

## Appendix 4D Half Year Report

### Results for announcement to the market

For the half year ended 31 December 2020

(Comparative figures being the half year ended 31 December 2019)

	% Movement	31 Dec 2020
<b>Revenue</b>		
Operating revenue	Down 43.5%	\$40.9 million
Total investment revenue (including special dividends)	Down 44.1%	\$41.9 million

<b>Earnings</b>		
<b>Profit after tax attributable to shareholders:</b>		
<i>Including</i> special investment revenue net of tax	Down 45.4%	\$38.4 million
<i>Excluding</i> special investment revenue net of tax	Down 45.0%	\$37.3 million
<b>Earnings per share, basic and diluted:</b>		
<i>Including</i> special investment revenue net of tax	Down 45.6%	5.71 cents
<i>Excluding</i> special investment revenue net of tax	Down 45.1%	5.55 cents

<b>Dividend information</b>		
Interim fully franked ordinary dividend	Down 36.1%	5.75 cents
<b>Interim dividend dates:</b>		
Ex dividend date		10 February 2021
Record date		11 February 2021
Payment date		4 March 2021

*The Dividend Reinvestment Plan (DRP) will be in operation for the interim dividend.*

DRP price will be equal to the volume weighted average selling price (VWAP) over the five business day period commencing on 12 February 2021. **The last day for the receipt of an election notice for participation in the DRP is 12 February 2021.**



	31 Dec 2019	31 Dec 2020
<b>Net tangible asset backing per share (NTA)</b>		
<i>Before</i> provision for tax on unrealised capital gains	\$4.92	\$4.82
<i>After</i> provision for tax on unrealised capital gains	\$4.30	\$4.21

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 our auditors, Pitcher Partners, Sydney. All documents comprise the information required by listing rule 4.2A. This information should be read in conjunction with the 2020 Annual Financial Report.

## ASX | Media Release

21 January 2021

# Milton announces fully franked interim dividend of 5.75 cents per share on net profit after tax of \$38.4 million

SYDNEY, 21 January 2021

Milton Corporation Limited (ASX:MLT), in a release to the Australian Securities Exchange today, reported a net profit after tax for the six months to 31 December 2020 of \$38.4 million (2019: \$70.2 million) on income from operating activities of \$43.3 million (2019: \$75.1 million).

Milton also announced that it would pay an interim dividend of 5.75 cents per share (2019: 9 cents per share) on 4 March 2021. The interim dividend is fully franked and Milton's dividend reinvestment plan will operate for the dividend.

Underlying profit for the six months ending 31 December 2020, excluding special dividends, declined 45.0% to \$37.3 million due to lower dividend income received on Milton's diversified investment portfolio.

Earnings per share declined 45.6% to 5.71 cents per share, or 5.55 cents per share on an underlying basis. Milton's Board uses underlying earnings to determine ordinary dividends due to the volatility of special dividend income.

Milton's Managing Director, Mr Brendan O'Dea said, "The first half of 2021 was very challenging with many companies deferring or eliminating dividends due to COVID concerns. COVID has clearly impacted our dividend income but we have continued to operate as normal throughout this period due to the efforts of Milton's staff and Board".

"Milton derives 96% of its income from dividends received on its investment portfolio. Whilst dividend declines were seen across the whole market the bank sector was particularly

impacted, where Milton has substantial long-term investments. Actions taken to reduce certain bank investments in 2019 moderated the impact".

"Milton's Board have approved a fully franked interim dividend for shareholders representing 104% of underlying earnings, above the usual range of 90-95%, reflecting a desire to continue to deliver shareholders a tax effective income stream" Mr O'Dea added.

Milton's total portfolio return for the 6-month period to 31 December 2020 was +15.4% and total shareholder return was +19.0% as the capital value of Milton's listed equity portfolio performed strongly.

Net tangible assets at 31 December 2020 were \$3.2 billion or \$4.82 per share (before provision for tax). Cash of \$59.7 million was held at 31 December 2020. Milton continues to have no debt.

Milton's management expense ratio (MER) was 0.15% and Milton charges no asset based management or performance fees making Milton one of the lowest cost actively managed investment vehicles available to investors.

After an active 2020 financial year, where transformative changes were made to the portfolio through reductions in regional bank shareholdings, limited changes were made in the first half of the 2021 financial year. \$60.7 million of additional investments were made in the 6 months to December 2020. Investments were increased in Johns Lyng Group, Magellan Financial Group, Amcor, Cleanaway, Equity Trustees and IOOF. A new investment was made in IPH Limited.

