

MILTON VALUE PROPOSITION

Milton pays fully franked dividends semi annually

- Ø Milton has paid dividends every year since listing in 1958
- Ø Milton's 2015 fully franked final dividend of 9.9cps is 5.3% higher than the 2014 final dividend

Milton provides exposure to a diverse portfolio of Australian listed companies

- Ø Investment portfolio at 30 June 2015 was valued at \$2.7 billion

Milton is an efficient, low cost and professionally managed collective investment

- Ø Total annualised operating costs represented 0.12% per annum of average total assets in the year ended 30 June 2015
- Ø Milton is internally managed and no fees are paid to an external manager

MILTON IS A TRADITIONAL LISTED INVESTMENT COMPANY

Its key objective is to pay increasing fully franked dividends per share out of the dividends that it receives from its long term holdings of assets including Australian equities, interest bearing securities and real property.

Milton is not a speculative investor and does not sell its assets to increase profit for distribution to shareholders. Capital profits are reinvested by the company for the benefit of shareholders.

Milton seeks to invest in well managed companies and trusts that are listed on the Australian Securities Exchange, have a profitable history and the expectation of dividend growth.

SHARE REGISTRY MATTERS:

Shareholders with access to the internet can manage their holding details and vote online by visiting www.linkmarketservices.com.au.

Alternatively you can call Link Market Services on (02) 8280 7111 or Toll Free on 1800 641 024

DIRECTORS

R.D. Millner (Chairman)	K.J. Eley
J.F. Church	F.G. Gooch (MD)
G.L. Crampton	I.A. Pollard

PORTFOLIO

Milton continued to adhere to its long held investment philosophy of investing in companies that are expected to deliver increased investment income over the long term.

In 2015 a total of \$115 million was invested in 44 companies and trusts. This included \$10 million in National Australia Bank through participation in its recent entitlements issue. Other larger investments included \$8.6 million in BHP Billiton, \$6.4 million in Woolworths, \$6.3 million in Macquarie Group and \$6 million in Telstra.

These purchases were partly funded by disposals totalling \$38 million. These disposals included the takeover of Toll Holdings and the sale of Metcash shares.

Companies added to the portfolio during the year were BT Investment Management, Cover-More Group and Regis Healthcare.

THE 20 LARGEST INVESTMENTS:

At 30 June 2015	Market Value \$million	Share of Total Assets %
Westpac Banking Corporation	336.0	11.9
Commonwealth Bank	258.2	9.2
National Australia Bank	158.5	5.6
W H Soul Pattinson	123.3	4.4
Wesfarmers Limited	110.7	3.9
BHP Billiton	98.4	3.5
ANZ Banking Group	98.1	3.5
Bank of Queensland	93.3	3.3
Telstra Corporation	89.7	3.2
Woolworths Limited	78.3	2.8
Bendigo and Adelaide Bank	70.0	2.5
Perpetual Limited	65.7	2.3
ALS Limited	62.8	2.2
AP Eagers	54.5	1.9
CSL Limited	51.2	1.8
Macquarie Bank	45.2	1.6
Brickworks Limited	44.6	1.6
AGL Energy	41.6	1.5
Suncorp Group	41.3	1.5
QBE Insurance	35.8	1.3
Total value of Top 20	1,957.2	69.5
Total assets	2,813.5	

MILTON CORPORATION LIMITED

ABN 18 000 041 421

ANNUAL REVIEW – 30 JUNE 2015

Ø *Fully franked ordinary dividend:*

Final ordinary dividend of 9.9 cents per share up 5.3% from 9.4 cents per share

Ø *Fully franked special dividend of 0.4 cents per share*

Ø *Earnings per share:*

Up 4.3% to 19.6 cents (excluding special investment revenue and acquisition costs)

Up 4.2% to 20.1 cents (including special investment revenue and acquisition costs)

Ø *Profit after tax:*

Up 6.5% to \$125.0 million (excluding special investment revenue and acquisition costs)

Up 6.4% to \$128.0 million (including special investment revenue and acquisition costs)

Ø *Net tangible asset backing per share (NTA):*

Up 0.9% to \$4.39 (before provision for tax on unrealised capital gains)

Up 1.0% to \$3.90 (after provision for tax on unrealised capital gains)

Ø *Dividend Reinvestment Plan in operation for the final ordinary and special dividends*

Ø *Share Purchase Plan on offer to shareholders on the register on 22 July 2015*

(Comparative figures refer to results for the year ended 30 June 2014)

CONTACT DETAILS

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This document is not a prospectus and does not seek to invite applications for shares in the Company.

RESULTS FOR THE YEAR TO 30 JUNE 2015

	\$million	Movement on pcp
Operating revenue	128.3	+ 6.8%
Net profits of joint ventures	6.3	- 1.6 %
Operating expenses	(3.4)	+ 0.9 %
Operating profit before tax	131.2	+6.5%
Tax expense	(6.2)	+5.6%
Underlying operating profit after tax	125.0	+6.5 %
Special dividends after tax	3.0	- 1.4 %
Net profit after tax	128.0	+6.4 %

Milton's primary source of income is the ordinary dividends and distributions received on its listed investments. In 2015 this income totalled \$123 million which included \$110 million of fully franked dividends.

