

MILTON CORPORATION LIMITED

ABN 18 000 041 421

APPENDIX 4D – HALF YEAR REPORT RESULTS FOR ANNOUNCEMENT TO THE MARKET HALF-YEAR ENDED 31 DECEMBER 2014

(Comparative figures being the half-year ended 31 December 2013)

Dividends

Interim fully franked ordinary dividend

Interim dividend	up 3.7%	8.5 cents per share
The record date for the interim dividend		16 February 2015
The payment date of the interim dividend		3 March 2015
The Dividend Reinvestment Plan is in operation for the interim dividend.		

Earnings

Profit after tax:

<u>Excluding</u> special investment revenue	Up 7.4%	\$63.2 million
<u>Including</u> special investment revenue	Up 7.7%	\$65.9 million

Earnings per share, basic and diluted:

<u>Excluding</u> special investment revenue	Up 4.6%	9.9 cents
<u>Including</u> special investment revenue	Up 4.9%	10.4 cents

Revenue

Underlying operating revenue	Up 6.1%	\$64.9 million
Special investment revenue	Up 14.3%	\$2.8 million

Net tangible asset backing per share (NTA)

<u>Before</u> provision for tax on unrealised capital gains	Down 0.7%	\$4.29
<u>After</u> provision for tax on unrealised capital gains	Down 0.3%	\$3.83

Refer to the attached media release for commentary and explanation of the results.

This report is based on financial statements which have been subject to independent review by the auditors, Moore Stephens Sydney.

All documents comprise the information required by listing rule 4.2A.

This information should be read in conjunction with the 2014 Annual Financial Report.

Dividend Reinvestment Plan (DRP)

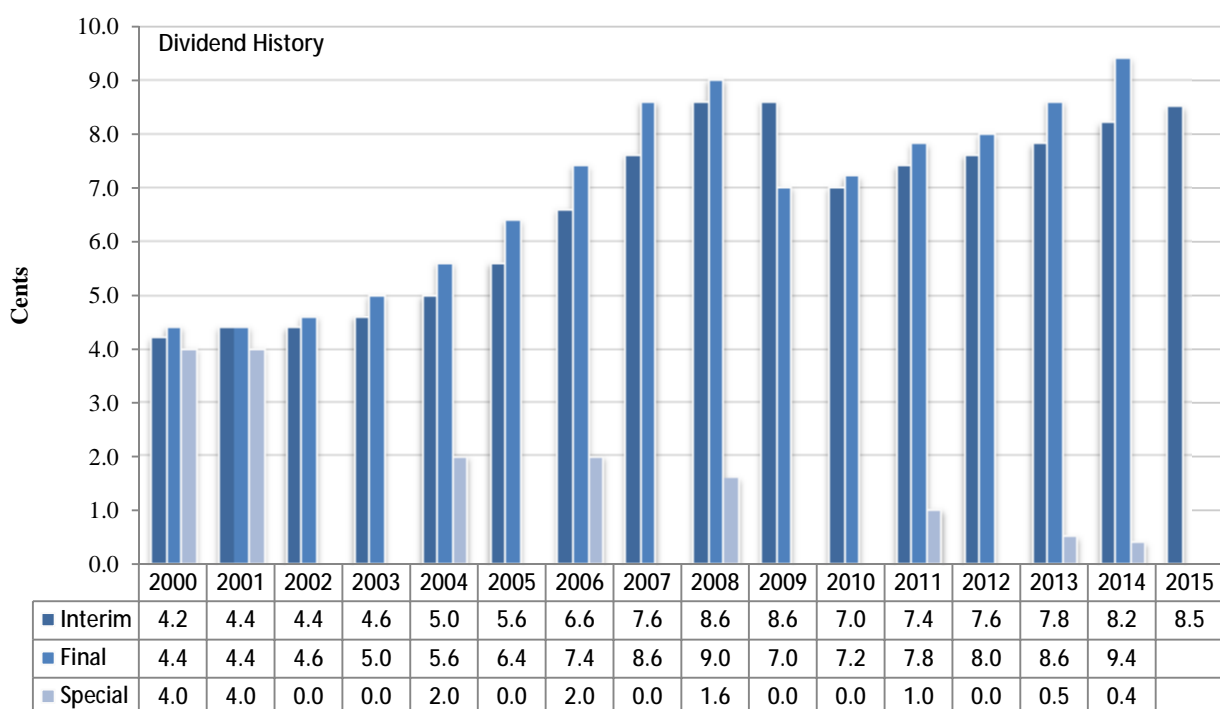
The DRP will operate for the interim dividend.