Sales of \$12.1 million in the period included the complete exit of Milton's shareholdings in QBE and Sims Group.

Milton forecasts that ordinary dividends to be received in the second half of 2021 will be higher than the first half and the previous comparable period as COVID impacts reduce. Dividend deferrals or cuts are expected to abate providing a more favourable operating environment. Second half 2021

earnings are expected to be flat to the previous comparable period as special dividends decline.

Mr O'Dea said, "We are pleased with the strong price performance of our portfolio in the first half of the financial year. The market recovered strongly from the COVID related lows of March and we were able to make well-timed additions to our portfolio at reduced prices. Government stimulus, low interest rates and positive vaccine news all supported a sharp recovery in share prices".

"Whilst the market is expensive by traditional measures, and we expect volatility to remain elevated, we remain cautiously optimistic that earnings and dividend growth will improve over the medium term to justify share prices that have, in many cases, recovered to pre-COVID levels".

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.

## OUR VALUE PROPOSITION

**Milton is a long term investor in equities, interest bearing securities and real property**

- Assets are not sold to increase profits for distributions
- Portfolio turnover is low

**Milton pays fully franked dividends semi annually**

- An ordinary dividend has been paid every year since listing in 1958
- Dividends are paid from income received from Milton's long term investment portfolio

**Milton holds a diverse portfolio of Australian listed companies**

- Equity Investment portfolio at 31 December 2020 was valued at \$3.1 billion
- Total assets at 31 December 2020 were valued at \$3.2 billion

**Milton is an efficient and low cost manager of investments**

- Annualised operating costs represent 0.15% of average total assets
- Milton is internally managed and no management or performance fees are charged

## CLASSIFICATION OF ASSETS

The following table shows assets at 31 December 2020 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

<b>Classification</b>	<b>Total Assets %</b>
Banks	17.3
Other Financials	12.2
Materials	12.0
Energy	10.0
Consumer Discretionary	9.3
Industrials	9.2
Health Care	7.0
Consumer Staples	5.9
Real Estate	4.4
Communication Services	3.6
Insurance	3.4
Utilities	1.9
Information Technology	0.8
<b>Total Shares</b>	<b>97.0</b>
Cash	1.8
Other Assets	1.2
<b>Total</b>	<b>100.0</b>

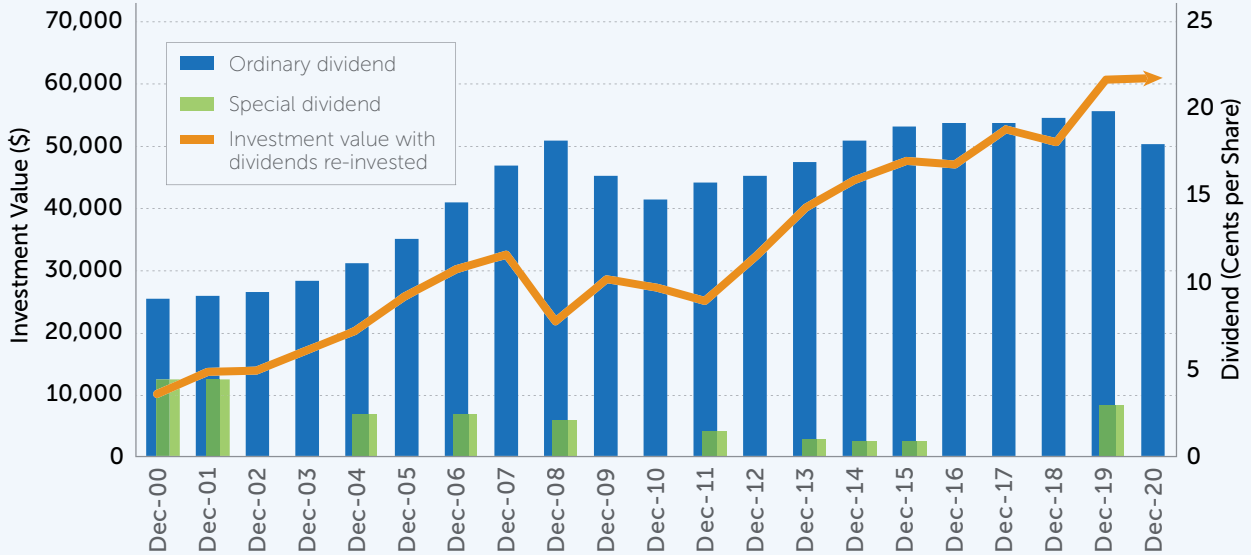
## MILTON'S INVESTMENT PROFILE

The 25 largest investments at 31 December 2020 are set out below.