The weighted average earnings per share for 2015 increased by 4.2% to 20.1 cps. Excluding the special investment revenue, the underlying weighted average earnings per share were 19.6 cents per share compared to 18.8 cents per share in 2014.

BALANCE SHEET

At 30 June 2015	2015 \$million	2014 \$million
Cash & liquids	99	116
Investments	2,657	2,575
Other assets	57	57
Total Assets	2,813	2,748
Liabilities	(2)	(2)
Net assets before provision for tax on unrealised capital gains	2,811	2,746
Provision for tax on unrealised capital gains	(313)	(309)
Net assets	2,498	2,437
Net Assets Per Share		
Before provision for tax on unrealised capital gains	\$4.39	\$4.35
After provision for tax on unrealised capital gains	\$3.90	\$3.86

FULLY FRANKED DIVIDEND HISTORY

	2015	2014	2013	2012	2011
Interim (cps)	8.5	8.2	7.8	7.6	7.4
Final (cps)	⁽¹⁾ 9.9	9.4	8.6	8.0	7.8
Total (cps)	18.4	17.6	16.4	15.6	15.2
Special (cps)	⁽¹⁾ 0.4	0.4	0.5	-	1.0

⁽¹⁾Dividend "ex date" is 13 August 2015 and the payment date is 3 September 2015.

An increased fully franked final dividend of 9.9 cents per share and a fully franked special dividend of 0.4 cents per share will be paid on 3 September 2015. Milton shares will trade "cum" the final dividend and special dividend up to and including 12 August 2015.

With the payment of these dividends in September Milton will have paid out 94% of its full year profit and the full year ordinary dividend will have increased by 4.5%.

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) will operate for the final and special dividends. The last day for the receipt of an election notice for participation in the plan is 18 August 2015.

COMMENTARY

With Milton's portfolio of investments in Australian listed companies continuing to deliver increasing dividends, Milton's net profit for the 2015 year reached a record \$128 million. This included special dividends totalling \$3 million.

Ordinary investment income increased by 7.6% with notable dividend increases from Macquarie Group, Perpetual and Woodside Petroleum.

Special fully franked dividends of \$3 million were marginally higher than those received last year. The larger specials were received from Wesfarmers, Suncorp Group and ARB Corporation.

Lower interest rates impacted interest income which was 12% lower at \$4.4 million.

Milton's investments in unlisted real property development joint ventures, which represent less than 1% of total assets, once again performed strongly delivering pre tax profits of \$6.3 million.

The company continued to operate efficiently with total administration expenses increasing by less than 1%.

By maintaining total administration costs for the year at 0.12% of average total assets Milton's shareholders are the beneficiaries of the improved investment performance.

Total returns

	1 Year	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)	15 Yrs (pa)
MLT TPR ⁽¹⁾	5.09%	14.82%	10.55%	7.29%	10.34%
MLT TSR ⁽²⁾	3.15%	18.87%	12.06%	7.95%	11.14%
XAOAI ⁽³⁾	5.67%	14.47%	9.36%	7.02%	7.82%

⁽¹⁾Total portfolio returns (TPR) are after expenses and tax liabilities.

⁽²⁾Total shareholder returns (TSR) are after expenses and do not take into account the benefit of franking credits.

⁽³⁾All Ordinaries Accumulation Index (XAOAI) are before expenses and tax liabilities do not take into account the benefit of franking credits.

Share Purchase Plan

The Share Purchase Plan (SPP) is being offered to shareholders on the register on 22 July 2015. In accordance with the SPP rules shareholders may apply for new shares with a total market value of up to \$15,000. An application form and Terms and Conditions will be provided to eligible shareholders on 3 September 2015.

Outlook

In the year ahead Milton will continue to seek to increase the size of its portfolio by investing in well run companies that are likely to grow their dividends over the long term.

Mr Gooch said, "Ongoing market volatility is likely to provide opportunities to increase Milton's exposure to Australian listed companies that are expected to have strong operational performance."

"As we saw in the year just past, buying opportunities for long term investors arise when a company's share price is negatively affected by concerns over macro issues which are unlikely to have any material impact on the company's operations or its ability to pay dividends", he added.

Based on current estimates and in the absence of unforeseen circumstances directors expect to be able to at least maintain Milton's full year ordinary dividend rate of 18.4 cents per share.

ANNUAL GENERAL MEETING

The 2015 Annual General Meeting will be held on Thursday, 15 October 2015 at 3pm at the Sofitel Sydney Wentworth, Level 4, Adelaide Room, 61-101 Phillip Street, Sydney.

The Notice of Meeting is expected to be sent to shareholders on 24 August 2015.