidiaries have formed an income tax consolidated group. Each entity in the group recognises its own current and deferred tax, except for any deferred tax assets arising from unused tax losses from subsidiaries, which are immediately assumed by the parent entity. The current tax liability of each group entity is subsequently assumed by the parent entity.

There is no tax funding agreement between Milton and its subsidiaries.

d. Cash and cash equivalents

Cash assets include cash on hand, at bank, short-term deposits at call, term deposits and bills receivable, and are shown at fair value.

Interest from short-term deposits and bank accounts is brought to account on an accruals basis as it is earned.

Revenue from the bills receivable is recognised on an effective yield basis.

e. Trading securities

Trading securities are carried at fair value which is the net realisable value.

Any reduction in the carrying amount of the asset is expensed.

Dividends are brought to account on the date that the shares are traded "ex-dividend".

f. Other liquid securities

Other liquid securities include listed securities such as reset preference shares which are classified as available-for-sale and may be realised within 12 months.

Other liquid securities are valued continuously. Revaluation increments arising from revaluations are credited directly to the asset revaluation reserve after deducting a provision for potential deferred capital gains tax. The asset revaluation reserve is reduced when investments are realised.

On disposal, realised gains or losses and associated tax are recognised in the income statement.

Distribution income from these securities are brought to account on the day that these securities trade "ex-dividend".

g. Investments

Subsidiaries

Investments in subsidiaries are carried at net asset value which approximates fair value of the controlled entities.

Income from dividends is brought to account when they are declared.

Other companies

All investments are classified as "available-for-sale investments" and are recognised at fair value, which is the price quoted in an active market and for unquoted investments it is the estimated market value.

Investments are valued continuously with changes in value being recognised directly in the asset revaluation reserve after deducting a provision for potential deferred capital gains tax.

When an investment is disposed or impaired, the cumulative gain or loss is removed from the asset revaluation reserve and recognised in the income statement. Realised capital gains, net of tax, are transferred from retained profits to the capital profits reserve.

All investments trading below cost are assessed for impairment regularly. If objective evidence of impairment exists at the reporting date, the investment is classified as impaired at that time. The unrealised impairment loss, being the difference between costs and market price at the reporting date, is then recognised in the income statement. Any subsequent reversal of an unrealised impairment loss is not reversed through the income statement.

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 a return of capital and not as a dividend.

1. Statement of significant accounting policies (continued)

h. Employee benefits

The provision for employee entitlements relates to amounts expected to be paid to employees for long service leave and annual leave (including on-costs) and is based on legal and contractual entitlements and assessments having regard to experience in relation to staff departures and leave utilisation. Employees are not paid on termination for untaken sick leave.

Under the Employee Share Plan, shares are acquired for employees as part of their remuneration and the cost of the shares is recorded in employee benefit expenses (refer note 24a).

Under the Senior Staff Share Plan, shares are acquired for eligible employees as part of their remuneration and held on their behalf by the trustee of the Plan. The purchase of the Plan Shares is financed by a loan from Milton (refer note 24b).

i. Operating segments

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

j. Critical accounting estimates and judgments

Judgements, estimates and assumptions are required to prepare financial statements.

The group has recognised deferred tax assets, relating to carried forward capital losses, based on current tax rates. Utilisation of the tax losses requires the realisation of capital gains in subsequent years and the ability to satisfy certain tests at the time the losses are recouped.

Apart from this, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment does not affect the carrying value of the investments as Milton revalues its investments to market value continuously. Impairment losses, which are unrealised, are effectively transferred from the asset revaluation reserve to retained earnings.

Assessment of impairment at the reporting date, in accordance AASB 139 Financial Instruments: Recognition and Measurement, requires significant judgement. The duration and extent to which the fair value of an investment is less than its cost as well as the expected future cashflows from the investment are factors considered in determining whether an investment is impaired.

k. New standards and interpretations not yet adopted

No new accounting standards and interpretations, that are available for early adoption at 30 June 2009, will result in any material change in relation to the financial statements. Changes to the accounting standard, AASB 101 Presentation of Financial Statements (Issued September 2007) will apply for annual reporting periods beginning on or after 1 January 2009, but the changes are to presentation and will not affect any of the amounts recognised in the financial statements.