Eligible Shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares.

Pricing of the new DRP shares will be equal to the volume weighted average selling price (VWAP) over the five day period commencing on 17 February 2015 being the first trading day after the Record Date.

The last day for the receipt of an election notice for participation in the DRP is 17 February 2015.

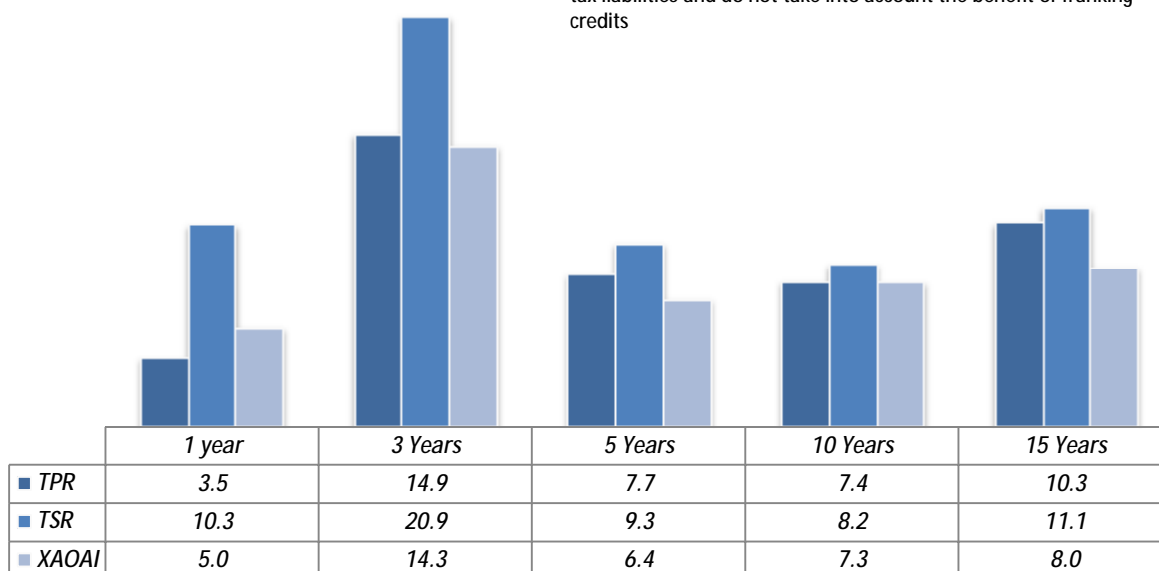
Performance charts



Total returns to 31 December 2014
Per cent per annum

Total portfolio returns (TPR) are after expenses and tax liabilities and do not take into account the benefit of franking credits
Total shareholder returns (TSR) do not take into account the benefit of franking credits

All Ords accumulation returns (XAOAI) are before expenses and tax liabilities and do not take into account the benefit of franking credits



MILTON CORPORATION LIMITED

ABN 18 000 041 421

Level 4
50 Pitt Street
Sydney NSW 2000

PO Box R1836
Royal Exchange NSW 1225

Telephone: (02) 8006 5357
Facsimile: (02) 9251 7033
Email: general@milton.com.au
Website: www.milton.com.au
ASX code: MLT

Share Registry Enquiries: 1800 641 024

ASX+MEDIA RELEASE

21 JANUARY 2015

HIGHLIGHTS

- The ordinary fully franked interim dividend for the 2015 financial year has been increased to 8.5 cents per share.
- Profit after tax for the six months to 31 December 2014 was \$65.9 million.
- Profit after tax includes special dividends totalling \$2.7 million.
- Underlying operating profit, which excludes special dividends, increased by 7.4% to \$63.2 million.
- The underlying weighted average earnings per share increased by 4.6% to 9.9 cents per share.
- The DRP will operate for the interim dividend.
- Net assets, before provision for tax on unrealised capital gains, were \$2.7 billion at 31 December 2014.