<b>Company</b>	<b>Market Value \$m</b>	<b>Total Assets %</b>
W H Soul Pattinson	276.1	8.5
Commonwealth Bank Corporation	257.9	8.0
Macquarie Bank Limited	225.2	6.9
BHP Group Limited	206.0	6.4
Westpac Banking Corporation	193.4	6.0
CSL Limited	170.2	5.3
Wesfarmers Limited	145.0	4.5
Woolworths Limited	115.5	3.6
National Australia Bank	110.0	3.4
A P Eagers Limited	90.3	2.8
Transurban Group	79.4	2.5
Rio Tinto Limited	76.2	2.4
Brickworks Limited	62.1	1.9
ALS Limited	58.4	1.8
Coles Group Limited	52.2	1.6
Telstra Corporation	45.4	1.4
Amcor Limited	44.2	1.4
Perpetual Limited	42.8	1.3
AGL Energy Limited	42.7	1.3
ASX Limited	39.5	1.2
Charter Hall Group	37.6	1.2
Goodman Group	32.0	1.0
Suncorp Metway Limited	31.3	1.0
Sydney Airport	31.2	1.0
Sonic Healthcare Limited	30.2	0.9
<b>Total market value of Top 25</b>	<b>2,494.8</b>	<b>77.3</b>
<b>Total Assets</b>	<b>3,240.5</b>	

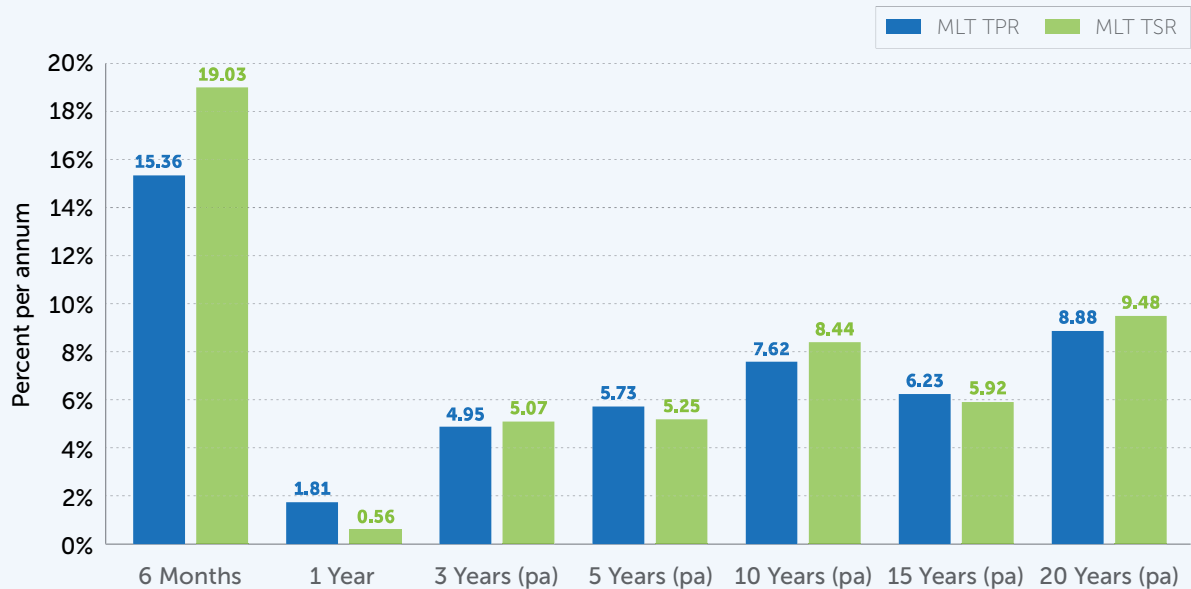
**PERFORMANCE CHARTS**

**Dividend and Investment Growth over 20 years**



If \$10,000 invested in MLT in Dec 2000, and if dividends were re-invested over the 20 years, the value of the investment in December 2020 would be worth \$61,142 Ordinary dividends increased from 8.60cps in FY2000 (adjusted for 5:1 split in Oct 2013) to 17.5cps in FY2020.