		Consolidated		Parent	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
2.	**Revenue**				
a.	**Operating**				
	Dividends - franked	**64,501**	67,266	**64,023**	67,097
	Dividends - unfranked	**3,836**	5,885	**3,834**	5,861
	Interest	**4,891**	10,764	**4,886**	10,746
	Trust distributions	**3,101**	5,710	**3,095**	5,699
	Net realised gains on trading portfolio	**1,059**	-	**1,059**	-
	Other revenue	**704**	608	**691**	568
		78,092	90,233	**77,588**	89,971
b.	**Special investment**				
	Dividends - franked	**831**	4,032	**831**	4,021
	Dividends - unfranked	**51**	673	**51**	673
	Trust distributions	**-**	12	**-**	12
		882	4,717	**882**	4,706
3.	**Expenses (excluding finance costs)**				
	Employment and administration	**2,869**	3,007	**2,869**	3,007
	Occupancy	**106**	220	**106**	220
	Depreciation	**35**	50	**35**	50
		3,010	3,277	**3,010**	3,277
4.	**Movements in provisions included in expenses**				
	Employee benefits	**65**	17	**65**	17
5.	**Income tax expense**				
a.	**Operating profit**				
	Prima facie income tax expense calculated at 30% on the profit before special investment revenue, realised gains and losses and impairment losses	**23,114**	26,502	**22,307**	24,706
	Increase (decrease) in income tax expense due to:				
	Rebates on dividend income	**(19,602)**	(21,477)	**(19,701)**	(21,477)
	Overprovision in prior year	**(100)**	(16)	**(100)**	(16)
	Other differences	**10**	509	**251**	2,066
	Income tax expense attributable to operating profit before special investment revenue, realised gains and losses and impairment losses	**3,422**	5,518	**2,757**	5,279
b.	**Special investment revenue**				
	Prima facie income tax expense calculated at 30% on special investment revenue	**264**	1,415	**264**	1,415
	Rebates on dividend income	**(248)**	(1,212)	**(248)**	(1,212)
	Income tax expense attributable to special investment revenue	**16**	203	**16**	203
c.	**Realised gains and losses on investments**				
	Prima facie income tax expense calculated at 30% on realised gains (losses) on investments	**(488)**	14,625	**(488)**	14,625
	Rollover relief applied	**-**	(407)	**-**	(407)
	Adjustment to cost base for tax	**700**	(152)	**700**	(152)
	Income tax expense attributable to realised gains and losses on investments	**212**	14,066	**212**	14,066

		Consolidated		Parent	
		2009	2008	**2009**	2008
5.	**Income tax expense (Continued)**	**$'000**	$'000	**$'000**	$'000
d.	**Impairment losses**				
	Prima facie income tax benefit calculated at 30% on impairment losses	**(9,462)**	-	**(9,462)**	-
	Adjustment to cost base for tax	**568**	-	**568**	-
	Income tax benefit attributable to impairment losses	**(8,894)**	-	**(8,894)**	-
6.	**Auditor's remuneration**				
	Audit services	**100**	105	**100**	105
	Liquidation of non-operating subsidiaries	**21**	41	**21**	41
	Acquisitions – due diligence costs	**14**	14	**14**	14
	Other services	**2**	2	**2**	2
		137	162	**137**	162
7.	**Ordinary fully franked dividends**				
a.	**Recognised in the current year**				
	A final dividend in respect of the 2008 year of 45 cents per share paid on 3 September 2008 (2008: A final dividend in respect of the 2007 year of 43 cents per share paid on 4 September 2007)	**38,052**	35,393	**38,052**	35,393
	A special dividend in respect of the 2008 year of 8 cents per share paid on 3 September 2008 (2008: nil)	**6,765**	-	**6,765**	-
	An interim dividend of 43 cents per share paid on 3 March 2009 (2008: 43 cents per share paid on 27 February 2008)	**36,736**	36,361	**36,736**	36,361
		81,553	71,754	**81,553**	71,754
b.	**Not recognised in the current year**				
	Since the end of the financial year, the directors declared a fully franked ordinary final dividend of 35 cents per share payable on 11 September 2009 (2008: ordinary 45 cents per share and a special of 8 cents per share paid on 3 September 2008)	**31,146**	44,817	**31,146**	44,817
c.	**Dividend franking accounts**				
	The amount of franking credits available to shareholders for the subsequent financial year, adjusted for franking credits that will arise from the payment of the current tax liability	**80,706**	75,586	**80,706**	75,586
	Subsequent to year end, the franking account will be reduced by the proposed final ordinary (2008: final ordinary and special dividends) to be paid on 11 September 2009	**(13,348)**	(19,207)	**(13,348)**	(19,207)
		67,358	56,379	**67,358**	56,379

The franking account balance would allow Milton to frank additional dividend payments up to an amount of $157,168,000 (2008: $131,551,000) which represents 176 cents per share (2008: 156 cents per share).

8.	**Listed Investment Company capital gain account**		
	Balance of the Listed Investment Company (LIC) capital gain account	**2,646**	12,126

A LIC capital gain dividend of 12 cents per share was included in the final dividend paid on 3 September 2008. Distributed LIC capital gains may entitle certain shareholders to a special deduction in their income tax return. LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains and the receipt of LIC capital gain distributions.

		Consolidated	
		2009	2008
9.	**Earnings per share**	**cents**	cents
	Basic earnings per share	**57.7**	145.2
	Basic earnings per share before special investment revenue, realised gains and losses and impairment losses	**85.0**	98.5
		$'000	$'000
	Profit attributable to shareholders of the parent entity	**50,003**	122,020
	Special investment revenue, realised gains and losses and impairment losses	**23,621**	(39,198)
	Earnings used in the calculation of basic earnings per share excluding special investment revenue, realised gains and losses and impairment losses	**73,624**	82,822
		No.	No.
	Weighted average number of ordinary shares used in the calculation of basic earnings per share	**86,659,837**	84,061,477

Diluted earnings per share figures are the same because there are no dilutive potential ordinary shares.

		Consolidated		Parent	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
10.	**Cash and cash equivalents**				
	Cash at bank	**899**	932	**861**	897
	Deposits at call	**16,704**	28,411	**16,704**	28,411
	Term deposits	**48,900**	-	**48,900**	-
	Bills receivable	**-**	36,000	**-**	36,000
		66,503	65,343	**66,465**	65,308

The weighted average interest rate for cash as at 30 June 2009 is 3.6% p.a. (2008: 7.8% p.a.). Term deposits have an average maturity date of August 2009 (2008: nil) and an average interest rate of 3.8% (2008: nil pa).