SYDNEY, 21 January 2015 - Milton Corporation Limited, a long established Australian listed investment company, reported profit after tax for the half year to 31 December 2014 was \$65.9 million.

After excluding the \$2.7 million special dividend income included in the profit, the underlying operating profit was \$63.2 million. The weighted average earnings per share based on the underlying operating profit was 9.9 cents per share, up 4.6% on the previous corresponding period.

This lift in underlying operating profit has enabled the directors to declare an increased fully franked interim dividend of 8.5 cents per share to be paid on 3 March 2015. Milton shares will trade "cum" the interim dividend until 11 February 2015.

Shareholders may elect to have all or part of their interim dividend payment reinvested in new ordinary shares under the company's Dividend Reinvestment Plan. The pricing of the new DRP shares will be equal to the volume weighted average selling price of Milton shares over the five business days from 17 February 2015 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 17 February 2015

Half year profit commentary

The increase in earnings per share was derived from sound growth in investment revenue and another strong contribution from the investments in real property development joint ventures.

Milton's long term investment portfolio of companies listed on the ASX generated investment income totalling \$61.6 million. This income, which comprises ordinary dividends and trust distributions, was 6.7% higher than the previous corresponding half.

Milton's \$20 million investment in real property joint ventures once again delivered a strong result contributing \$3.2 million to pre tax earnings in the half.

Milton's internal management structure aids in the control of costs. Total administration costs of \$1.6 million were in line with those of the previous corresponding half even though the number of shareholders and shares on issue increased over the half.

Net assets

At 31 December 2014 the company's net assets, before provision for tax on unrealised capital gains, were valued at \$2.7 billion. The assets comprised an investment portfolio of Australian listed equities with a total market value of \$2.5 billion, investment in real property joint ventures of \$20 million and liquid assets, such as cash including term deposits, of \$159 million.

The companies and trusts in Milton's investment portfolio are held for the long term and there is no intention to dispose of its investment portfolio. However the accounting standards require a provision be set aside to provide for the capital gains tax that may arise if the portfolio was realised. At 31 December 2014 this provision was \$295 million.

Milton's net tangible assets per share, before provision for tax on unrealised capital gains (NTA), were \$4.29 at 31 December 2014.

Total returns

The performance of Milton's assets as measured by its Total Portfolio Return (TPR) for the year to 31 December 2014 was 3.5% compared to the accumulation return of the All Ordinaries Index (XAOAI) of 5%. However this comparison understates the performance of Milton's assets relative to the Index as the TPR is net of expenses and tax whereas the XAOAI is unaffected by these.

The Total Shareholder Return (TSR) over the calendar year was 10.3%. This return, which was enhanced by the strengthening of Milton's share price relative to the NTA, does not include any benefit of the franking credits attached to Milton's fully franked dividends.

Portfolio movements

During the half year an additional \$41 million was invested in 32 companies while disposals amounted to \$15 million.

The larger investments in the period were ANZ Banking Group, AGL Energy, BHP Billiton, Carsales.com, and Telstra.

Milton added two companies to the portfolio with investments in Regis Healthcare and CoverMore.

Investments in Australand and David Jones were disposed through corporate activity and investments in Fleetwood and Noni B were sold. In addition Milton reduced its' holdings in GWA and Metcash.

Outlook

Milton has cash available to continue investing and its' investment team continues to search for reasonably valued investments that are expected to deliver long term growth in dividends.

Mr Gooch said, "As a long term investor it is important that we focus on companies that will deliver growth in dividends over the long term and not be overly distracted by short term price movements."

Milton's portfolio is well positioned to continue to deliver increasing investment revenue and, in the absence of unforeseen circumstances, the final dividend for the 2015 year should at least be maintained at 9.4 cents per share.

ISSUED FOR:	MILTON CORPORATION LIMITED
FOR FURTHER INFORMATION:	MR FRANK GOOCH, MANAGING DIRECTOR
TELEPHONE:	(02) 9993 0782 (OFFICE)
	0414 675 748 (MOBILE)

BACKGROUND

Milton is a listed investment company that was incorporated in 1938 and listed in 1958.

Milton invests for the long-term in well managed companies with a profitable history and the expectation of dividend growth, and its key objective is to pay increasing fully franked dividends per share.

Milton operates with an internal management structure and does not have an external manager. Hence the administration costs as a percentage of total assets remains low when compared to many externally managed entities.

