

MILTON VALUE PROPOSITION

Milton pays fully franked dividends semi annually

- Milton has paid a dividend every year since listing in 1958
- Milton's 2016 fully franked interim dividend of 8.7cps is 2.4% higher than the 2015 interim dividend.

Milton provides exposure to a diverse portfolio of Australian listed companies

- Investment portfolio at 31 December 2015 was valued at \$2.74 billion

Milton is an efficient, low cost and professional investment manager

- Total annualised operating costs represented 0.12% per annum of average total assets in the year ended 31 December 2015
- 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 aims to be a long term holder of companies that are expected to pay increasing dividends over time and so its portfolio is not aligned with any stock exchange index.

Milton's top 20 investments include significantly overweight positions in A P Eagers, Blackmores, Brickworks, TPG Telecom and W H Soul Pattinson, all of which made meaningful contributions to both dividend income growth and capital revaluations in the six months to 31 December 2015.

In all Milton has long term investments in a total of 94 companies and trusts and during the half an additional \$40 million was invested in 30 of these. The larger additions to the investments included ANZ, Caltex, Commonwealth Bank of Australia, Lindsay Brothers, Macquarie Group and Transurban.

In the same period disposals amounted to \$24 million with the larger disposals including ALS, Cardno and GWA.

THE 20 LARGEST INVESTMENTS:

At 31 December 2015	Market Value \$million	Share of Total Assets %
Westpac Banking Corporation	350.7	12.0
Commonwealth Bank	266.0	9.1
W H Soul Pattinson	160.4	5.5
National Australia Bank	143.7	4.9
Wesfarmers Limited	118.0	4.0
Bank of Queensland	101.8	3.5
ANZ Banking Group	94.1	3.2
Telstra Corporation	82.9	2.8
Blackmores Limited	80.0	2.7
AP Eagers	74.1	2.5
Woolworths Limited	71.1	2.4
Bendigo and Adelaide Bank	68.2	2.3
BHP Billiton	65.0	2.2
Perpetual Limited	63.4	2.2
CSL Limited	62.4	2.1
Brickworks Limited	50.9	1.7
Macquarie Group	49.7	1.7
AGL Energy	48.4	1.7
Suncorp Group	37.3	1.3
TPG Telecom	36.9	1.3
Total value of Top 20	2,025.0	69.1
Total assets	2,920.0	

MILTON CORPORATION LIMITED

ABN 18 000 041 421

HALF YEAR REVIEW – 31 DECEMBER 2015

- **Fully franked interim ordinary dividend:**
Interim ordinary dividend of 8.7 cents per share up 2.4% from 8.5 cents per share
- **Dividend Reinvestment Plan in operation for the interim dividend**
Last day for receipt of an election notice for participation in the plan is 16 February 2016.
- **Earnings per share:**
Up 5.9% to 10.5 cents (excluding special investment revenue)
Up 2.5% to 10.6 cents (including special investment revenue)
- **Profit after tax:**
Up 7.5% to \$67.9 million (excluding special investment revenue)
Up 4.0% to \$68.6 million (including special investment revenue)
- **Net tangible asset backing per share (NTA):**
Up 4.9% to \$4.50 (before provision for tax on unrealised capital gains)
Up 3.9% to \$3.98 (after provision for tax on unrealised capital gains)

(Comparative figures refer to results for the half year ended 31 December 2014)

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 2015	\$million	Movement on pcip
Ordinary investment revenue	65.7	+6.6%
Interest	1.4	-35.2%
Net trading gains	3.9	+335.5%
Other revenue	0.3	+12.1%
Net profits of joint ventures	1.0	-67.2%
Administration costs ⁽¹⁾	(1.7)	+5.7%
Operating profit before tax	70.6	+6.2%
Tax expense	(2.7)	-18.4%
Underlying operating profit after tax	67.9	+7.5%
Special dividends after tax	0.7	-76.4%
Net profit after tax	68.6	+4.0%

⁽¹⁾Administration costs represented 0.12% of average total assets.