		Consolidated		Parent	
11.	**Receivables**				
a.	**Receivables – current**				
	Loans receivable – secured	**1,944**	4,352	**1,944**	4,352
	Income receivable	**10,907**	17,217	**10,907**	17,210
	Amounts owing by subsidiaries	**-**	-	**9,521**	9,520
	Sundry debtors	**1,373**	171	**1,373**	174
		14,224	21,740	**23,745**	31,256
b.	**Receivables – non-current**		-		-
	Senior staff share plan loans	**2,827**	2,239	**2,827**	2,239

c. **Terms and conditions**

Loans receivable – secured by real property – all due within 1 year (2008: due within 1 year), with fixed interest rates between 8.0% p.a. to 10.75% p.a. (2008: 8.0% p.a. to 9.5% p.a.). There were no loans receivable with unspecified maturity dates at 30 June 2009 (2008: nil). Sundry debtors are due within 30 days and no interest is charged.

		Consolidated		Parent	
12.	**Other financial assets**				
	Other liquid securities – at fair value	**14,905**	14,056	**14,905**	14,056
	Trading securities - at fair value	**615**	**-**	**615**	-
	Prepaid expenses	**89**	87	**89**	87
		15,609	14,143	**15,609**	14,143

		Consolidated		Parent	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
13.	**Investments – non-current**				
	Quoted investments - at fair value	**1,215,956**	1,493,869	**1,215,956**	1,493,869
	Unquoted investments - at fair value	**9,912**	9,887	**138,732**	247,240
		1,225,868	1,503,756	**1,354,688**	1,741,109
a.	**Included in quoted investments are:**				
	Shares in other corporations	**1,150,127**	1,420,420	**1,150,127**	1,420,420
	Stapled securities in other corporations	**23,114**	48,172	**23,114**	48,172
	Units in trusts	**42,715**	25,277	**42,715**	25,277
		1,215,956	1,493,869	**1,215,956**	1,493,869
b.	**Included in unquoted investments are:**				
	Shares in subsidiaries	**-**	-	**90,737**	89,203
	Shares in other corporations	**6**	6	**47,610**	157,677
	Stapled securities in other corporations	**125**	125	**125**	125
	Units in trusts	**9,781**	9,756	**260**	235
		9,912	9,887	**138,732**	247,240

c. Terms and conditions

Unquoted stapled securities had an average maturity date of 30 June 2010 (2008: 30 June 2009) and an average interest rate of 9.75% p.a. (2008: 9.75% p.a.).

d. Investments listing

The fair values of individual investments on a consolidated basis as at 30 June 2009 are disclosed on pages 7 to 9 of the annual report.

		Consolidated		Parent	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
14.	**Plant and equipment:**				
	Plant and equipment – at cost	**453**	756	**453**	756
	Accumulated depreciation	**(326)**	(658)	**(326)**	(658)
	Net book value	**127**	98	**127**	98
	Reconciliations of the carrying amounts for each class are as follows:				
	Plant and equipment				
	Carrying amount at the beginning of the year	**98**	59	**98**	59
	Additions	**64**	89	**64**	89
	Depreciation	**(35)**	(50)	**(35)**	(50)
	Carrying amount at the end of the year	**127**	98	**127**	98

Depreciation is calculated using the straight line method at rates based upon the assets' useful life. The expected useful life of office furniture is 15 years, office equipment is 10 years and computers are 2.5 years.

		Consolidated		Parent	
		2009	2008	**2009**	2008
		$'000	$'000	**$'000**	$'000
15.	**Deferred tax assets**				
	The balance comprises temporary differences attributable to :				
	Realised capital gains tax losses carried forward	**7,336**	-	**7,336**	-
	Revenue tax losses carried forward	**38**	40	**38**	-
	Provisions	**695**	675	**695**	675
	Retirement benefit obligations	**75**	75	**75**	75
	Share issue expenses	**307**	334	**307**	334
	Other	**69**	79	**69**	31
	Total deferred tax assets	**8,520**	1,203	**8,520**	1,115
	Movements:				
	Balance at beginning of year	**1,203**	1,335	**1,115**	1,190
	Charged (credited) to the income statement	**7,449**	(84)	**7,537**	(27)
	Credited to equity	**(132)**	(48)	**(132)**	(48)
	Balance at the end of year	**8,520**	1,203	**8,520**	1,115
	To be recovered within 12 months	**84**	115	**84**	115
	To be recovered after more than 12 months	**8,436**	1,088	**8,436**	1,000
		8,520	1,203	**8,520**	1,115
16.	**Payables**				
	Amounts owing to subsidiaries	**-**	-	**125,280**	235,609
	Other creditors and accruals	**1,163**	562	**1,163**	562
		1,163	562	**126,443**	236,171

Other creditors are settled within the terms of payment offered, which is normally within one month. No interest is applicable to these accounts.

17.	**Interest bearing liabilities**				
a.	**Current**				
	Unsecured notes	**-**	2,676	**-**	2,676
b.	**Non-current**				
	Unsecured notes	**-**	165	**-**	165

c. Terms and conditions

There were no unsecured notes at 30 June 2009 (2008: average weighted interest rate of unsecured notes – at call was 5.8% pa, unsecured notes – fixed was 6.0% with an average maturity of March 2009).

