

MILTON VALUE PROPOSITION

Milton pays fully franked dividends semi annually

- Ø Milton has paid a dividend every year since listing in 1958
- Ø Milton's 2016 fully franked full year ordinary dividend of 18.6 cps is 1% higher than the 2015 ordinary full year dividend.

Milton provides exposure to a diverse portfolio of Australian listed companies

- Ø Investment portfolio at 30 June 2016 was valued at \$2.6 billion

Milton is an efficient, low cost and professional investment manager

- Ø Total annualised operating costs represented 0.13% per annum of average total assets in the year ended 30 June 2016
- Ø Milton is internally managed and no fees are paid to an external manager

MILTON IS A TRADITIONAL LISTED INVESTMENT COMPANY

Its key objective is to pay increasing fully franked dividends per share out of the dividends that it receives from its long term holdings of assets including Australian equities, interest bearing securities and real property.

Milton is not a speculative investor and does not sell its assets to increase profit for distribution to shareholders. Capital profits are reinvested by the company for the benefit of shareholders.

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

DIRECTORS

R.D. Millner (Chairman)	K.J. Eley
J.F. Church	F.G. Gooch (MD)
G.L. Crampton	I.A. Pollard

SHARE REGISTRY MATTERS:

Shareholders with access to the internet can manage their holding details and vote online by visiting www.linkmarketservices.com.au.

Alternatively you can call Link Market Services on (02) 8280 7111 or Toll Free on 1800 641 024

PORTFOLIO

Milton remained reasonably fully invested throughout the year with cash balances of less than 5%. Disposals totalling \$47 million partially funded investment of \$70 million across 36 companies. This included \$10 million invested in the ANZ placement in August 2015 and \$5.5 million in the CBA share issue in August 2015. Other larger investments included \$6.9 million in Macquarie Group, \$6.3 million in Caltex, \$3.2 million in Qube and \$3.1 million in McMillan Shakespeare.

The disposals included a reduction in the ALS holding, the takeover of Toll Holdings and the complete sale of holdings in CYBG Plc, Crown, GWA and South 32.

20 LARGEST INVESTMENTS:

At 30 June 2016	Market Value \$million	Share of Total Assets %
Westpac Banking Corporation	307.3	11.2
Commonwealth Bank	231.3	8.4
Washington H. Soul Pattinson	156.0	5.7
National Australia Bank	121.0	4.4
Wesfarmers Limited	113.7	4.1
Telstra Corporation	83.2	3.0
ANZ Banking Group	81.3	3.0
Bank of Queensland	77.4	2.8
AP Eagers	69.6	2.5
BHP Billiton	67.8	2.5
CSL Limited	66.4	2.4
Woolworths Limited	60.7	2.2
Perpetual Limited	55.9	2.0
Bendigo and Adelaide Bank	54.8	2.0
AGL Energy	51.7	1.9
Blackmores Limited	48.2	1.8
Brickworks Limited	46.4	1.7
Macquarie Group	44.8	1.6
TPG Telecom	44.4	1.6
Transurban Group	42.1	1.5
Total value of Top 20	1,824.0	66.3
Total assets	2,747.8	

CONTACT DETAILS

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MILTON CORPORATION LIMITED

ABN 18 000 041 421

ANNUAL REVIEW – 30 JUNE 2016

Ø *Fully franked ordinary dividends:*

Final dividend of 9.9 cents per share is equal

Full year dividend of 18.6 cents per share is 1% up

Ø *Earnings per share:*

Down 0.4% % to 19.5 cents (excluding special investment revenue)

Down 1.6% to 19.8 cents (including special investment revenue)

Ø *Profit after tax:*

Up 1.1% to \$126.4 million (excluding special investment revenue)

Down 0.1% to \$127.9 million (including special investment revenue)

Ø *Net tangible asset backing per share (NTA):*

Down 3.8% to \$4.22 (before provision for tax on unrealised capital gains)

Down 2.8% to \$3.79 (after provision for tax on unrealised capital gains)

Ø *Dividend Reinvestment Plan is in operation for the final dividend*

Last day for receipt of an election notice for participation in the plan is 15 August 2016.

(Comparative figures refer to results for the year ended 30 June 2015)

ANNUAL GENERAL MEETING

The 2016 Annual General Meeting will be held on Thursday, 13 October 2016 at 3pm at the Sofitel Sydney Wentworth, Level 4, Adelaide Room, 61-101 Phillip Street, Sydney.

The Notice of Meeting is expected to be sent to shareholders on 22 August 2016.

This document is not a prospectus and does not seek to invite applications for shares in the Company.

RESULTS FOR THE YEAR TO

30 JUNE 2016

	\$million	Movement on pcp
Ordinary investment revenue	125.4	+2.1%
Interest	3.0	-26.3%
Net trading gains	3.7	+316.4%
Other revenue	0.6	+42.1%
Net profits of joint ventures	1.8	-71.6%
Administration costs ⁽¹⁾	(3.5)	+4.8%
Operating profit before tax	131.0	-0.2%
Tax expense	(4.6)	-25.9%
Underlying operating profit after tax	126.4	+1.1%
Special dividends after tax	1.5	-50.1%
Net profit after tax	127.9	-0.1%

⁽¹⁾ Administration costs represented 0.13% of average total assets.

