

MILTON CORPORATION LIMITED

ABN 18 000 041 421

An Australian Listed Investment Company
Listed since 1958

ANNUAL REPORT 2015

Profile

Milton was established as a private investment vehicle for four shareholders in 1938. It became a public company in 1950 and listed on the Sydney Stock Exchange in 1958. Milton is now an investment vehicle for more than 22,500 shareholders and it is listed on the Australian Securities Exchange under the code MLT.

Objective

Milton's objective is to hold a diversified portfolio of assets that generates a growing income stream for distribution to shareholders in the form of increasing fully franked dividends and provides capital growth in the value of the shareholders' investments.

Investment philosophy

Milton is predominantly a long term investor in companies and trusts that are well managed, with a profitable history and an expectation of increasing dividends and distributions. Turnover of investments is low and capital gains arising from disposals are reinvested.

Milton holds liquid assets such as cash and term deposits and it may invest in hybrid securities as well as real property development through joint ventures.

Value proposition

Milton provides a reliable income stream through the payment of fully franked dividends in March and September.

Ordinary fully franked dividends are paid out of profit after tax excluding special investment revenue and acquisition related costs of subsidiaries. Dividends have been paid every year since listing and all dividends have been fully franked since the introduction of franking. Refer to the dividend history graph on page 2.

Special fully franked dividends may be paid out of special investment revenue.

Milton provides exposure to a diversified portfolio of companies and trusts listed on the Australian Securities Exchange.

Milton's \$2.7 billion equity investment portfolio, which represents 94% of total assets, comprises interests in companies and trusts which are expected to provide an increase in investment revenue over the long term. Consistent application of this investment philosophy over many years has created a portfolio that is not aligned with any securities exchange index. A list of investments by sector commences on page 7 and the classification of investments is detailed in the Chairman's Review on page 4.

Milton's efficient, internally managed structure provides all of the above for 0.12% per annum of total assets.

Milton's directors oversee the performance of its executives who are employed by the company to manage its investments. All employees are focussed on operating efficiently and maximising returns to shareholders.

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* Corporate Governance Statement is available on the company website www.milton.com.au/governance and is lodged with ASX with this Annual Report.

Calendar

Final dividend & special dividend:

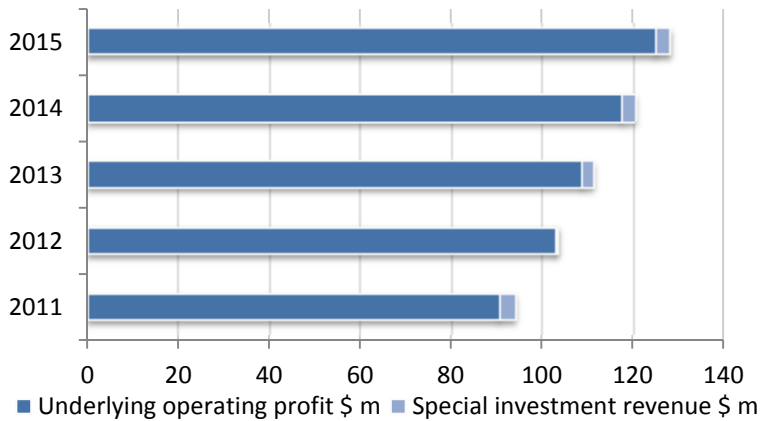
- Ex dividend date 13 August 2015
- Payment date 3 September 2015

Share Purchase Plan closes 22 September 2015

Annual General Meeting: 15 October 2015 at 3pm

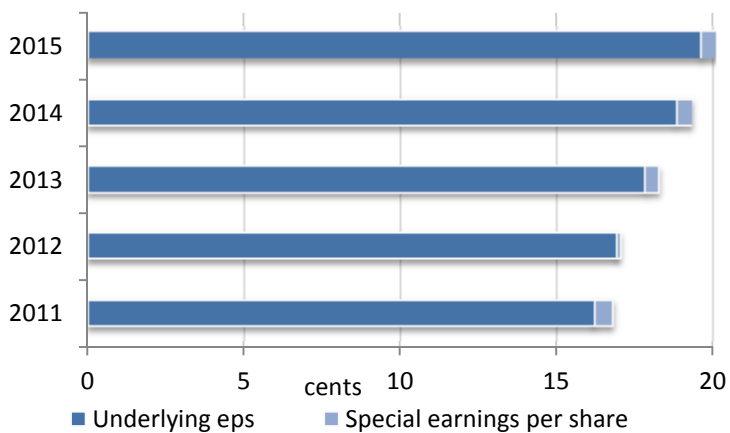
- To be held at Sofitel Sydney Wentworth,
Level 4, The Adelaide Room
61-101 Phillip Street, Sydney

