

## 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 2015 fully franked interim dividend of 8.5cps is 3.7% higher than the 2014 interim dividend

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

- Ø Investment portfolio at 31 December 2014 was valued at \$2.5 billion

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

- Ø Total annualised operating costs represented 0.12% per annum of average total assets in the year ended 31 December 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.

## DIRECTORS

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

## PORTFOLIO

During the half year an additional \$41 million was invested in 32 companies while disposals amounted to \$15 million.

The larger investments in the period were in ANZ Banking Group, AGL Energy, BHP Billiton, Carsales.com and Telstra.

Milton added two companies to the portfolio with investments in Regis Healthcare and CoverMore.

Investments in Australand and David Jones were disposed through corporate activity and investments in Fleetwood and Noni B were sold. In addition Milton reduced its holdings in GWA and Metcash.

## 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

## THE 20 LARGEST INVESTMENTS:

At 31 December 2014	Market Value \$million	Share of Total Assets %
Westpac Banking Corporation	346.6	12.6
Commonwealth Bank	259.8	9.5
National Australia Bank	148.0	5.4
W H Soul Pattinson	125.5	4.6
Wesfarmers Limited	117.4	4.3
BHP Billiton	101.1	3.7
ANZ Banking Group	97.8	3.6
Bank of Queensland	89.0	3.2
Woolworths Limited	88.1	3.2
Telstra Corporation	84.1	3.1
Bendigo and Adelaide Bank	73.1	2.7
Perpetual Limited	62.9	2.3
ALS Limited	60.3	2.2
CSL Limited	51.3	1.9
Suncorp Group	43.2	1.6
Brickworks Limited	39.2	1.4
AGL Energy Limited	35.8	1.3
AP Eagers	34.9	1.3
Rio Tinto	32.9	1.2
Woodside Petroleum	31.3	1.1
Total value of Top 20	1,922.3	70.2
<b>Total assets</b>	<b>2,745.0</b>	

## MILTON CORPORATION LIMITED

ABN 18 000 041 421

## HALF YEAR REVIEW – 31 DECEMBER 2014

### Ø *Fully franked ordinary dividends:*

*Interim ordinary dividend of 8.5 cents per share up 3.7% from 8.2 cents per share*

### Ø *Earnings per share:*

*Up 4.6% to 9.9 cents (excluding special investment revenue)*

*Up 4.9% to 10.4 cents (including special investment revenue)*

### Ø *Profit after tax:*

*Up 7.4% to \$63.2 million (excluding special investment revenue)*

*Up 7.7% to \$65.9 million (including special investment revenue)*

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

*Down 0.7% to \$4.29 (before provision for tax on unrealised capital gains)*

*Down 0.3% to \$3.83 (after provision for tax on unrealised capital gains)*

### Ø *Dividend Reinvestment Plan in operation for the interim dividend*

(Comparative figures refer to results for the half year ended 31 December 2013)

## CONTACT DETAILS

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

## RESULTS FOR THE HALF YEAR TO 31 DECEMBER 2014

	\$million	Movement on pcp
Underlying operating revenue	64.9	+6.1%
Net profits of joint ventures	3.2	+85.4%
Operating expenses	(1.6)	-3.2%
Operating profit before tax	66.5	+8.6%
Tax expense	(3.3)	+38.3%
<b>Underlying operating profit after tax</b>	<b>63.2</b>	<b>+7.4%</b>
Special dividends after tax	2.7	+14.8%
Net profit after tax	65.9	+7.7%

The underlying operating profit was \$63.2 million and the underlying weighted average earnings per share were 9.9 cents, up 4.6% on the previous corresponding half year. Net profit after tax for the half year to 31 December 2014, which includes special dividends of \$2.7 million, was \$65.9 million. The weighted average earnings per share was 10.4 cents.

Total operating costs represented just 0.12% of average total assets.

## BALANCE SHEET

At 31 December 2014	2014 \$million	2013 \$million
Cash & liquids	159	160
Investments	2,548	2,522
Other assets	38	29
Total Assets	2,745	2,711
Liabilities	(3)	(1)
Net assets before provision for tax on unrealised capital gains	2,742	2,710
Provision for tax on unrealised capital gains	(295)	(303)
Net assets	2,447	2,407
<b>Net Tangible Assets (NTA)</b>		
Before provision for tax on unrealised capital gains	\$4.29	\$4.32
After provision for tax on unrealised capital gains	\$3.83	\$3.84

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

	2015	2014	2013	2012	2011
Interim (cps)	<sup>(2)</sup> 8.5	8.2	7.8	7.6	7.4
Final (cps)		9.4	8.6	8.0	7.8
Total (cps)		17.6	16.4	15.6	15.2
Special (cps)		0.4	0.5	-	1.0

<sup>(1)</sup>Comparatives have been restated to reflect the 5 for 1 share split in October 2013.

<sup>(2)</sup>Dividend "ex date" is 12 February 2015 and the payment date is 3 March 2015.

## COMMENTARY

The increase in earnings per share was derived from sound growth in investment revenue and another strong contribution from the investments in real property development joint ventures.

Milton's long term investment portfolio of companies listed on the ASX generated investment income totalling \$61.6 million. This income, which comprises ordinary dividends and trust distributions, was 6.7% higher than the previous corresponding half.

Milton's \$20 million investment in real property joint ventures once again delivered a strong result contributing \$3.2 million to pre tax earnings in the half.

Milton's internal management structure aids in the control of costs. Total administration costs of \$1.6 million were in line with those of the previous corresponding half even though the number of shareholders and shares on issue increased over the half.

### Dividend

This lift in underlying profit has enabled the directors to declare an increased fully franked interim dividend of 8.5 cents per share to be paid on 3 March 2015. Milton shares will trade "cum" the interim dividend until 11 Feb 2015.

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will operate for the interim dividend. 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 17 February 2015 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 17 February 2015.

## Net Assets

At 31 December 2014 the company's net assets, before provision for tax on unrealised capital gains, were valued at \$2.7 billion. The assets comprised an investment portfolio of Australian listed equities with a total market value of \$2.5 billion, investment in real property joint ventures of \$20 million and liquid assets, such as cash including term deposits, of \$159 million.

The companies and trusts in Milton's investment portfolio are held for the long term and there is no intention to dispose of its investment portfolio. However the accounting standards require a provision be set aside to provide for the capital gains tax that may arise if the portfolio was realised.

At 31 December 2014 this provision was \$295 million.

Milton's net tangible assets per share, before provision for tax on unrealised capital gains (NTA), were \$4.29 at 31 December 2014.

## Total Returns

The performance of Milton's assets as measured by its Total Portfolio Return (TPR) for the year to 31 December 2014 was 3.5% compared to the accumulation return of the All Ordinaries Index (XAOAI) of 5%. However this comparison understates the performance of Milton's assets relative to the Index as the TPR is net of expenses and tax whereas the XAOAI is unaffected by these.

The Total Shareholder Return (TSR) over the calendar year was 10.3%. This return, which was enhanced by the strengthening of Milton's share price relative to the NTA, does not include any benefit of the franking credits attached to Milton's fully franked dividends.

## Outlook

Milton has cash available to continue investing and its investment team continues to search for reasonably valued investments that are expected to deliver long term growth in dividends.

As a long term investor Milton will maintain a focus on companies that will deliver growth in dividends over the long term and not be overly distracted by short term price movements.

Milton's portfolio is well positioned to continue to deliver increasing investment revenue and, in the absence of unforeseen circumstances, the final dividend for the 2015 year should at least be maintained at 9.4 cents per share.