BALANCE SHEET

At 31 December 2015	2015 \$million	2014 \$million
Cash & liquids	141	159
Investments	2,741	2,548
Other assets	38	38
Total Assets	2,920	2,745
Liabilities	(2)	(3)
Net assets before provision for tax on unrealised capital gains	2,918	2,742
Provision for tax on unrealised capital gains	(333)	(295)
Net assets	2,585	2,447
Net Tangible Assets (NTA)		
Before provision for tax on unrealised capital gains	\$4.50	\$4.29
After provision for tax on unrealised capital gains	\$3.98	\$3.83

FULLY FRANKED DIVIDEND HISTORY

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

⁽¹⁾Dividend "ex date" is 11 February 2016 and the payment date is 3 March 2016.

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 business day period commencing on 16 February 2016 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 16 February 2016.

COMMENTARY

Underlying operating profit for the half year ended 31 December 2015 was increased by 7.5% to \$67.9 million. This result excluded special dividend income of \$0.7 million. Net profit for the first half was up 4% to \$68.6 million.

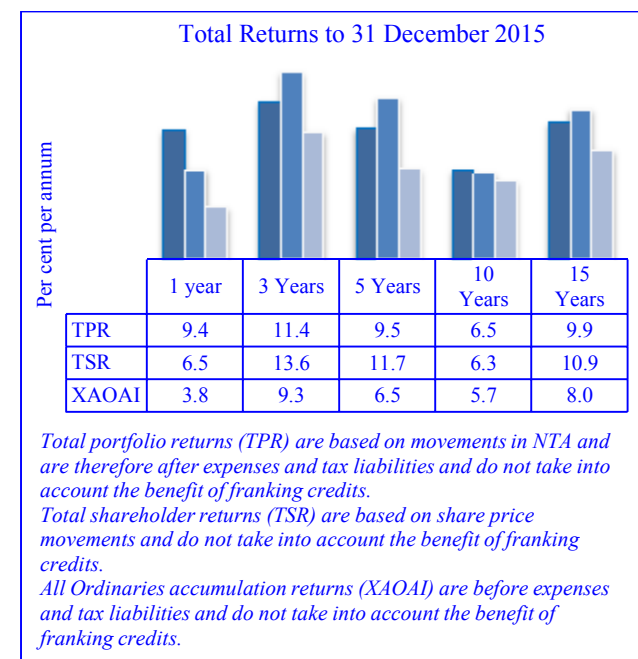
Whilst the earnings on the additional funds raised under the DRP and Share Purchase Plan contributed to the improved result, the 5.9% lift in the weighted average earnings per share indicates the underlying assets also performed well.

Milton's fully franked ordinary dividends are paid out of underlying operating profit and are unaffected by movements in the share prices. Dividends have been paid every year since listing in 1958 and they have been fully franked every year since the introduction of dividend imputation. The fully franked interim dividend for 2016 has been increased to 8.7 cents per share and will be paid to shareholders on 3 March 2016.

The portfolio, as a whole, performed soundly in terms of both income and capital growth during the six months. Milton's net tangible asset backing, before provision for tax on unrealised capital gains, (NTA) increased by 2.4% to \$4.50 per share whilst the All Ordinaries Index decreased 2.0% over the same period.

The Total Portfolio Return (TPR), which combines the dividends paid by Milton with the growth in its NTA, was 4.9% for the six months to 31 December 2015 and this was well above the All Ordinaries Accumulation Return of 0.5%. This comparison understates the relative strength of Milton's performance as Milton's TPR is net of expenses and tax.

Milton has consistently outperformed the index over longer periods of time as well. The TPR over 15 years was 9.9% per annum compounded compared to the index accumulation return of 8% per annum.



OUTLOOK

Under the current volatile market conditions a company's share price can be affected by factors many of which are unrelated to the current or likely future operating performance of the company. Milton will seek to use these opportunities to add to its investments in sound dividend paying companies.

Mr Gooch said, "It is difficult to forecast the result for the full year with any confidence and this is reflected in the volatility of the market. However, in the absence of unforeseen circumstances, the final dividend for 2016 should at least be maintained at 9.9 cents per share."