Key performance charts



Profit after tax

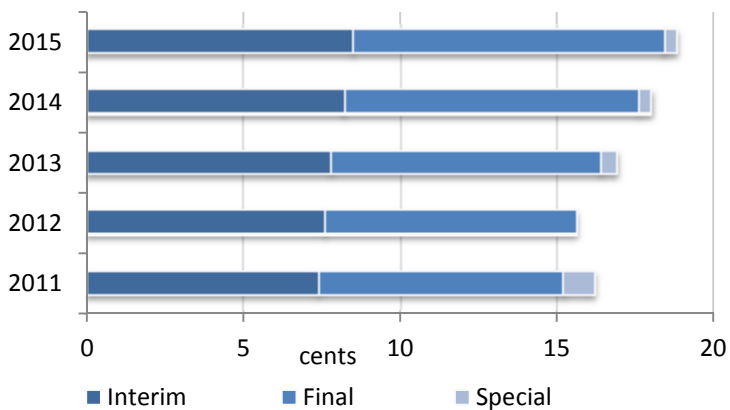
Net profit after tax for the 2015 financial year was \$128 million including special investment revenue after tax of \$3.0 million



Earnings per share

Earnings per share for the 2015 financial year were 20.1 cents.

Underlying earnings per share, which excludes special investment revenue after tax, amounted to 19.6 cents.

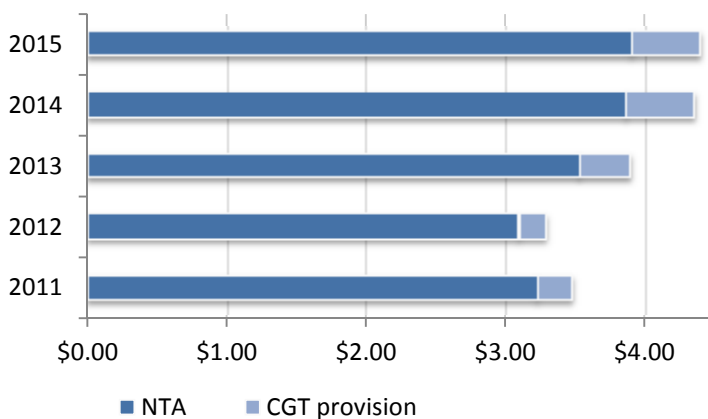


Fully franked dividends per share

Ordinary dividends in 2015 were increased to 18.4 cents per share.

A special dividend of 0.4 cents per share was declared in addition to the final dividend.

A special dividend has been declared in four of the last five years.



Net tangible asset backing per share

The net tangible asset backing before provision for tax on unrealised capital gains (NTA) at 30 June 2015 was \$4.39.

The provision for tax on unrealised capital gains at 30 June 2015 was \$0.49 per share.

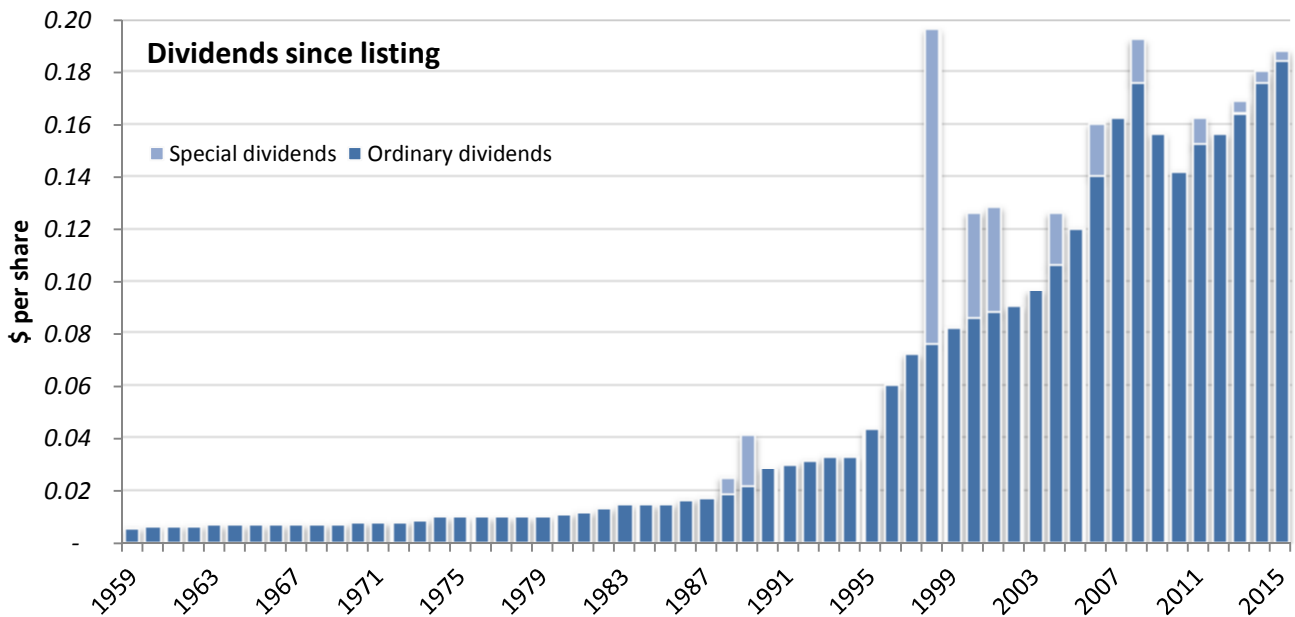
Milton dividend history

Milton has a sound track record of increasing dividends over the long term.