18.	**Deferred tax liabilities**				
	The balance comprises temporary differences attributable to:				
	Amounts recognised directly in equity:				
	Revaluation of investments	**85,113**	190,217	**85,113**	190,217
	Amounts recognised in profit for the year:				
	Unrealised gains on trading securities	**31**	-	**31**	-
	Income receivable which is not assessable for tax until receipt	**16,562**	475	**16,045**	-
		101,706	190,692	**101,189**	190,217

		Consolidated		Parent	
		2009	2008	**2009**	2008
18.	**Deferred Tax Liabilities (Continued)**	**$'000**	$'000	**$'000**	$'000
	Movements :				
	Balance at the beginning of year	**190,692**	311,263	**190,217**	311,048
	Charged to the income statement	**73**	239	**31**	-
	Acquired in business combinations	**-**	67	**-**	67
	Charged to equity	**(89,059)**	(120,877)	**(89,059)**	(120,898)
	Balance at the end of year	**101,706**	190,692	**101,189**	190,217
	To be settled within 12 months	**-**	-	**-**	-
	To be settled beyond 12 months	**101,706**	190,692	**101,189**	190,217
		101,706	190,692	**101,189**	190,217
19.	**Provisions**				
a.	**Current**				
	Employee benefits	**170**	128	**170**	128
	Directors' retirement benefits	**45**	-	**45**	-
		215	128	**215**	128
b.	**Non-current**				
	Employee benefits	**188**	166	**188**	166
	Directors' retirement benefits	**204**	249	**204**	249
		392	415	**392**	415
20.	**Issued capital**				
a.	**Movement in share capital**				
	Balance at the beginning of the year 84,560,837 shares (2008: 82,309,944 shares)	**763,770**	710,629	**763,770**	712,193
	Share Purchase Plan issues of 871,945 shares (2008: 1,027,641 shares) for cash	**15,564**	23,101	**15,564**	23,101
	3,555,958 shares issued as consideration for acquisition (2008: 1,223,252 shares)	**47,116**	28,588	**47,116**	28,589
	Sale of Milton shares held by a subsidiary at the prior year balance date	**-**	1,565	**-**	-
	Share issue costs net of tax	**(309)**	(113)	**(309)**	(113)
	Balance at the end of the year 88,988,740 shares (2008: 84,560,837 shares)	**826,141**	763,770	**826,141**	763,770

b Ordinary shares

All capital issued by the parent entity and its subsidiaries are fully paid ordinary shares.
Milton does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of Milton.

		Consolidated		Parent	
21.	**Reserves**				
	Capital profits reserve	**72,545**	85,091	**75,186**	87,732
	Asset revaluation reserve	**253,376**	460,134	**289,039**	494,263
		325,921	545,225	**364,225**	581,995
a.	**Movements in capital profits reserve**				
	Balance at the beginning of the year	**85,091**	69,237	**87,732**	73,848
	LIC dividends paid	**(10,147)**	(4,939)	**(10,147)**	(4,939)
	Transfer from (to) to asset revaluation reserve	**348**	(13,891)	**348**	(15,861)
	Transfer (to) from retained profits	**(2,747)**	34,684	**(2,747)**	34,684
	Balance at the end of the year	**72,545**	85,091	**75,186**	87,732

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000

21. Reserves (Continued)

b. Movements in asset revaluation reserve

Balance at the beginning of the year	**460,134**	745,664	**494,263**	773,998
Transfer (to) from capital profits reserve	**(348)**	13,891	**(348)**	15,861
Impairment losses transferred to the income statement	**22,646**	-	**22,646**	-
Net devaluation of investments	**(324,976)**	(428,165)	**(323,440)**	(424,335)
Provision for tax benefit on unrealised capital losses	**95,920**	128,744	**95,920**	128,739
Balance at the end of the year	**253,376**	460,134	**289,041**	494,263

c. Nature and purpose of reserves

Changes in fair value of available-for-sale financial investments are taken to the asset revaluation reserve as referred to in note 1g.

Upon disposal of available-for-sale financial investments, amounts are recognised in the income statements and transferred to the capital profits reserve as referred to in note 1g.

22. Retained profits

Retained profits at the beginning of the year	**110,317**	89,797	**73,547**	56,783
Profit attributable to shareholders for the year	**50,003**	122,020	**47,981**	116,261
Transfer of net realised losses (gains) net of tax to the capital profits reserve	**2,747**	(34,684)	**2,747**	(34,684)
Pre-acquisition earnings of subsidiaries liquidated	**-**	-	**488**	2,003
Dividends paid	**(71,406)**	(66,816)	**(71,406)**	(66,816)
Retained profits at the end of the year	**91,661**	110,317	**53,357**	73,547

23. Management of financial risk

The risks associated with the financial instruments, such as investments, cash, bank bills and borrowings, include market risk, credit risk and liquidity risk.

The Audit Committee has approved policies and procedures established to manage these risks. The effectiveness of these policies and procedures is continually reviewed by management and annually by the Audit Committee.

a. Financial instruments' terms, conditions and accounting policies

The consolidated entity's significant accounting policies are included in note 1, while the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are included under the appropriate note for that instrument.

b. Net fair values

The carrying amounts of financial instruments in the balance sheet approximate their net fair value.

c. Credit risk exposures

Milton's principal credit risk exposures arise from the investment in liquid assets, such as cash and bank term deposits, and income receivable.

The risk that a financial loss will occur because a counterparty to a financial instrument fails to discharge an obligation is known as credit risk. The credit risk on the group's financial assets, excluding investments, is the carrying amount of those assets.

Individual bank limits have been approved by the board for the investment of the cash and bank bills.