Milton's annualised management expense ratio (MER), which reflects total annualised operating costs as a proportion of total assets, at 31 December 2014 was 0.12% p.a.

MILTON'S INVESTMENT PROFILE

The 25 largest investments at 31 December 2014 are set out below.

COMPANY	MARKET VALUE \$m	COMPANY	MARKET VALUE \$m
Westpac Banking Corporation	346.6	Suncorp Group	43.2
Commonwealth Bank	259.8	Brickworks Limited	39.2
National Australia Bank	148.0	AGL Energy Limited	35.8
W H Soul Pattinson	125.5	AP Eagers	34.9
Wesfarmers Limited	117.4	Rio Tinto	32.9
BHP Billiton	101.1	Woodside Petroleum	31.3
ANZ Banking Group	97.8	IAG Insurance	30.3
Bank of Queensland	89.0	QBE Insurance	29.4
Woolworths Limited	88.1	Macquarie Bank	29.0
Telstra Corporation	84.1	TPG Telecom	25.2
Bendigo and Adelaide Bank	73.1	Transurban Group	23.5
Perpetual Limited	62.9	Total market value of Top 25	2,059.7
ALS Limited	60.3		
CSL Limited	51.3	Total Assets	2,745.0

CLASSIFICATION OF ASSETS

The following table shows assets at 31 December 2014 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

CLASSIFICATION	TOTAL ASSETS %	CLASSIFICATION	TOTAL ASSETS %
Banks	37.2	Healthcare	2.7
Consumer staples	8.9	Real estate	2.3
Materials	8.7	Retailing	2.2
Energy	6.7	Other shares	6.9
Diversified financials	5.7	Total shares	92.8
Insurance	4.7	Cash & liquid assets	5.8
Telecommunication	4.0	Other assets	1.4
Commercial services	2.8	Total	100.0

MILTON CORPORATION LIMITED

ABN 18 000 041 421

HALF-YEAR ENDED 31 DECEMBER 2014

DIRECTORS' REPORT

The directors of Milton Corporation Limited ("Milton") present their report together with the consolidated financial statements for the half-year ended 31 December 2014 and the auditor's independent review report thereon.

DIRECTORS

The names of the directors of Milton in office during the half-year and up to the date of this report are:-

Name

Robert D. Millner, FAICD (Chairman)

John F. Church, FCSA, F Fin, FAICD

Graeme L. Crampton, B.Ec, FCA, FAICD

Kevin J. Eley, CA, F Fin, FAICD

Francis G. Gooch B.Bus, CPA (Managing Director)

Ian A. Pollard, BA (Macq), MA (Oxon), D Phil (IMC), FIAA, FAICD

REVIEW OF OPERATIONS

Half year profit commentary

The increase in earnings per share was derived from sound growth in investment revenue and another strong contribution from the investments in real property development joint ventures.

Milton's long term investment portfolio of companies listed on the ASX generated investment income totalling \$61.6 million. This income, which comprises ordinary dividends and trust distributions, was 6.7% higher than the previous corresponding half.

Milton's \$20 million investment in real property joint ventures once again delivered a strong result contributing \$3.2 million to pre tax earnings in the half.

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AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

ROUNDING OFF

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars unless otherwise stated.

Signed on behalf of the board in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'R.D. Millner', with a long horizontal stroke extending to the right.

R.D. Millner

Chairman

Sydney, 21 January 2015

Milton Corporation Limited
Consolidated income statement
for the half-year ended 31 December 2014

		Half-year	
	Notes	2014 \$'000	2013 \$'000
Ordinary dividends and distributions		61,610	57,774
Interest		2,136	2,445
Net gains on trading portfolio		898	686
Other revenue		<u>257</u>	<u>262</u>
Underlying operating revenue		64,901	61,167
Share of net profits of joint ventures – equity accounted	3	3,175	1,712
Special dividends and distributions		<u>2,752</u>	<u>2,408</u>
Income from operating activities		70,828	65,287
Administration expenses		<u>(1,624)</u>	<u>(1,678)</u>
Profit before income tax expense		69,204	63,609
Income tax expense thereon		<u>(3,273)</u>	<u>(2,366)</u>
Profit attributable to shareholders of Milton		<u>65,931</u>	<u>61,243</u>
		Cents	Cents
Basic and diluted earnings per share	4	<u>10.38</u>	<u>9.89</u>

The consolidated income statement is to be read in conjunction with the notes to the consolidated financial statements.