**Total Returns over 20 years**



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

# Financial Statements

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# MILTON CORPORATION LIMITED

ABN 18 000 041 421

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## HALF-YEAR ENDED 31 DECEMBER 2020

### 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 2020 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)

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

Kevin J. Eley, CA, F Fin, FAICD

Justine E. Jarvinen, BE(Chem), F Fin, GAICD

Brendan J. O'Dea, B.Ec, M. Bus, CA, MAICD (CEO & Managing Director)

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

#### REVIEW OF OPERATIONS

##### Half-year profit commentary

Net profit after tax for the six months to 31 December 2020 decreased by 45.4% to \$38.4 million (2019: \$70.2 million) with the result including \$1.1 million (2019: \$2.6 million) of special dividends. Underlying profit, which excludes special dividends, declined 45.0% to \$37.3 million.

Lower dividend income was received on Milton's diversified investment portfolio during the period as companies suspended or reduced dividend payments due to COVID concerns. This was particularly acute in the banking sector, where Milton holds substantial investments. Milton's operations were not materially affected by COVID and Milton did not receive any government assistance.

A fully franked interim dividend of 5.75 cents per share (2019: 9 cents per share) has been declared and will be paid on 4 March 2021.

Milton's total portfolio return for the 6-month period to 31 December 2020 was +15.4% and total shareholder return was +19.0% as the capital value of Milton's listed equity portfolio performed strongly.

\$60.7 million of additional investments were made in the 6 months to 31 December 2020. Investments were increased in Johns Lyng Group, Magellan Financial Group, Amcor, Cleanaway, Equity Trustees and IOOF. A new investment was made in IPH Limited. Sales of \$12.1 million in the period included the complete exit of Milton's shareholdings in QBE and Sims Group.

Net tangible assets at 31 December 2020 were \$3.2 billion or \$4.82 per share (before provision for tax). Cash of \$59.7 million was held at 31 December 2020. Milton has no debt on its balance sheet.

## **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 19.

## **ROUNDING OF AMOUNTS**

Unless otherwise stated under the option available in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191, the financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

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 2021



# Consolidated Income Statement

For the half-year ended		31 Dec 2020	31 Dec 2019
	Note	\$'000	\$'000
Ordinary dividends and distributions	1	39,393	71,061
Interest	1	272	828
Net gains on trading portfolio	1	1,016	84
Other revenue	1	174	371
<b>Operating Revenue</b>		<b>40,855</b>	72,344
Share of net profits of joint ventures – equity accounted	2	1,341	192
Special dividends and distributions		1,069	2,596
<b>Income from operating activities</b>		<b>43,265</b>	75,132
Administration expenses		(2,347)	(2,148)
<b>Profit before income tax expense</b>		<b>40,918</b>	72,984
Income tax expense	3	(2,567)	(2,748)
<b>Profit attributable to shareholders of Milton</b>		<b>38,351</b>	70,236
		<b>Cents</b>	Cents
Basic and diluted earnings per share	4	5.71	10.49

*The Consolidated Income Statement is to be read in conjunction with the Notes to the Consolidated Financial Statements.*

# Consolidated Statement of Comprehensive Income

For the half-year ended	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>Profit</b>	<b>38,351</b>	70,236
Other comprehensive income		
<i>Items that will not be reclassified to profit and loss:</i>		
Revaluation of investments	<b>388,115</b>	(1,799)
Provision for tax expense on revaluation of investments	<b>(116,322)</b>	203
<b>Other comprehensive income, net of tax</b>	<b>271,793</b>	(1,596)
<b>Total comprehensive income for the period attributable to the shareholders of Milton</b>	<b>310,144</b>	68,640

*The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Consolidated Financial Statements.*