Income receivable is comprised of accrued interest and dividends and distributions which were brought to account on the date the shares or units traded ex-dividend.

There are no financial instruments overdue or considered to be impaired.

All financial assets and their recoverability are continuously monitored by management and reviewed by the board on a quarterly basis.

23. Management of financial risk (Continued)

d. Market risk

Market risk is the risk that changes in market prices will affect the fair value of the financial instrument.

Milton is exposed to market risk through the movement of the share prices of the companies and trusts in which it is invested. Milton's long term investment experience is that the fair value of the portfolio increases over the long term.

The market value of individual companies fluctuates every day and the fair value of the portfolio changes continuously, with this change in the fair value recognised through the asset revaluation reserve.

Investments represent 91% (2008: 93%) of total assets. A 5% movement in the market value of each of the companies and trusts within the portfolio would result in a 4.6% (2008: 4.7%) movement in the net assets before provision for tax on unrealised capital gains at 30 June 2009 (2008: 30 June 2008). The net asset backing before provision for tax on unrealised capital gains would move by 69 cents per share at 30 June 2009 (2008: 89 cents at 30 June 2008).

Milton's executives regularly monitor the performance of the companies within its portfolio and make portfolio recommendations which are considered by the Investment Committee. The Milton board reviews the portfolio on a quarterly basis.

Milton is not exposed to foreign currency risk as all its investments are quoted in Australian dollars.

The fair value of Milton's other financial instruments is unlikely to be materially affected by a movement in interest rates as they generally have short dated maturities and variable interest rates.

e. Liquidity risk

Liquidity risk is the risk that Milton is unable to meet its financial obligations as they fall due.

The group manages liquidity risk by monitoring forecast cashflows and ensuring that adequate unutilised borrowing facilities are maintained.

f. Capital risk management

The parent entity invests its equity in a diversified portfolio of assets that generates a growing income stream for distribution to shareholders in the form of fully franked dividends.

The capital base is managed to ensure there are funds available for investment as opportunities arise. Capital may be increased annually through the issue of shares under the Share Purchase Plan. Other means of increasing capital could include rights issues and acquisitions of unlisted investment companies.

24. Employee entitlements

a. Employee Share Plan

The Employee Share Plan ("ESP") is available to all eligible employees to acquire ordinary shares in Milton in lieu of a cash bonus of up to $1,000 per year as part of the employee's remuneration. The transaction and administration costs of acquiring the shares and administering the plan are paid by Milton.

In August 2008, 432 (2008: 344) shares were acquired by Milton on behalf of eligible employees under the ESP at a cost of $7,992 (2008: $7,840). These shares had a market value at 30 June 2009 of $6,264 (2008: $6,667) at $14.50 per share (2008: $19.38 per share).

Any shares acquired cannot be disposed of or transferred until the earlier of 3 years from the date of issue or acquisition or on the date that the employee's employment ceases with Milton.

b. Senior Staff Share Plan

The Senior Staff Share Plan ("SSSP") was approved by shareholders at Milton's Annual General Meeting on 9 October 2001. Eligible employees are given the opportunity to apply for Plan Shares in Milton which are subscribed for or acquired and held on their behalf by the trustee of the plan. The purchase of these Plan Shares is financed by an interest-free limited recourse loan from Milton which will be repaid partially from any dividends received. Milton administers the SSSP and meets the transactional and administration costs.

In August 2008, 37,500 shares (2008: 32,500 shares) were acquired by the trustee of the plan on behalf of eligible employees under the SSSP at a cost of $709,521 (2008: $741,000). The loans to eligible employees are as disclosed in note 11b. The shares acquired by the trustee during the year had a market value of $543,750 (2008: $629,850) at $14.50 per share (2008: $19.38 per share) as at 30 June 2009.

Any shares acquired are held in the name of the trustee and classified as Restricted Shares which cannot become Unrestricted Shares until the earlier of 3 years from the date of issue to the trustee or acquisition by the trustee or on the date that the employee's employment ceases with Milton. The trustee may transfer Unrestricted Shares to the participant provided that any outstanding loan has been repaid in full.

	Consolidated		Parent	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

25. Note to the cash flow statements

a. Reconciliation of net profit to net cash provided by operating activities

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent 2009 $'000	Parent 2008 $'000
Profit attributable to shareholders	**50,003**	122,020	**47,979**	116,261
Net realised losses (gains) on investments	**1,841**	(34,684)	**1,841**	(34,684)
Share of net profits of joint ventures – equity accounted	**(2,185)**	(5,725)	**-**	-
Impairment losses	**22,646**	-	**22,646**	-
Distributions received from joint venture entities	**833**	4,166	**-**	-
Depreciation of non-current assets	**35**	50	**35**	50
Decrease (increase) in receivables	**5,999**	(4,611)	**6,004**	(4,605)
Decrease in other creditors and accruals	**(387)**	(131)	**(387)**	(131)
Decrease in income taxes payable	**(6,580)**	(2,742)	**(7,182)**	(2,982)
Increase in provisions	**65**	17	**65**	17
Net cash provided by operating activities	**72,270**	78,360	**71,001**	73,926

b. Non-cash financing and investing activities

As described in note 27, Milton acquired one unlisted investment company (2008: one unlisted investment company and its subsidiary) during the year through the issue of 3,555,958 (2008: 1,223,252) Milton shares at a fair value of $47,116,000 (2008: $28,588,000).