Milton Corporation Limited
Consolidated statement of comprehensive income
for the half-year ended 31 December 2014

	Half-year	
	2014	2013
	\$'000	\$'000
Profit	65,931	61,243
Other comprehensive income net of income tax		
<i>Items that will not be reclassified to profit and loss</i>		
Revaluation of investments	(46,585)	264,916
Provision for tax benefit (expense) on revaluation of investments	13,934	(79,345)
	<hr/>	<hr/>
Other comprehensive income	(32,651)	185,571
	<hr/>	<hr/>
Total comprehensive income attributable to shareholders of Milton	33,280	246,814

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the consolidated financial statements.

Milton Corporation Limited
Consolidated statement of financial position
as at 31 December 2014

	Notes	31 December 2014 \$'000	30 June 2014 \$'000
Current assets			
Cash		159,098	116,193
Receivables		3,225	22,758
Other financial assets		<u>9,938</u>	<u>10,046</u>
Total current assets		<u>172,261</u>	<u>148,997</u>
Non-current assets			
Receivables		3,955	3,409
Investments		2,548,246	2,574,965
Joint ventures – equity accounted		20,084	20,644
Plant and equipment		43	50
Deferred tax assets		<u>431</u>	<u>466</u>
Total non-current assets		<u>2,572,759</u>	<u>2,599,534</u>
Total assets		<u>2,745,020</u>	<u>2,748,531</u>
Current liabilities			
Payables		851	882
Current tax liabilities		941	1,122
Provisions		<u>63</u>	<u>61</u>
Total current liabilities		<u>1,855</u>	<u>2,065</u>
Non-current liabilities			
Deferred tax liabilities	5	295,611	309,177
Provisions		<u>455</u>	<u>439</u>
Total non-current liabilities		<u>296,066</u>	<u>309,616</u>
Total liabilities		<u>297,921</u>	<u>311,681</u>
Net assets		<u>2,447,099</u>	<u>2,436,850</u>
Shareholders' equity			
Issued capital	6	1,501,343	1,462,552
Capital profits reserve		74,790	78,815
Asset revaluation reserve		689,418	718,044
Retained profits		<u>181,548</u>	<u>177,439</u>
Total equity attributable to shareholders of Milton		<u>2,447,099</u>	<u>2,436,850</u>

The consolidated statement of financial position is to be read in conjunction with the notes to the consolidated financial statements.

Milton Corporation Limited
Consolidated statement of changes in equity
for the half-year ended 31 December 2014

	Issued capital \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total shareholders equity \$'000
Balance at 1 July 2014	1,462,552	78,815	718,044	177,439	2,436,850
Profit	-	-	-	65,931	65,931
Other comprehensive income:					
Net revaluation of investments	-	-	(32,651)	-	(32,651)
Total comprehensive income for the half-year	-	-	(32,651)	65,931	33,280
Net realised loss		(4,025)	4,025	-	-
Transactions with shareholders in their capacity as shareholders:					
Share issues net of transaction costs	38,791	-	-	-	38,791
Dividends paid				(61,822)	(61,822)
Balance at 31 December 2014	1,501,343	74,790	689,418	181,548	2,447,099
Balance at 1 July 2013	1,384,438	91,332	512,458	164,165	2,152,393
Profit	-	-	-	61,243	61,243
Other comprehensive income:					
Net revaluation of investments	-	-	185,571	-	185,571
Total comprehensive income for the half-year	-	-	185,571	61,243	246,814
Net realised loss	-	(12,703)	12,703	-	-
Transactions with shareholders in their capacity as shareholders:					
Share issues net of transaction costs	63,481	-	-	-	63,481
Dividends paid	-	-	-	(55,577)	(55,577)
Balance at 31 December 2013	1,447,919	78,629	710,732	169,831	2,407,111

The consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated financial statements.