# Consolidated Statement of Financial Position

As at	Note	31 Dec 2020 \$'000	30 Jun 2020 \$'000
<b>Current assets</b>			
Cash		59,718	114,069
Receivables		2,954	10,938
Prepayments		204	410
<b>Total current assets</b>		<b>62,876</b>	<b>125,417</b>
<b>Non-current assets</b>			
Investments	6	3,142,804	2,706,159
Joint ventures – equity accounted		23,517	24,709
Receivables		5,068	4,117
Property, plant and equipment		5,930	5,376
Deferred tax assets		312	292
<b>Total non-current assets</b>		<b>3,177,631</b>	<b>2,740,653</b>
<b>Total assets</b>		<b>3,240,507</b>	<b>2,866,070</b>
<b>Current liabilities</b>			
Payables		1,063	1,456
Current tax liabilities		257	782
Provisions		108	66
<b>Total current liabilities</b>		<b>1,428</b>	<b>2,304</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3	406,930	289,725
Provisions		305	274
<b>Total non-current liabilities</b>		<b>407,235</b>	<b>289,999</b>
<b>Total liabilities</b>		<b>408,663</b>	<b>292,303</b>
<b>Net assets</b>		<b>2,831,844</b>	<b>2,573,767</b>
<b>Shareholders' equity</b>			
Issued capital	7	1,649,317	1,644,321
Capital profits reserve		71,617	74,263
Asset revaluation reserve		935,473	661,034
Retained profits		175,437	194,149
<b>Total equity attributable to shareholders of Milton</b>		<b>2,831,844</b>	<b>2,573,767</b>

*The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Consolidated Financial Statements.*

## Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020	Issued capital \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2020	1,644,321	74,263	661,034	194,149	2,573,767
Profit	-	-		38,351	38,351
Other Comprehensive Income	-	-	271,793	-	271,793
<b>Total comprehensive income for the half-year</b>	-	-	271,793	38,351	310,144
Net realised losses	-	(2,646)	2,646	-	-
Transactions with shareholders:					
Share issues	4,996	-	-	-	4,996
Dividends paid	-	-	-	(57,063)	(57,063)
<b>Balance at 31 December 2020</b>	<b>1,649,317</b>	<b>71,617</b>	<b>935,473</b>	<b>175,437</b>	<b>2,831,844</b>
<b>For the half-year ended 31 December 2019</b>					
Balance at 1 July 2019	1,633,055	66,148	969,156	207,087	2,875,446
Profit	-	-		70,236	70,236
Other Comprehensive Income	-	-	(1,596)	-	(1,596)
<b>Total comprehensive income for the half-year</b>	-	-	(1,596)	70,236	68,640
Net realised gains	-	8,605	(8,605)	-	-
Transactions with shareholders:					
Share issues	5,965	-	-	-	5,965
Dividends paid	-	-	-	(69,572)	(69,572)
<b>Balance at 31 December 2019</b>	<b>1,639,020</b>	<b>74,753</b>	<b>958,955</b>	<b>207,751</b>	<b>2,880,479</b>

*The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Consolidated Financial Statements.*

## Consolidated Statement of Cash Flows

For the half-year ended	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>Cash flows from operating activities</b>		
Dividends and distributions received	48,167	83,823
Interest received	501	829
Distributions received from joint venture entities	2,533	233
Other receipts in the course of operations	174	372
Proceeds from sales of trading securities	14,638	84
Payments for trading securities	(13,622)	-
Other payments in the course of operations	(1,852)	(2,140)
Income taxes paid	(2,224)	(2,958)
<b>Net cash provided by operating activities</b>	<b>48,315</b>	<b>80,243</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of investments	12,073	154,692
Proceeds from repayment of capital	-	1,465
Payments for investments in equities and trusts	(60,698)	(123,261)
Payments for property, plant, equipment	(975)	(1)
Payments for investments in joint ventures	-	(594)
Loans repaid by other entities	105	252
Loans (advanced) to other entities	(1,099)	(1,090)
<b>Net cash (used in)/provided by investing activities</b>	<b>(50,594)</b>	<b>31,463</b>
<b>Cash flows from financing activities</b>		
Payments arising from capital raising	(15)	(17)
Ordinary dividends paid	(52,057)	(63,594)
<b>Net cash used in financing activities</b>	<b>(52,072)</b>	<b>(63,611)</b>
<b>Net (decrease)/increase in cash assets held</b>	<b>(54,351)</b>	<b>48,095</b>
<b>Cash assets at the beginning of the half-year</b>	<b>114,069</b>	<b>110,306</b>
<b>Cash assets at the end of the half-year</b>	<b>59,718</b>	<b>158,401</b>

*The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Consolidated Financial Statements.*

# Notes to the Consolidated Financial Statements

## 1. Operating revenue

Milton's operating revenue is mainly derived from dividends received from the companies held in the investment portfolio. In the six months to 31 December 2020, franked dividends accounted for 77% of operating revenue.

