

## 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 2014 fully franked final dividend of 9.4cps is 9.3% higher than the 2013 final dividend

### *Milton provides exposure to a diverse portfolio of Australian listed companies*

- Ø Investment portfolio at 30 June 2014 was valued at \$2.6 billion

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

- Ø Total annualised operating costs represented 0.125% per annum of average total assets in the year ended 30 June 2014
- 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.

## SHARE REGISTRY MATTERS:

Shareholders with access to the internet can manage their holding details and vote online by visiting [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

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

## DIRECTORS

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

## PORTFOLIO

During the year an additional \$94 million was invested in 43 companies and the February 2014 acquisition of an unlisted investment company lifted total investments by a further \$14 million.

The larger investments during the year included: Bank of Queensland, Carsales.com, Equity Trustees, Insurance Australia Group, Rio Tinto and Transurban Group.

Companies added to the portfolio during the year were Carsales.com and WDS.

Companies in the portfolio that were affected by demergers or corporate activity included Amcor, Brambles, Trust Company, Westfield Retail Trust and Westfield Group. As a result of this activity the portfolio now includes Orora, Scentre Group and Westfield Corporation. Milton elected to receive \$24 million worth of Perpetual scrip as consideration for the merger with Trust Company.

During the year holdings of QBE Insurance Group and Metcash were reduced whilst holdings in Alumina, APN News & Media and Fairfax Media were removed from the portfolio.

### THE 20 LARGEST INVESTMENTS:

At 30 June 2014	Market Value \$million	Share of Total Assets %
Westpac Banking Corporation	354.1	12.9
Commonwealth Bank	245.3	8.9
National Australia Bank	144.4	5.3
W H Soul Pattinson	135.3	4.9
BHP Billiton	121.4	4.4
Wesfarmers Limited	119.8	4.4
ALS Limited	99.5	3.6
ANZ Banking Group	99.0	3.6
Woolworths Limited	96.0	3.5
Bank of Queensland	89.1	3.2
Telstra Corporation	70.9	2.6
Bendigo and Adelaide Bank	69.7	2.5
Perpetual Limited	64.4	2.3
Brickworks Limited	44.2	1.6
Suncorp Group	41.6	1.5
CSL Limited	39.4	1.4
AGL Limited	37.0	1.3
Woodside Petroleum	33.8	1.2
Rio Tinto	33.7	1.2
AP Eagers	33.3	1.2
Total value of Top 20	1,971.9	71.5
<b>Total assets</b>	<b>2,748.5</b>	

## MILTON CORPORATION LIMITED

ABN 18 000 041 421

### ANNUAL REVIEW – 30 JUNE 2014

#### Ø *Fully franked ordinary dividends:*

*Final ordinary dividend of 9.4 cents per share up 9.3% from 8.6 cents per share*

#### Ø *Fully franked special dividend of 0.4 cents per share.*

#### Ø *Earnings per share:*

*Up 5.5% to 18.8 cents (excluding special investment revenue and acquisition costs)*

*Up 5.5% to 19.3 cents (including special investment revenue and acquisition costs)*

#### Ø *Profit after tax:*

*Up 8.2% to \$117.4 million (excluding special investment revenue and acquisition costs)*

*Up 8.2% to \$120.3 million (including special investment revenue and acquisition costs)*

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

*Up 11.9% to \$4.35 (before provision for tax on unrealised capital gains)*

*Up 9.6% to \$3.86 (after provision for tax on unrealised capital gains)*

#### Ø *Dividend Reinvestment Plan in operation for the final ordinary and special dividends.*

#### Ø *Share Purchase Plan on offer to shareholders on the register on 23 July 2014.*

(Comparative figures refer to results for the year ended 30 June 2013. Per share comparatives have been restated to reflect the 5 for 1 share split in October 2013)

### CONTACT DETAILS

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*PO Box R1836, Royal Exchange NSW 1225*

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*Web address: [www.milton.com.au](http://www.milton.com.au)*

*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 2014

	\$million	Movement on pcp
Operating revenue	120.1	+ 7.1%
Net profits of joint ventures	6.4	+27.9 %
Operating expenses	(3.3)	+4.1 %
Operating profit before tax	123.2	+8.1%
Tax expense	(5.8)	+7.2%
<b>Underlying operating profit after tax</b>	<b>117.4</b>	<b>+8.2 %</b>
Special dividends after tax	2.9	+7.6 %
Net profit after tax	120.3	+8.2 %

Ordinary dividend and distribution income was 8% higher than the previous year with 4% derived from net dividend increases from the portfolio and 4% from additions to the portfolio.