Milton Corporation Limited
Consolidated statement of cash flows
for the half-year ended 31 December 2014

	Half-year	
	2014	2013
	\$'000	\$'000
Cash flows from operating activities		
Dividends and distributions received	84,220	79,972
Interest received	2,103	2,550
Distributions received from joint venture entities	4,566	1,183
Other receipts in the course of operations	235	242
Proceeds from sales of trading securities	4,017	837
Payments for trading securities	(3,119)	(150)
Other payments in the course of operations	(2,048)	(1,835)
Income taxes paid	(2,996)	(3,111)
Net cash provided by operating activities	86,978	79,688
Cash flows from investing activities		
Proceeds from disposal of investments	15,313	8,206
Proceeds from return of capital	6,414	1,434
Payments for investments	(42,237)	(62,915)
Payments for other financial assets	-	(487)
Loans repaid by other entities	123	122
Loans (advanced to) other entities	(627)	(662)
Net cash provided by investing activities	(21,014)	(54,302)
Cash flows from financing activities		
Proceeds from share issues	38,869	63,563
Payments arising from capital raising	(106)	(117)
Ordinary dividends paid	(59,299)	(52,523)
Special dividend paid	(2,523)	(3,054)
Net cash used in financing activities	(23,059)	7,869
Net increase in cash assets held	42,905	33,255
Cash assets at the beginning of the half-year	116,193	114,804
Cash assets at the end of the half-year	159,098	148,059

The consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated financial statements.

Milton Corporation Limited
Notes to the consolidated financial statements
for the half-year ended 31 December 2014

1. Statement of significant accounting policies

a. Basis of preparation

The half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: *Interim Financial Reporting*, and other applicable Australian Accounting Standards (including Australian Accounting Interpretations).

These half-year financial statements do not include all the notes of the type normally included in an annual financial report. It is recommended that these half-year financial statements be read in conjunction with the 30 June 2014 annual financial report and any public announcements made by Milton and its controlled entities during the half-year in accordance with any continuous disclosure requirements arising under the Corporations Act 2001.

These financial statements have been prepared on an accruals basis and are based on the historical cost basis except as modified by the revaluation of investments which are recorded at fair value.

These consolidated half-year financial statements were approved by the Board of Directors on 21 January 2015.

This financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available in ASIC Class Order 98/100.

The accounting policies have been consistently applied by Milton and its consolidated entities and are consistent with those applied in the 30 June 2014 annual financial report.

b. Investments

Investments are recognised initially at cost and Milton has elected to present subsequent changes in fair value of equity instruments in other comprehensive income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of equity instruments.

Quoted investments are valued continuously at fair value, which is determined by the unadjusted last-sale price quoted on the Australian Securities Exchange at the measurement date. Use of unadjusted last sale price in an active market such as the Australian Securities Exchange falls within the Level 1 fair value hierarchy of measuring fair value under AASB 13. When an investment is disposed, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the capital profits reserve.

Dividends and distributions are brought to account on the date that the investment trades "ex-dividend".

De-merger dividends arising from company de-consolidations are treated as returns of capital and not as dividend income.

c. Operating segments

The consolidated entity operates in Australia only and the principal activity is investment.

	Half-Year	
	2014	2013
	\$'000	\$'000
2. Ordinary and Special fully franked dividends		
a. Recognised in the half-year		
A final ordinary dividend in respect of the 2014 year of 9.4 cents per share paid on 3 September 2014. (2013: a final ordinary dividend in respect of the 2013 year of 8.6 ⁽¹⁾ cents per share paid on 4 September 2014)	59,298	52,523
A special dividend in respect of the 2014 year of 0.4 cents per share paid on 3 September 2014. (2013 : special dividend in respect of the 2013 year of 0.5 ⁽¹⁾ cents per share paid on 4 September 2013.)	2,523	3,054
	61,821	55,577
⁽¹⁾ Restated in line with the current half year calculations to reflect the 5:1 share split in October 2013		
b. Not recognised in the current half-year		
Since the end of the half year, the directors declared an interim dividend of 8.5 cents per share payable on 3 March 2015. (2013; an interim dividend of 8.2 cents per share paid on 4 March 2014)	54,361	51,443
3. Contribution from joint venture entities		
Details of joint venture entities		
Companies in the consolidated entity have entered into joint ventures to develop real property. These joint ventures which are held by subsidiaries have been accounted for using the equity accounting principles.		
Contribution from joint venture entities		
The group has interests in the following joint venture entities:		
33.33% interest in the Ellenbrook Syndicate Joint Venture Contribution to operating profit before tax	3,197	1,774
23.33% interest in the Mews Joint Venture Contribution to operating profit before tax	284	46
50% interest in the LWP Huntlee Syndicate No 2 Joint Venture Contribution to operating profit before tax	(306)	(108)
Share of net profits of joint ventures	3,175	1,712
4. Earnings per share	Cents	Cents
Basic earnings per share	10.38	9.89
	\$'000	\$'000
Profit attributable to shareholders of the parent entity	65,931	61,243
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	635,290,636	619,137,013
Diluted earnings per share figures are the same because there are no dilutive potential ordinary shares.		