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

Interest on cash and term deposits is brought to account on an accruals basis. Interest on other liquid securities is recognised on the date these securities trade ex dividend.

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

<b>For the half-year ended</b>	<b>31 Dec 2020</b>	31 Dec 2019
	<b>\$'000</b>	\$'000
<b>Ordinary dividends and distributions</b>		
Franked dividends	<b>31,616</b>	58,674
Unfranked dividends	<b>5,243</b>	8,235
Trust distributions	<b>2,534</b>	4,152
	<b>39,393</b>	71,061
<b>Interest from deposits &amp; cash</b>	<b>272</b>	828
<b>Net gains from trading portfolio</b>	<b>1,016</b>	84
<b>Other revenue</b>	<b>174</b>	371
<b>Operating Revenue</b>	<b>40,855</b>	72,344

## 2. Share of net profits of joint ventures

Milton has a long history of investing in property development joint ventures. Wholly owned subsidiaries of Milton have investments in separate joint venture entities that have non-controlling interests in three property development joint venture partnerships.

Equity accounting principles are used to account for these joint ventures.

<b>For the half-year ended</b>	<b>31 Dec 2020</b>	31 Dec 2019
	<b>\$'000</b>	\$'000
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 (2019:33.33%)	<b>1,045</b>	413
23.33% interest in The Mews Joint Venture contribution to operating profit before tax (2019:23.33%)	<b>236</b>	118
50% interest in the LWP Huntlee Syndicate No 2 Joint Venture contribution to operating profit before tax (2019: 50%)	<b>60</b>	(339)
<b>Share of net profits of joint ventures</b>	<b>1,341</b>	192

## Notes to the Consolidated Financial Statements

For the half-year ended	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>3. Tax</b>		
<b>a. Reconciliation of Income Tax Expense to prima facie tax payable</b>		
Profit before Income Tax	40,918	72,984
Prima facie income tax expense calculated at 30% on profit before tax	12,275	21,895
Increase /decrease in income tax expense due to:		
Tax offset for franked dividends	(10,035)	(18,594)
Over provision in prior year	(557)	(792)
Other differences	884	239
Income tax expense on profit	<u>2,567</u>	<u>2,748</u>
<b>As at</b>	<b>31 Dec 2020 \$'000</b>	<b>30 June 2020 \$'000</b>
<b>b. Deferred tax liabilities</b>		
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Revaluation of investments	406,547	289,876
Realised capital losses	(16,594)	(16,529)
Amounts recognised in profit:		
Gains on scrip for scrip rollovers	16,561	16,045
Income receivable which is not assessable for tax until receipt	416	333
	<u>406,930</u>	<u>289,725</u>
<b>For the half-year ended</b>	<b>31 Dec 2020 Cents</b>	<b>31 Dec 2019 Cents</b>
<b>4. Earnings Per Share</b>		
Basic earnings per share	5.71	10.49
	\$'000	\$'000
Profit attributable to shareholders of the parent entity	38,351	70,236
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>672,111,211</u>	<u>669,796,099</u>
Diluted earnings per share and basic earnings per share are the same because there are no potential dilutive ordinary shares.		

# Notes to the Consolidated Financial Statements

For the half-year ended	31 Dec 2020 \$'000	31 Dec 2019 \$'000
<b>5. Dividends paid</b>		
<b>a. Recognised in the half-year</b>		
An ordinary final dividend of 8.5 cents per share in respect of the 2020 year paid on 2 September 2020 (2019: an ordinary final dividend in respect of the 2019 year of 10.4 cents per share paid on 3 September 2019)	<b>57,063</b>	69,572
<b>b. Not recognised in the current half-year</b>		
Since the end of the half year, the directors declared an interim dividend of 5.75 cents per share payable on 4 March 2021. (2019: an interim dividend of 9.0 cents per share paid on 5 March 2020)	<b>38,670</b>	60,323
	<b>38,670</b>	60,323
<b>6. Investments in equity instruments</b>		
Milton is predominantly a long-term investor in companies and trusts listed on the Australian Securities Exchange.		
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.		
<b>As at</b>	<b>31 Dec 2020 \$'000</b>	30 June 2020 \$'000
<b>Investments – non-current</b>		
Quoted investments - at fair value	<b>3,142,430</b>	2,705,785
Unquoted investments - at fair value	<b>374</b>	374
	<b>3,142,804</b>	2,706,159
<b>a. Included in quoted investments are:</b>		
Shares in corporations	<b>2,886,298</b>	2,476,375
Stapled securities in corporations	<b>256,132</b>	229,410
	<b>3,142,430</b>	2,705,785
<b>b. Included in unquoted investments are:</b>		
Units in trusts	<b>374</b>	374