26. Investment in joint venture entities

a. 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.

b. Contribution from joint venture entities

	2009 $'000	2008 $'000
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	**1,681**	4,513
23.33% interest in the Mews Joint Venture – contribution to operating profit before tax	**504**	1,212
Share of net profits of joint ventures	**2,185**	5,725

c. Consolidated interest in the assets and liabilities of the joint ventures

	2009 $'000	2008 $'000
Current assets	**15,495**	14,584
Non-current assets	**8,231**	8,514
Current liabilities	**(1,463)**	(1,953)
Non-current liabilities	**(6,675)**	(6,908)
	15,588	14,237
Provision for diminution in value	**(1,385)**	(1,385)
Net assets	**14,203**	12,852

d. Contingent liabilities

Each venturer is liable for its share of the debts of the joint ventures. The bank loans have recourse only to the assets of the joint ventures. There are no further financial commitments.

27. Particulars in relation to subsidiaries

a. Milton Corporation Limited's subsidiaries

The following subsidiaries have been included in the consolidated accounts:

	Interest held%	
	2009	2008
85 Spring Street Properties Pty Ltd	**100**	100
Chatham Investment Co. Pty Limited	**100**	100
Incorporated Nominees Pty Limited	**100**	100
Milhunt Pty Limited	**100**	100
Crieff Pty Limited (refer note 27b and c)	**-**	-

All controlled entities are incorporated in Australia

b. Acquisition and disposal of subsidiaries

On 19 February 2009, Milton Corporation Limited acquired 100% of the voting shares in an unlisted investment company (2008: one unlisted investment company and its subsidiary) with the consideration consisting of the issue of 3,555,958 Milton shares (2008: 1,223,252 Milton shares). The main activity of this company is investing in listed securities.

The operating results of this company from the date of acquisition has been included in the income statement, while the assets and liabilities have been included in the balance sheet. The results of this company from 1 July 2008 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.

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Details of the acquisitions are as follows:				
Fair value of the net assets acquired:				
Investments	**38,031**	27,948	**38,031**	27,948
Liquid and other assets	**9,403**	1,074	**9,403**	1,074
Liabilities	**(318)**	(434)	**(318)**	(434)
	47,116	28,588	**47,116**	28,588

Total transaction costs, being stamp duty, due diligence fees, legal fees and share issue costs, amounted to $380,000 (2008: $66,000).

c. Disposal of controlled entity

During the year, Crieff Pty Limited was placed into voluntary liquidation (2008: 10 wholly owned companies were placed into voluntary liquidation).

28. Key Management Personnel

The names of each person holding the position of director of Milton Corporation Limited during the financial year were Robert Dobson Millner, John Napier Aitken, John Frederick Church, Graeme Lindsay Crampton, Francis Gerard Gooch, David Fletcher Myles, and Ian Alfred Pollard.

Francis Gerard Gooch is Milton's managing director.

Anthony Roger Davison, Milton's chief financial officer and secretary is the only executive designated as key management personnel.

Information regarding individual director's and executives' compensation and some equity instruments disclosures as permitted by Corporations Regulations 2M.3.03 and 2M.6.04 are provided in the Remuneration Report of the Directors' Report on pages 13 to 16.

28. Key Management Personnel (continued)

a. Shareholdings of non-executive directors and their related parties – number of shares held

		Opening Balance	Acquisition	Closing Balance
R.D. Millner	**2009**	**4,739,483**	**1,960**	**4,741,443**
	2008	4,586,872	152,611	4,739,483
J.N. Aitken	**2009**	**20,500**	**280**	**20,780**
	2008	17,800	2,700	20,500
J.F. Church	**2009**	**5,647,337**	**4,300**	**5,651,637**
	2008	5,644,007	3,330	5,647,337
G.L. Crampton*	**2009**	**-**	**-**	**17,511**
	2008	-	-	-
D.F. Myles	**2009**	**33,900**	**2,100**	**36,000**
	2008	29,800	4,100	33,900
I.A. Pollard	**2009**	**22,099**	**560**	**22,659**
	2008	21,433	666	22,099

*Appointed a director on 1 June 2009

b. Executives' shareholdings and their related parties – number of shares held

		Opening Balance	Received as Remuneration	Other Acquisitions	Closing Balance
F.G. Gooch	**2009**	**113,087**	**15,000**	**280**	**128,367**
Managing director	2008	97,368	15,000	719	113,087
A.R. Davison	**2009**	**30,458**	**7,554**	**-**	**38,012**
CFO, secretary	2008	22,915	7,543	-	30,458

c. Directors and Key Management Personnel compensation

	Consolidated		Parent	
	2009	2008	**2009**	2008
	$'000	$'000	**$'000**	$'000
Short-term employee benefits	**914**	945	**914**	945
Other long-term benefits	**39**	11	**39**	11
Post-employment benefits	**211**	204	**211**	204
Share-based payments	**179**	130	**179**	130
	1,343	1,290	**1,343**	1,290

d. Loans in relation to the Senior Staff Share Plan

Details regarding loans outstanding at the reporting date to specified directors and specified executives, where the individual's aggregate loan balance exceeded $100,000 at any time in the reporting period, are as follows:

		Opening Balance $	Net change $	Closing Balance $	Highest balance in the period $	Notional Interest[(1)] $
F.G. Gooch	**2009**	**1,191,940**	**219,127**	**1,411,067**	**1,475,748**	**125,114**
Managing director	2008	897,593	294,347	1,191,940	1,239,593	93,060
A.R. Davison	**2009**	**467,626**	**116,902**	**584,528**	**609,531**	**51,409**
CFO, secretary	2008	313,880	153,746	467,626	484,880	34,978

(1) The notional interest has been included under "Share Based Payment" in the remuneration of the managing director and the executive disclosed on page 16.