Weighted average earnings per share for 2014 increased by 5.5%. Excluding the special investment revenue, the underlying weighted average earnings per share were 18.8 cents per share compared to 17.8 cents per share in 2013.

Total operating costs represented just 0.125% of average total assets.

## BALANCE SHEET

At 30 June 2014	2014 \$million	2013 \$million
Cash & liquids	116	115
Investments	2,575	2,203
Other assets	57	60
Total Assets	2,748	2,378
Liabilities	(2)	(3)
Net assets before provision for tax on unrealised capital gains	2,746	2,375
Provision for tax on unrealised capital gains	(309)	(223)
Net assets	2,437	2,152
<b>NTA</b> (Comparatives have been restated to reflect the 5 for 1share split)		
Before provision for tax on unrealised capital gains	\$4.35	\$3.89
After provision for tax on unrealised capital gains	\$3.86	\$3.52

## FULLY FRANKED DIVIDEND HISTORY <sup>(1)</sup>

	2014	2013	2012	2011	2010
Interim (cps)	8.2	7.8	7.6	7.4	7.0
Final (cps)	<sup>(2)</sup> 9.4	8.6	8.0	7.8	*7.2
Total (cps)	17.6	16.4	15.6	15.2	14.2
Special (cps)	<sup>(2)</sup> 0.4	0.5	-	5	-
<b>*LIC Capital Gain included as part of final dividend :</b>					
LIC (cps)	-	-	-	-	0.4

<sup>(1)</sup>Comparatives have been restated to reflect the 5 for 1 share split

<sup>(2)</sup>Dividend "ex date" is 14 August 2014 and the payment date is 3 September 2014.

## COMMENTARY

The ordinary final dividend has been lifted by 9.3% to 9.4 cents per share and this resulted in the full year ordinary dividend rising by 7.3% to 17.6 cents per share.

Milton's managing director, Mr Frank Gooch, said, "Many shareholders are attracted to Milton's reliable fully franked dividend, its exposure to a diversified portfolio of companies listed on the ASX, and its low cost of operation."

As special investment revenue earned can vary substantially from year to year, it is excluded from the profits out of which ordinary dividends are paid. However special dividends are paid by Milton when this revenue accumulates to a material amount

In the 2014 financial year special dividends totalling more than \$2.9 million were received with the major contributors being Westpac, Trust Company, Suncorp Group and Macquarie Group. This has provided the opportunity to pay a special fully franked dividend of 0.4 cents per share.

## Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will operate for the final and special dividends. Shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. The pricing of the new DRP shares will be based on the volume weighted average selling price of Milton shares over the five day period commencing on 19 August 2014 being the first trading day after the Record Date. The last day for the receipt of an election notice for participation in the plan is 19 August 2014

## Share Purchase Plan

The Share Purchase Plan (SPP) is being offered to shareholders on the register on 23 July 2014. In accordance with the SPP rules shareholders may apply for new shares with a total market value of up to \$15,000. The shares will be issued at a discount of 2.5% to the volume weighted average share price for the three days immediately after the shares trade ex dividend. Further details will be forwarded to eligible shareholders on 3 September 2014.

## Total Returns

Milton's Total Portfolio Return (TPR), which is the combination of the movement in NTA and the dividends paid during the year, was 16.5%. This return is net of all operating costs and tax liabilities. The accumulation return of the All Ordinaries Index, which is not adjusted for any costs or tax, was 17.6%.

During the year the Milton share price increased at a greater rate than its NTA and so the Total Shareholder Return over the year of 28.6% was higher than the TPR.

## Outlook

The outlook for Australian corporates continues to be affected by much uncertainty which is unlikely to be resolved in the short term. However many companies have restructured their operations so that they operate more efficiently and should benefit as conditions improve.

Currently, consensus estimates for the market indicate that earnings and dividends will increase over the year ahead.

In the absence of unforeseen circumstances directors expect to be able to at least maintain Milton's full year ordinary dividend rate of 17.6 cents per share.

## ANNUAL GENERAL MEETING

The 2014 Annual General Meeting will be held on Thursday, 16 October 2014 at 3pm at the UNSW CBD Campus, Level 7, 1 O'Connell Street, Sydney

The Notice of Meeting is expected to be sent to shareholders on 25 August 2014.