

# **MILTON CORPORATION LIMITED & CHOISEUL INVESTMENTS LIMITED**

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## **ASX+MEDIA RELEASE**

**20 AUGUST 2010**

### **MILTON AND CHOISEUL PROPOSE A MERGER TO CREATE \$2B ASSET BASE**

Listed investment companies, Milton Corporation Limited (Milton) and Choiseul Investments Limited (Choiseul), are pleased to announce they are in discussions to merge the two companies by scheme of arrangement (Scheme).

It is proposed that Choiseul shareholders will receive Milton shares and a fully franked special dividend (Special Dividend). The payment of the Special Dividend would be conditional on the scheme being implemented and the receipt of a favorable tax opinion.

The number of Milton shares to be issued would be determined by reference to the relative net asset backing per share, before providing for tax on unrealised capital gains, of each company.

Milton's Managing Director, Mr. Frank Gooch said, "Milton's independent directors will work with the independent directors of Choiseul to finalise the details of the proposed merger. It is anticipated that Milton and Choiseul will enter into a merger implementation agreement over the coming days.

"The proposed merger will create an investment company with approximately \$2 billion of assets and more than 18,000 shareholders and will provide Choiseul shareholders with access to greater liquidity in the trading of their shares," Mr. Gooch said.

Mr Richard England, an independent director of Choiseul, said, "The proposed merger will create a bigger asset base which, through combination, should reduce the extent to which the shares in the combined entity trade at a discount to net asset backing, especially for Choiseul shareholders."

Milton has managed Choiseul since 1992 and currently owns approximately 11.9% of the issued capital.

"The proposed merger will enable Choiseul shareholders to continue to benefit from the ongoing management of their investment by Milton," Mr. England added.

It is proposed that an Independent Expert will be appointed by the independent directors of Choiseul to consider the Milton proposal and provide an opinion on whether the Milton proposal is in the best interests of Choiseul shareholders, in the absence of a superior proposal. Choiseul has also appointed KPMG Corporate Finance as corporate and financial advisor.

Mr. Robert Millner  
Chairman  
Milton Corporation Limited

Mr. Richard England  
Independent Director  
Choiseul Investments Limited

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**FOR FURTHER  
INFORMATION**

**MR FRANK GOOCH, MANAGING DIRECTOR  
MILTON CORPORATION LIMITED  
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## MILTON PROFILE

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

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.

## TOP 20 INVESTMENTS

The top 20 investments at 30 June 2010 are set out below.

COMPANY	MARKET VALUE \$'000	COMPANY	MARKET VALUE \$'000
Westpac Banking Corporation	186,178	Bendigo & Adelaide Bank	37,846
Commonwealth Bank	109,330	Woodside Petroleum	29,023
BHP Billiton	83,683	Rio Tinto	28,836
National Australia Bank	67,989	Brickworks	25,890
Washington H Soul Pattinson	62,719	Telstra Corporation	25,883
Wesfarmers	57,222	AGL Energy	19,990
Woolworths	53,944	CSL	19,029
ANZ Banking Group	51,662	Suncorp-Metway	18,810
Choiseul Investments	51,109	QBE Insurance	18,539
Campbell Bros	49,713	Total market value of Top 20	1,047,055
Bank of Queensland	49,660	Total Assets	1,605,061

## CLASSIFICATION OF ASSETS

The following table shows assets at 30 June 2010 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

CLASSIFICATION	TOTAL ASSETS %	CLASSIFICATION	TOTAL ASSETS %
Banks	31.8	Consumer discretionary	3.0
Materials	11.7	Real estate	2.2
Diversified financials	11.5	Other securities	<u>5.7</u>
Consumer staples	9.4	Total securities	90.5
Industrials	8.0	Cash & liquid assets	6.3
Insurance	3.8	Other assets	<u>3.2</u>
Energy	3.4	Total	100.0

## CHOISEUL PROFILE

Choiseul is a long established Australian Listed Investment Company.

Choiseul's objective is to provide shareholders with a growing fully franked dividend stream and growth in the value of the shareholders' investment.

The management of Choiseul and its investments is carried out by Milton Corporation Limited.

## TOP 20 INVESTMENTS

The top 20 investments at 30 June 2010 are set out below.

COMPANY	MARKET VALUE \$'000	COMPANY	MARKET VALUE \$'000
Washington H Soul Pattinson	55,059	Woolworths Limited	9,455
Commonwealth Bank of Australia	32,897	Bendigo and Adelaide Bank Limited	8,860
National Australia Bank Limited	31,614	Telstra Corporation Limited	7,848
QBE Insurance Group Limited	30,228	AGL Energy Limited	6,351
Westpac Banking Corporation	30,123	Macquarie Group Limited	6,249
BHP Billiton Limited	28,109	Metcash Limited	5,357
Milton Corporation Limited	27,166	Stockland Trust Group	5,328
Brickworks Limited	12,644	Perpetual Limited	4,848
Wesfarmers Limited	12,566	Leighton Holdings Limited	4,604
Campbell Brothers	10,769	Total market value of Top 20	339,675
Bank of Queensland Limited	9,600	Total Assets	472,158

## CLASSIFICATION OF ASSETS

The following table shows assets at 30 June 2010 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

CLASSIFICATION	TOTAL ASSETS %	CLASSIFICATION	TOTAL ASSETS %
Banks	25.1	Consumer Discretionary	2.5
Diversified Financials	21.4	Energy	2.3
Materials	11.0	Real Estate	<u>1.6</u>
Insurance	8.5	Total securities	89.1
Consumer Staples	7.2	Cash & liquid assets	9.7
Industrials	5.4	Other assets	<u>1.2</u>
Other securities	4.1	Total	100.0