	31 December 2014 \$'000	30 June 2014 \$'000
5. Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Revaluation of investments	298,760	310,440
Realised capital losses	(20,634)	(18,499)
Amounts recognised in profit:		
Realised capital gains	832	832
Income receivable which is not assessable for tax until receipt	16,653	16,404
	<u>295,611</u>	<u>309,177</u>
6. Issued Capital		
a. Movement in share capital ⁽¹⁾		
Opening balance	1,462,552	1,384,438
Shares issued as consideration for acquisition	-	13,910
Share Purchase Plan	35,687	63,563
Dividend Reinvestment Plan	3,177	799
Less : Transaction costs (net of tax)	(73)	(158)
Closing balance	<u>1,501,343</u>	<u>1,462,552</u>
	Number	Number
b. Movement in number of shares ⁽¹⁾	of Shares	of Shares
Opening balance	630,825,344	122,147,119
Shares issued as consideration for acquisition	-	3,280,382
Share Purchase Plan	8,019,673	3,324,432
Dividend Reinvestment Plan	698,365	187,207
Share Split ⁽²⁾	-	501,886,204
Closing balance	<u>639,543,382</u>	<u>630,825,344</u>

⁽¹⁾ Comparatives are for the full year ended 30 June 2014.

⁽²⁾ Share Split on the basis of 5 shares for each existing Milton share on issue as at 18 October 2013.

c. Ordinary shares

All capital consists of fully paid ordinary shares which are listed on the ASX and carry one vote per share and the right to receive dividends.

7. Contingencies and capital commitments

Guarantee entered into by the parent entity

Milton has agreed to provide a financial guarantee facility totalling \$11 million to support prepayments received by a joint venture in which LWP Huntlee Syndicate No 2 has a 23.75% interest. This facility, which is on commercial terms, is secured by a second ranking mortgage over the real property of the joint venture as well as guarantees provided by other related entities of the joint venture. At 31 December 2014, no amount of the facility had been utilised.

Other than the above, the directors are not aware of any material contingent liabilities, contingent assets or capital commitments as at 31 December 2014.

8. Events subsequent to reporting date

There has been no transaction or event since 31 December 2014 to the date of this report of which the directors are aware that has had a material affect on Milton or its' financial position.

MILTON CORPORATION LIMITED

ABN 18 000 041 421

HALF-YEAR ENDED 31 DECEMBER 2014

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 9 to 16 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



R.D. Millner
Chairman

Sydney, 21 January 2015

Level 15, 135 King Street
Sydney NSW 2000
GPO Box 473
Sydney, NSW 2001

T +61 (0)2 8236 7700
F +61 (0)2 9233 4636

www.moorestephens.com.au

AUDITOR'S INDEPENDENCE DECLARATION

**TO THE DIRECTORS OF MILTON CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES**

As lead auditor for the review of Milton Corporation Limited and its Controlled Entities for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a. the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. any applicable code of professional conduct in relation to the review.

This declaration is in respect of Milton Corporation Limited and its Controlled Entities during the period.



Moore Stephens Sydney
Chartered Accountants



Melissa Alexander
Partner

Dated in Sydney this 21st day of January 2015

Level 15, 135 King Street
Sydney NSW 2000
GPO Box 473
Sydney, NSW 2001

T +61 (0)2 8236 7700
F +61 (0)2 9233 4636

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF MILTON CORPORATION LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Milton Corporation Limited and its Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Milton Corporation Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Milton Corporation Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Milton Corporation Limited and its Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Milton Corporation Limited and its Controlled Entities is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Moore Stephens Sydney
Chartered Accountants



Melissa Alexander
Partner

Dated in Sydney, the 21st day of January 2015.