

**MILTON CORPORATION LIMITED**  
ABN 18 000 041 421

## 31 DECEMBER 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:

- generates a growing income stream for distribution to shareholders in the form of fully franked dividends and
- 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	08 Dec 10	05 Jan 11
2010 Final	36	12 Aug 10	01 Sep 10
2010 Interim	35	11 Feb 10	03 Mar 10
2009 Final	35	13 Aug 09	11 Sep 09
2009 Interim	43	12 Feb 09	03 Mar 09

### 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.

### Operating Cost

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 ("NTA")

	31 Dec 10	30 Nov 10
<sup>(1)</sup> Before provision for tax on unrealised capital gains	\$ 17.39 <sup>(3)</sup>	\$ 17.34
<sup>(2)</sup> After provision for tax on unrealised capital gains	\$ 15.92 <sup>(3)</sup>	\$ 15.79

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

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

<sup>(3)</sup>NTA calculations as at 31 December 2010 are after providing for the interim dividend of 37.0 cents per share.

### Top 20 Investments at 31 December 2010

Milton Group Portfolio	Market Value \$ m	Share of TA <sup>(1)</sup> %
Westpac Banking Corporation	231.4	10.7
Commonwealth Bank of Australia	152.9	7.1
BHP Billiton Limited	140.6	6.5
Washington H Soul Pattinson	114.6	5.3
National Australia Bank Limited	102.6	4.8
Wesfarmers Limited	88.7	4.1
Campbell Brothers Limited	85.8	4.0
Woolworths Limited	66.9	3.1
Australia & New Zealand Banking Group	64.9	3.0
Bank of Queensland	60.8	2.8
Bendigo and Adelaide Bank Limited	56.8	2.6
Q B E Insurance Group Limited	49.1	2.3
Rio Tinto Limited	38.5	1.8
Brickworks Limited	36.2	1.7
Woodside Petroleum Limited	33.4	1.6
Telstra Corporation Limited	29.3	1.4
AGL Energy Limited	28.5	1.3
Perpetual Limited	25.5	1.2
Suncorp-Metway Limited	24.4	1.1
Leighton Holdings Limited	23.8	1.1

<sup>(1)</sup>Share of Total Assets

### Asset Allocation at 31 December 2010

Milton Group Portfolio	Market Value \$ m	Share of TA <sup>(1)</sup> %
Banks	677.7	31.5
Diversified financials	215.2	10.0
Materials	278.4	12.9
Consumer staples	207.0	9.6
Insurance	106.4	4.9
Commercial services	100.1	4.6
Energy	73.3	3.4
Capital goods	70.2	3.3
Real estate	45.5	2.1
Healthcare	39.8	1.8
Telecommunications	35.3	1.6
Other shares	116.8	5.4
Cash and equivalents	159.9	7.5
Other assets	28.4	1.4
Total assets	2,154.0	100.0

<sup>(1)</sup>Share of Total Assets