

## MILTON PROFILE

### Traditional investment company

Milton is a traditional investment company that was listed in 1958 and 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 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.

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.

### Diversified portfolio of long term investments

Milton's long term approach to investing results in low turnover of the portfolio which is not aligned to any index.

## CLASSIFICATION OF ASSETS:

At 30 June 2013	Total Assets
	%
Banks	35.5
Consumer staples	10.7
Materials	9.1
Energy	7.7
Insurance	4.9
Commercial services	4.9
Diversified financials	4.6
Telecommunication	3.2
Healthcare	2.1
Real estate	2.1
Capital goods	1.7
Other shares	6.1
Total securities	92.6
Cash	4.8
Other assets	2.6
Total assets	100.0

## 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 Milton invested \$34 million of which \$18 million was funded by disposals. In addition the acquisition of an unlisted investment company in February 2013 lifted total investments by a further \$11 million.

The larger investments during the year were ASX, A P Eagers, Automotive Holdings Group, IOOF Holdings, McMillan Shakespeare, Tatts Group, Telstra and Westfield Group.

## THE 20 LARGEST INVESTMENTS:

At 30 June 2013	Market Value \$million
Westpac Banking Corporation	301.7
Commonwealth Bank	209.5
National Australia Bank	130.2
W H Soul Pattinson	120.1
Wesfarmers	113.8
ALS Limited	103.9
BHP Billiton	102.2
Woolworths	86.3
ANZ Banking Group	82.6
Telstra Corporation	63.3
Bendigo and Adelaide Bank	57.5
Bank of Queensland	57.1
QBE Insurance Group	41.4
Brickworks	41.1
CSL	36.2
Suncorp Group	33.8
AGL Energy Limited	33.4
Perpetual	29.2
Woodside Petroleum	28.6
Rio Tinto	23.8
Total value of Top 20	1,695.7
Total assets	2,378.1

## 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

## MILTON CORPORATION LIMITED

ABN 18 000 041 421

## ANNUAL REVIEW - 30 JUNE 2013

- Ø Fully franked ordinary dividends<sup>(1)</sup>  
Ordinary final dividend of 43 cents per share up from 40 cents per share paid in 2012
- Ø Fully franked special dividend of 2.5 cents per share
- Ø Earnings per share:<sup>(1)</sup>  
Up 5.5% to 89.1 cents (excluding special investment revenue and acquisition costs)  
Up 7.4% to 91.3 cents (including special investment revenue and acquisition costs)
- Ø Profit after tax:<sup>(1)</sup>  
Up 5.7% to \$108.5 million (excluding special investment revenue and acquisition costs)  
Up 7.5% to \$111.2 million (including special investment revenue and acquisition costs)
- Ø Net tangible asset backing per share (NTA):<sup>(2)</sup>  
Up 18.4% to \$19.45 (before provision for tax on unrealised capital gains)  
Up 14.0% to \$17.62 (after provision for tax on unrealised capital gains tax)
- Ø Share Purchase Plan reintroduced with discount of 2.5%

<sup>(1)</sup> Comparisons refer to the results for the 12 months to 30 June 2012

<sup>(2)</sup> Comparisons refer to the balance at 30 June 2012

## 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 YEAR TO 30 JUNE 2013

	2013 \$million	Movement on pcp
Operating revenue	112.2	↑ 3.3%
Net profits of joint ventures	5.0	↑ 35.6%
Operating expenses <sup>(1)</sup>	(3.2)	↓ 0.8%
Operating profit before tax	114.0	
Tax expense	(5.5)	
Underlying operating profit after tax	108.5	↑ 5.7%
Special dividends after tax	2.7	↑ 271.5%
Acquisition costs of subsidiaries after tax	0.0	
Net profit after tax	111.2	↑ 7.5%

### <sup>(1)</sup> Efficient, low cost operation

Administration expenses for the year ended 30 June 2013 represented 0.14% of average monthly total assets (2012: 0.16 per cent).

