

MILTON CORPORATION LIMITED

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ASX+MEDIA RELEASE

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NTA AND CHOISEUL MERGER UPDATE

The Scheme of Arrangement (**Scheme**) to merge Milton Corporation Limited (**Milton**) and Choiseul Investments Limited (**Choiseul**) requires the Scheme Consideration to be calculated by reference to the NTA of each company on the Calculation Date (being 9.30am on 18 November 2010).

On the Calculation Date, the NTA¹ of Milton was \$1,741,217,347 (\$17.50 per share) and the NTA of Choiseul was \$488,365,835 (\$5.04 per share).

The Exchange Ratio, which is the number of New Milton Shares to be issued to Scheme Participants (other than Ineligible Foreign Holders) in exchange for each Choiseul Share held is calculated after adjusting the NTA of each company for the Milton Interim Dividend², the Choiseul Interim Dividend³ and the Choiseul Special Dividend⁴.

The Exchange Ratio is 0.2788⁵, meaning that 27.88 Milton shares will be issued for each 100 Choiseul Shares. Calculation of the adjusted NTAs of both companies and the Exchange Ratio is set out in Appendix A.

Choiseul shareholders are due to consider the merger proposal at the Choiseul Scheme Meeting on 26 November 2010. If approved by shareholders and subsequently by the Federal Court of Australia on 1 December 2010 it is anticipated the merger will become effective on 2 December 2010 and the new Milton Shares will be issued on 16 December 2010.

¹ NTA means the net tangible asset backing before providing for tax on unrealised capital gains and realised capital losses.

Note: All capitalised terms used in this announcement where not defined have the same meaning as in the Scheme Booklet dated 21 October 2010.

² The Milton board declared an interim dividend of 37 cents per Milton share on 18 November 2010, with the record date being 14 December 2010 (**Milton Interim Dividend**).

³ The Choiseul board declared an interim dividend of 10.5 cents per Choiseul share on 18 November 2010, with the record date being 9 December 2010 (**Choiseul Interim Dividend**).

⁴ On 18 November 2010, the Choiseul board re-affirmed its intention to declare a fully franked special dividend of 16 cents per Choiseul Share subject to the Scheme becoming Effective, with the record date being 9 December 2010 (**Choiseul Special Dividend**).

⁵ The Exchange Ratio set out in this announcement has been rounded to four decimal places for illustrative purposes. The unrounded Exchange Ratio will be used when calculating the Scheme Consideration to be issued to Scheme Participants (other than Milton and its Related Bodies Corporate).

**ISSUED FOR:
FOR FURTHER
INFORMATION**

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Appendix A – Exchange Ratio calculation as at the Calculation Date

The formula to calculate the Exchange Ratio is:

$$\text{Exchange ratio} = \frac{\text{Choiseul Adjusted NTA}}{\text{Choiseul Shares on issue as at the Calculation Date}} \times \frac{\text{Milton Shares on issue as at the Calculation Date}}{\text{Milton Adjusted NTA}}$$

$$\text{Exchange ratio} = \frac{463,325,969^{(1)}}{96,863,646} \times \frac{99,521,801}{1,707,437,841^{(2)}}$$

$$\text{Exchange ratio} = 0.278804$$

The following table sets out the relevant adjustments made to Choiseul NTA and Milton NTA as at the Calculation Date.

Adjusted NTA calculation	Value as at the Calculation Date (\$)
Choiseul NTA	\$488,365,835
Less: Choiseul Interim Dividend	(\$10,170,683)
Add: Choiseul's Share of the Milton Interim Dividend	\$629,000
Less: Choiseul Special Dividend	(\$15,498,183)
⁽¹⁾ Choiseul Adjusted NTA	\$463,325,969
Milton NTA	\$1,741,217,347
Less: Milton Interim Dividend	(\$36,823,066)
Add: Milton's Share of the Choiseul Interim Dividend	\$1,205,939
Add: Milton's Share of the Choiseul Special Dividend	\$1,837,621
⁽²⁾ Milton Adjusted NTA	\$1,707,437,841