

MILTON CORPORATION LIMITED

ABN 18 000 041 421

30 NOVEMBER 2010 REPORT AND NET TANGIBLE ASSET BACKING

About Milton

Milton is a listed investment company that was incorporated in 1938. Its shares are traded on the Australian Securities Exchange under the code "MLT".

Milton's objective is to hold a diversified portfolio of assets that:

- o generates a growing income stream for distribution to shareholders in the form of fully franked dividends and
- o provides capital growth in the value of the shareholders' investment.

Dividend Policy

Milton pays ordinary dividends to shareholders twice per year. Milton has sufficient franking credits to ensure that all dividends in the foreseeable future will be fully franked.

Milton is a listed investment company for taxation purposes and may pay dividends that include qualifying LIC capital gains which may entitle certain shareholders to a special deduction in their income tax return in the year of receipt. Milton intends to distribute qualifying LIC capital gains as they arise.

Dividend History

All dividends have been fully franked since the introduction of franking.

	Cents per share	Ex date	Payment date
2011 Interim	37	08Dec10	05Jan11
2010 Final	36	12Aug10	01Sep10
2010 Interim	35	11Feb10	03Mar10
2009 Final	35	13Aug09	11Sep09
2009 Interim	43	12Feb09	03Mar09

Investment Philosophy

Milton is predominantly a long term investor in companies and trusts that are well managed, with a profitable history and an expectation of increasing dividends and distributions. Turnover of investments is low and capital gains arising from disposals are reinvested.

Milton's team of investment executives are responsible for monitoring the progress of the investments and for making recommendations to the Investment Committee. The Investment Committee, which consists of three non executive directors and the managing director, meets regularly to consider the executives' recommendations and reports.

Management Expense Ratio

Milton's executives manage the company and its investments to maximise returns to its shareholders. This internal management structure helps to maintain low operating costs.

For the year ended 30 June 2010, Milton's total operating costs, net of management fees recovered, represented **0.17%** per annum of average total assets.

Net Tangible Asset Backing per Share ("NAB")

	30 Nov 10	31 Oct 10
⁽¹⁾ Before provision for tax on unrealised capital gains	17.34	17.52
⁽²⁾ After provision for tax on unrealised capital gains	15.79	15.87

⁽¹⁾Milton is a long-term investor and does not intend disposing of its long-term investment portfolio.

⁽²⁾Under current accounting standards, Milton is required to provide for tax that may arise should the portfolio be disposed.

Milton Fully Franked Interim Dividend

Milton's fully franked interim dividend of 37 cents per share will be paid on 5 January 2011 to those shareholders on the register at close of business 14 December 2010.

Merger with Choiseul

Milton's merger with Choiseul Investments Limited became effective on 2 December 2010. The New Milton Shares will be issued to Choiseul shareholders on 16 December 2010.

Top 10 Investments at 30 November 2010

Combined Portfolio of Milton and Choiseul	Market Value \$ m	Share of TA ⁽¹⁾ %
Westpac Banking Corporation	222.6	10.5
Commonwealth Bank of Australia	145.4	6.8
BHP Billiton Limited	132.8	6.2
Washington H Soul Pattinson	112.3	5.3
National Australia Bank Limited	101.5	4.8
Wesfarmers Limited	87.2	4.1
Campbell Brothers Limited	81.3	3.8
Bank of Queensland	67.9	3.2
Woolworths	66.4	3.1
Australia & New Zealand Banking Group	63.0	3.0

⁽¹⁾Share of Total Assets

Asset Allocation at 30 November 2010

Combined Portfolio of Milton and Choiseul	Market Value \$ m	Share of TA ⁽¹⁾ %
Banks	664.9	31.2
Diversified financials	213.9	10.1
Materials	263.1	12.4
Consumer staples	205.6	9.7
Insurance	103.0	4.8
Commercial services	94.5	4.4
Energy	71.0	3.3
Capital goods	61.1	2.9
Real estate	45.0	2.1
Healthcare	39.1	1.8
Telecommunications	35.0	1.6
Other shares	128.1	6.0
Cash and equivalents	155.5	7.3
Other assets	48.1	2.4
Total assets	2,127.9	100.0

⁽¹⁾Share of Total Assets