Milton's primary source of income is the ordinary dividends and distributions received on its listed investments. In 2016 this income totalled \$125 million.

The weighted average earnings per share for 2016 were 19.8 cps. Excluding the special investment revenue, the underlying weighted average earnings per share were 19.5 cents per share compared to 19.6 cents per share in 2015.

BALANCE SHEET

At 30 June	2016 \$million	2015 \$million
Cash & liquids	123	99
Investments	2,568	2,657
Other assets	57	57
Total Assets	2,748	2,813
Liabilities	(2)	(2)
Net assets before provision for tax on unrealised capital gains	2,746	2,811
Provision for tax on unrealised capital gains	(280)	(313)
Net assets	2,466	2,498
Net Tangible Assets (NTA)		
Before provision for tax on unrealised capital gains	\$4.22	\$4.39
After provision for tax on unrealised capital gains	\$3.79	\$3.90

FULLY FRANKED DIVIDEND HISTORY

	2016	2015	2014	2013	2012
Interim (cps)	8.7	8.5	8.2	7.8	7.6
Final (cps)	⁽¹⁾ 9.9	9.9	9.4	8.6	8.0
Total (cps)	18.6	18.4	17.6	16.4	15.6
Special (cps)	-	0.4	0.4	0.5	-

⁽¹⁾Dividend "ex date" is 11 August 2016 and the payment date is 2 September 2016.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will operate for the final dividend. The last day for the receipt of an election notice for participation in the plan is 15 August 2016.

Share Purchase Plan

The Share Purchase Plan will not be offered to shareholders with the final dividend this year as Milton has sufficient funds available to invest at present. This position will continue to be reviewed and a further update will be provided at the annual general meeting on 13 October 2016.

COMMENTARY

The majority of companies in the portfolio paid increased dividends with some notable increases coming from A.P. Eagers, Bank of Queensland, Blackmores, Macquarie Group, Perpetual and QBE.

Many companies exposed to the energy and resource sectors paid reduced dividends in the second half of the year and even though Milton is underweight most of these companies they did still have a meaningful negative effect on investment revenue.

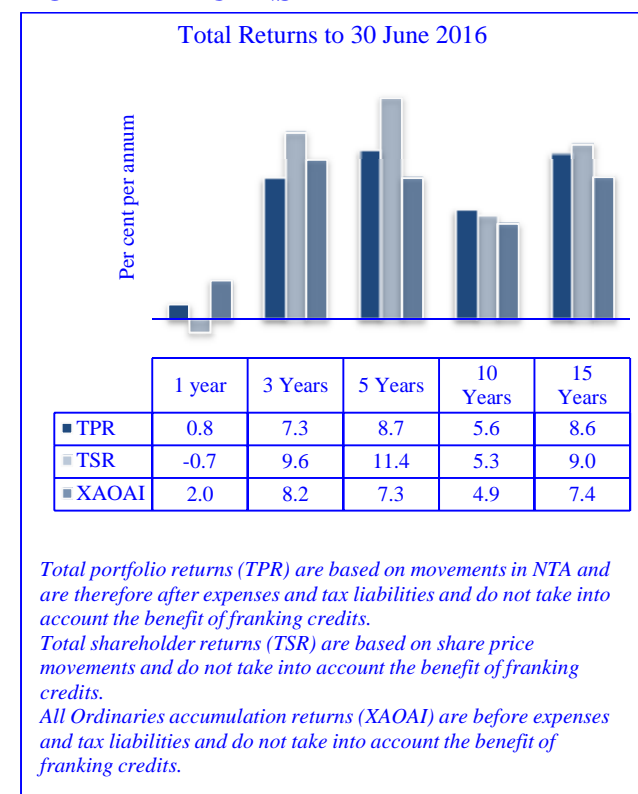
Milton has exposure to many sectors through its investment in 93 companies and trusts. This diversification has aided Milton in maintaining earnings even as some sectors have suffered significant earnings reductions.

Milton is not an index investor. Amongst its Top 20 long term holdings are companies such as A. P. Eagers, Blackmores, Brickworks, TPG Telecom and Washington H. Soul Pattinson, all of which provided dividend growth over the year and all of which are not well represented in the ASX indices.

Milton's investments in unlisted real property development joint ventures, which represent less than 1% of total assets, provided sound returns but they were less the prior year's record results.

The company continued to operate efficiently with total administration costs for the year at 0.13% of average total assets.

TOTAL RETURNS



OUTLOOK

In the first half of the 2017 financial year increased investment income from many of the companies in the portfolio is unlikely to offset further falls in dividends from companies operating in the energy and resource sectors while income in the second half is expected to show a slight improvement on the previous corresponding half.

Milton has sufficient franking credits and retained earnings to enable the full year ordinary dividend of 18.6 cents per share to be maintained in 2017 even if earnings fall below the 2016 result.

Milton's dividend payout ratio is normally between 90% and 95% of underlying profit, however, this may be exceeded in exceptional circumstances. In 2017 directors will consider both the current year performance and the forecast results as they are aware of the importance of at least maintaining the 2016 dividend.