## BALANCE SHEET

	2013 \$million	2012 \$million
Cash & liquids	115	118
Investments	2,203	1,825
Other assets	60	60
Total Assets	2,378	2,003
Liabilities	(3)	(5)
Net assets before provision for tax on unrealised capital gains	2,375	1,998
Provision for tax on unrealised capital gains	(223)	(117)
Net assets	2,152	1,881
NTA		
Before provision for tax on unrealised capital gains	\$19.45	\$16.42
After provision for tax on unrealised capital gains	\$17.62	\$15.46

## FULLY FRANKED DIVIDEND HISTORY

	2013	2012	2011	2010	2009
Interim (cps)	39	38	37	35	43
Final (cps)	<sup>(2)</sup> 43	40	39	*36	35
Total (cps)	82	78	76	71	78
Special (cps)	<sup>(2)</sup> 2.5	-	5	-	-
*LIC Capital Gain included as part of final dividend :					
LIC (cps)	-	-	-	2	-

<sup>(2)</sup>Dividend "ex date" – 15 August 2013 and the payment date is 4 September 2013.

## COMMENTARY

The increase in the ordinary full year dividend to 82 cents per share is in line with the increase in underlying operating profit which at \$108.5 million was 5.7% higher than the prior year.

Milton's 2013 full year net profit of \$111.2 million, which is a combination of underlying operating profit and special investment revenue, was 7.5% higher than the previous year.

Special investment revenue for the 2013 year amounted to \$2.7 million compared with \$0.7 million received in 2012.

As special investment revenue is unreliable, Milton has a policy to pass on this irregular income in the form of special dividends to its shareholders when this revenue accumulates to a material amount. Accordingly Milton will pay a special fully franked dividend of 2.5 cents per share on 4 September 2013.

Growth in fully franked dividend income together with increased profits from the property joint ventures more than offset the lower interest income from the cash and other liquid assets.

Milton invests for the long term and does not intend to dispose of its \$2.2 billion investment portfolio however the accounting standards require Milton to provide for the capital gains tax that may arise if the portfolio was realized. At 30 June 2013 that provision was \$0.2 billion.

During the year demand for companies with reliable dividend streams increased and consequently share prices improved. This had a positive effect on Milton's long term investment portfolio which has been built on this philosophy for over fifty years.

Milton's Total Portfolio Return, which is the combination of the movement in NTA with the dividends paid during the year, was 23.6%. This return is net of all operating costs and realised tax liabilities. The accumulation return of the All Ordinaries Index for the year was 20.7% but that does not include any costs or tax.

Directors are pleased to announce the reintroduction of the **Share Purchase Plan (SPP)**. Participation in the SPP will be offered to shareholders on the register on 24 July 2013. 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 4 September 2013.

With Milton's share price and NTA approaching \$20 per share **a proposal to split the shares** in the ratio of five new shares for each existing share will be put to shareholders at the company's annual general meeting. It is anticipated that the share split will improve the liquidity in the trading of Milton's shares and will make Milton shares more attractive to a greater number of investors. Details of the proposal will be included in the notice of meeting.

## OUTLOOK

Many Australian corporates faced with challenging business conditions have taken steps to restructure their businesses and lower their cost bases so that they should be in a sound position as the economy improves over time.

It is expected that the benefits of a lower currency and continuing low interest rates will eventually provide stimulus to strengthen the economy.

In the meantime Milton will continue to actively seek opportunities to add to its portfolio.

In the absence of unforeseen circumstances directors expect to be able to at least maintain the annual dividend rate of 82 cents per share.

## ANNUAL GENERAL MEETING

The 2013 Annual General Meeting will be held on Thursday 10 October 2012 at 3.00pm at The AICD, Waratah Room, Level 1, 10 Bond Street, Sydney.

The Notice of Meeting is expected to be sent to shareholders on 26 August 2013.