Terms and conditions of the loans are referred to in note 24b.

29. Related parties

The names of each person holding the position of director of Milton Corporation Limited during the financial year were Robert Dobson Millner, John Napier Aitken, John Frederick Church, Graeme Lindsay Crampton, Francis Gerard Gooch, David Fletcher Myles and Ian Alfred Pollard.

All non-executive directors have entered into the Deed of Indemnity, Insurance and Access that was approved at the Annual General Meeting held on 10 October 2000. Milton has a Remuneration and Retirement Benefits Deed with each of the non-executive directors except Graeme Lindsay Crampton. During the 30 June 2004 year, Milton and the directors varied the Remuneration and Retirement Benefits Deed, whereby the maximum retirement benefit payable to a non-executive director on retirement will be the provision for the director as at 30 June 2003. Apart from the details disclosed in this note no director has entered into a material contract with the parent entity or consolidated entity since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at the end of the year.

	Consolidated		**Parent**	
	2009	2008	**2009**	2008
Transactions with related parties	**$'000**	$'000	**$'000**	$'000
Dividends paid by Milton to directors and director-related entities on the same basis as paid to all other shareholders	**10,165**	9,018	**10,165**	9,018

Loans to and from subsidiaries

Loans have been made to and by the parent entity to wholly owned subsidiaries for capital transactions. The loans between the parent and its subsidiaries have no fixed date of repayment and are non-interest bearing.

During the year ended 30 June 2009, such loans to subsidiaries totalled $83,862,000 (2008: $58,347,000) and loans from subsidiaries totalled $50,304,000 (2008: $15,650,000).

30. Lease commitments

	Consolidated 2009	Consolidated 2008	**Parent 2009**	Parent 2008
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	**140**	-	**140**	-
Later than one year but not later than five years	**973**	-	**973**	-
Later than five years	**1,593**	-	**1,593**	-
	2,706	-	**2,706**	-

31. Contingencies

There are no contingent liabilities.

32. Events subsequent to reporting date

Since the end of the financial year, the directors declared a fully franked final dividend of 35 cents per share, payable on 11 September 2009.

This financial report was authorised for issue in accordance with a resolution of directors on 12 August 2009.

DIRECTORS' DECLARATION

(1) In the opinion of the directors of Milton Corporation Limited ("Milton"):

(a) the financial statements and notes, and the Remuneration report in the Directors' report, set out on pages 13 to 16, are in accordance with the Corporations Act 2001, including;

(i) giving a true and fair view of Milton's and the consolidated entity's financial position as at 30 June 2009 and of their performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations *2001*; and

(b) there are reasonable grounds to believe that Milton will be able to pay its debts as and when they become due and payable.

(2) The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2009.

Signed in accordance with a resolution of the directors:

R. D. MILLNER
Chairman

Sydney, 12 August 2009

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MILTON CORPORATION LIMITED

We have audited the accompanying financial report of Milton Corporation Limited (Milton) and Milton Corporation Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising Milton and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Milton are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that 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 an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Moore Stephens Sydney ABN 90 773 984 843
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Independence

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

Auditor's Opinion

In our opinion the financial report of Milton Corporation Limited and Milton Corporation Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of Milton and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 16 of the directors' report for the year ended 30 June 2009. The directors of Milton are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Milton Corporation Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001.*

Moore Stephens Sydney
Chartered Accountants

S. M. Whiddett
Partner

Dated in Sydney this 12th day of August 2009

DIRECTORY

DIRECTORS

R. D. MILLNER - Chairman

J. N. AITKEN

J. F. CHURCH

G.L. CRAMPTON

F. G. GOOCH - Managing director

D. F. MYLES

I. A. POLLARD

MANAGEMENT

F. G. GOOCH - Managing director

A. R. DAVISON - Chief financial officer, secretary

REGISTERED OFFICE

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FAX: (02) 9261 8489
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EMAIL: registrars@linkmarketservices.com.au
INTERNET: www.linkmarketservices.com.au

ASX INFORMATION

TOP 20 SHAREHOLDERS AS AT 31 JULY 2009

NAME	***SHARES HELD***	***%***
Argo Investments Limited	7,772,034	8.73
Myora Pty Limited	4,542,676	5.10
Washington H. Soul Pattinson and Company Limited	4,117,536	4.63
Australian Foundation Investment Company Limited	2,880,585	3.24
Chickenfeed Pty Limited	2,128,186	2.39
Jamama Nominees Pty Limited	1,888,353	2.12
Choiseul Investments Limited	1,700,000	1.91
Bortre Pty Limited	1,212,793	1.36
Danwer Investments Pty Limited	1,212,793	1.36
Riversdale Pty Ltd <No 1 a/c>	797,846	0.90
Kathrynn Melanie Rose Wood <Penguin a/c>	783,945	0.88
Kirsten Anna Wood <Wood Dragon a/c>	783,945	0.88
Macdawley Proprietary Limited	695,923	0.78
Gartfern Pty Limited	625,860	0.70
AVL Investments Proprietary Limited	595,816	0.67
Yerong Pty Limited	548,961	0.62
Bougainville Copper Limited	538,015	0.60
Gardenglen Pty Limited	527,538	0.59
Isomet Pty Limited	514,806	0.58
Roslyn Marjorie Shawyer	476,441	0.54

On 31 July 2009, there were 14,748 holders of ordinary shares in the capital of Milton. Holders of ordinary shares are entitled to one vote per share.