# Notes to the Consolidated Financial Statements

## 7. Issued capital

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.

Milton may offer its shareholders the opportunity to increase their holdings by participation in the Share Purchase Plan and in the Dividend Reinvestment Plan. Milton may also increase its capital through renounceable rights issues and acquisition of investment companies with the consideration being the issue of Milton shares.

Movement in share capital	For the half-year ended		For the year ended	
	No. of shares	31 Dec 2020 \$'000	No. of shares	30 June 2020 \$'000
Opening balance	671,326,397	1,644,321	668,963,092	1,633,055
Dividend Reinvestment Plan <sup>(1)</sup>	1,203,381	5,006	2,363,305	11,288
Less: Transaction costs (net of tax)	-	(10)	-	(22)
Closing balance	672,529,778	1,649,317	671,326,397	1,644,321

<sup>(1)</sup> In the six-month period to 31 December 2020, Milton issued 1,203,381 new shares under the DRP (Year ended 30 June 2020: 1,288,011 new shares issued in September 2019 and 1,075,294 new shares issued in March 2020).

## 8. Summary of other 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 consolidated 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 2020 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 half-year consolidated financial statements were approved by the Board of Directors on 21 January 2021.

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 Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191.

The accounting policies have been consistently applied by Milton and its consolidated entities and are consistent with those applied in the 30 June 2020 annual financial report.

### b. Operating segments

The consolidated entity operates in Australia only and engages in investments as its principal activity. As such, Milton considers the business to have a single operating segment.

# Notes to the Consolidated Financial Statements

## 9. Contingencies and capital commitments

### *Guarantee facility by parent company*

Milton agreed to provide a guarantee subject to a maximum of \$10 million to Bankwest to support a repayment of a principal amount on a loan payable on 30 June 2022 (or on a later agreed date) by a joint venture in which LWP Huntlee Syndicate No 2 has a 23.75% interest (Milton has 50% interest in the LWP Huntlee Syndicate No 2). This guarantee facility replaced Milton's previous interest servicing guarantee facility of \$10 million to the joint venture, which was cancelled on 8 April 2020.

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. As at 31 December 2020 Milton's contingent liability amounted to \$10 million (31 December 2019: \$8.87 million on the previous interest servicing guarantee facility).

Other than the above, the directors are not aware of any material contingent liabilities, contingent assets or capital commitments as at 31 December 2020.

## 10. Events subsequent to reporting date

Except for the dividend declared as noted in Note 5(b), there has been no transaction or event since 31 December 2020 to the date of this report of which the directors are aware that has had a material impact on Milton or its financial position.

# MILTON CORPORATION LIMITED

ABN 18 000 041 421

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## HALF-YEAR ENDED 31 DECEMBER 2020

### DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 8 to 17 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 2020 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 2021

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201 Sussex Street  
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Sydney NSW 2001

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**Auditor's Independence Declaration  
To the Directors of Milton Corporation Limited  
ABN 18 000 041 421**

In relation to the independent auditor's review for the half year ended 31 December 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of 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.



**S S WALLACE**  
Partner

**Pitcher Partners**  
Sydney

21 January 2021

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**INDEPENDENT AUDITOR'S REVIEW REPORT  
To the Members of Milton Corporation Limited  
ABN 18 000 041 421**

**Report on the Half-Year Financial Report**

**Conclusion**

We have reviewed the half-year financial report of Milton Corporation Limited ("the Company") and its Controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Milton Corporation Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Basis for Conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

**Responsibility of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards 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.

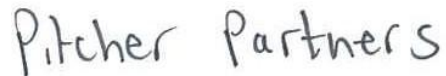
**Auditor's Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. 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.



**S S WALLACE**  
Partner



**PITCHER PARTNERS**  
Sydney

21 January 2021