Number of shares held	Number of shareholders
1-500	3,434
501-1000	2,231
1,001 – 5,000	6,900
5,001 – 10,000	1,404
10,001 – 50,000	657
50,001– 100,000	47
100,001 and over	77
The number of holders of less than a marketable parcel of 31 shares	258

SUBSTANTIAL SHAREHOLDINGS As at 31 July 2009 the names and holdings of substantial shareholders as disclosed in notices received by Milton are as follows:-

Substantial shareholders	***Date of Notice***	***No. of shares***
Argo Investments Limited	25 February 2009	7,772,744
John Frederick Church	24 February 2009	5,459,056

OTHER INFORMATION

Milton is taxed as a public company.

There is no current on-market buy-back.

The total number of transactions in securities undertaken by Milton was 181 and the total brokerage paid or accrued was $106,617.

ISSUES TO SHAREHOLDERS SINCE 19TH SEPTEMBER, 1985
(Commencement of Capital Gains Tax)

15.11.1985	1 for 10 Bonus Issue from Capital Profits Reserve
19.05.1986	Bonus in lieu of Dividend from Capital Profits Reserve
05.06.1987	1 for 10 Bonus Issue from Capital Profits Reserve
05.06.1987	Bonus in lieu of Dividend from Capital Profits Reserve
15.11.1988	1 for 20 Bonus from Share Premium Reserve
15.11.1988	1 for 20 Bonus from Capital Profits Reserve - a fully franked dividend
26.05.1989	1 for 20 Cash Issue at $3 per share
10.11.1989	1 for 10 Bonus from Share Premium Reserve
08.06.1990	1 for 20 Cash Issue at $3 per share
24.05.1991	1 for 20 Cash Issue at $3 per share
23.04.1992	1 for 10 Bonus from Capital Profits Reserve - a fully franked dividend
11.05.1992	1 for 10 Cash Issue at $4 per share
23.11.1994	1 for 10 Bonus from Share Premium Reserve
12.12.1994	1 for 10 Cash Issue at $4.75 per share
15.11.1995	1 for 10 Bonus from Share Premium Reserve
06.07.1998	3 Milton shares for 10 Chatham shares at $7.756022 per Milton share
06.07.1998	3 Milton shares for 10 Matine shares at $7.756022 per Milton share
06.07.1998	9 Milton shares for 40 Milkirk shares at $7.756022 per Milton share
21.06.1999	1 for 10 cash issue at $8.20 per share
10.11.1999	Share Purchase Plan at $8.75 per share
13.11.2000	Share Purchase Plan at $8.86 per share
13.11.2001	Share Purchase Plan at $10.79 per share
31.12.2001	Acquired Cambooya Investments Limited on the basis of 1.55 Milton shares for every 10 Cambooya shares - 8,273,502 Milton shares issued
28.06.2002	2,287,200 Milton shares for the acquisition of an unlisted investment company
08.11.2002	Share Purchase Plan at $11.70 per share
31.12.2002	1,739,112 Milton shares for the acquisition of an unlisted investment company
31.10.2003	Share Purchase Plan at $13.21 per share
11.03.2004	2,742,777 Milton shares for the acquisition of an unlisted investment company
01.04.2004	496,809 Milton shares for the acquisition of an unlisted investment company
29.10.2004	Share Purchase Plan at $14.10 per share
21.10.2005	Share Purchase Plan at $17.11 per share
17.08.2006	1,000,322 Milton shares for the acquisition of an unlisted investment company
23.08.2006	1,476,254 Milton shares for the acquisition of an unlisted investment company
28.08.2006	382,404 Milton shares issued for the acquisition of an unlisted investment company
21.09.2006	278,103 Milton shares issued for the acquisition of an unlisted investment company
16.10.2006	Share Purchase Plan at $19.60 per share
10.11.2006	1,888,353 Milton shares issued for the acquisition of an unlisted investment company
23.03.2007	1,895,976 Milton shares issued for the acquisition of an unlisted investment company
14.05.2007	2,424,582 Milton shares issued for the acquisition of an unlisted investment company
20.06.2007	252,477 Milton shares issued for the acquisition of an unlisted investment company
24.09.2007	1,223,252 Milton shares issued for the acquisition of an unlisted investment company
19.10.2007	Share Purchase Plan at $22.48 per share
03.10.2008	Share Purchase Plan at $17.85 per share
19.02.2009	3,555,958 Milton shares issued for the acquisition of an unlisted investment company

"CPI" FOR CAPITAL GAINS TAX

	March	June	September	December
1985	-	-	71.3	72.7
1986	74.4	75.6	77.6	79.8
1987	81.4	82.6	84.0	85.5
1988	87.0	88.5	90.2	92.0
1989	92.9	95.2	97.4	99.2
1990	100.9	102.5	103.3	106.0
1991	105.8	106.0	106.6	107.6
1992	107.6	107.3	107.4	107.9
1993	108.9	109.3	109.8	110.0
1994	110.4	111.2	111.9	112.8
1995	114.7	116.2	117.6	118.5
1996	119.0	119.8	120.1	120.3
1997	120.5	120.2	119.7	120.0
1998	120.3	121.0	121.3	121.9
1999	121.8	122.3	123.4	