Dividends have been paid every year since listing in 1958 and every dividend paid since franking was introduced in 1987 has been fully franked.

The chart below illustrates the growth in Milton's dividends since 1958.

The historical dividends per share have been adjusted to account for the sub-division of shares on the introduction of decimal currency, bonus shares issued, and the five for one share split in October 2013.

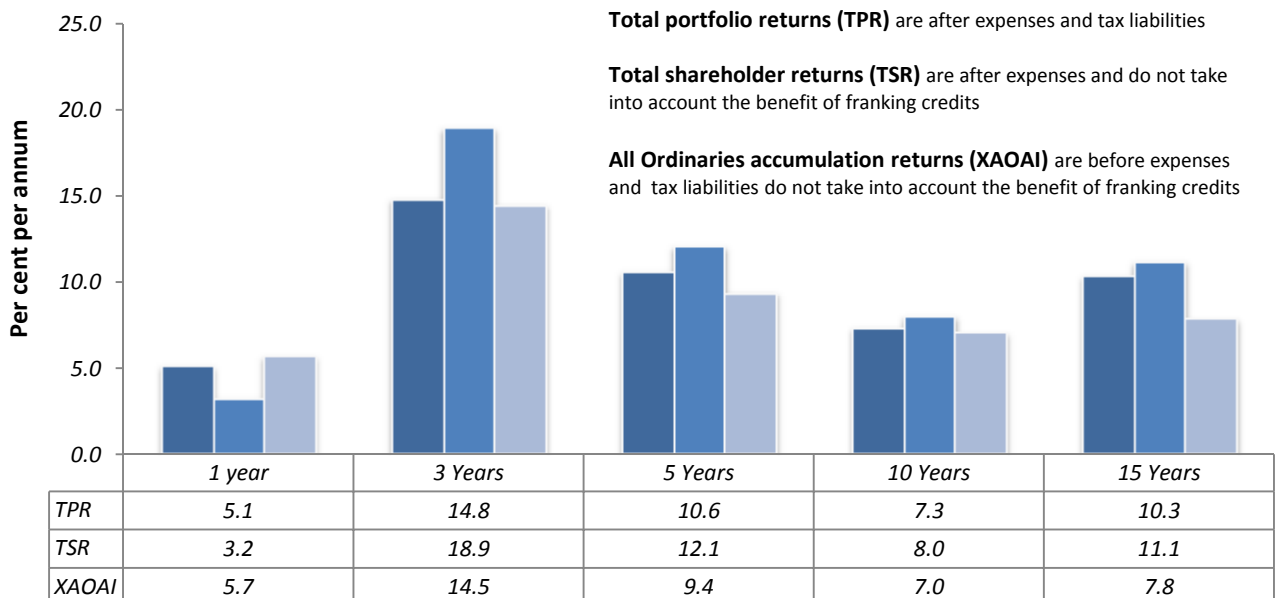


Total returns

Long term investors in Milton have received increasing dividends and an increase in the value of their investment.

For example the fully franked ordinary dividend for the 2015 year was 114% higher than that paid in the 2000 year and the share price at 30 June 2015 was 152% higher than at 30 June 2000.

The following graph compares the company's total returns over a range of periods with that of the accumulation return of the All Ordinaries index. Like the accumulation return the total returns assume the dividends have been reinvested when the shares trade ex dividend.



Chairman's Review of the 2015 financial year

Net profit for the 2015 financial year was a record \$128 million and the weighted average earnings per share were 20.1 cents.

The net profit included special investment revenue totaling \$3 million which your directors exclude from the calculation of underlying operating profit (UOP).

The 6.5% increase in UOP was largely due to the increase in ordinary dividends received from the majority of companies in the diversified equity investment portfolio. Importantly franked dividend receipts increased by \$8 million to \$110 million.

The property development joint ventures delivered another sound performance with pre tax profits of \$6.3 million being marginally less than the \$6.4 million reported in 2014. The largest of these joint venture developments, Ellenbrook in Western Australia, was awarded the prestigious FIABCI World Prix d'Excellence Award for 2015 by the International Real Estate Federation for the best master-planned community in the world.

The company continued to operate efficiently with total administration expenses increasing by less than 1%. These expenses represented 0.12% of average total assets for the 2015 year.

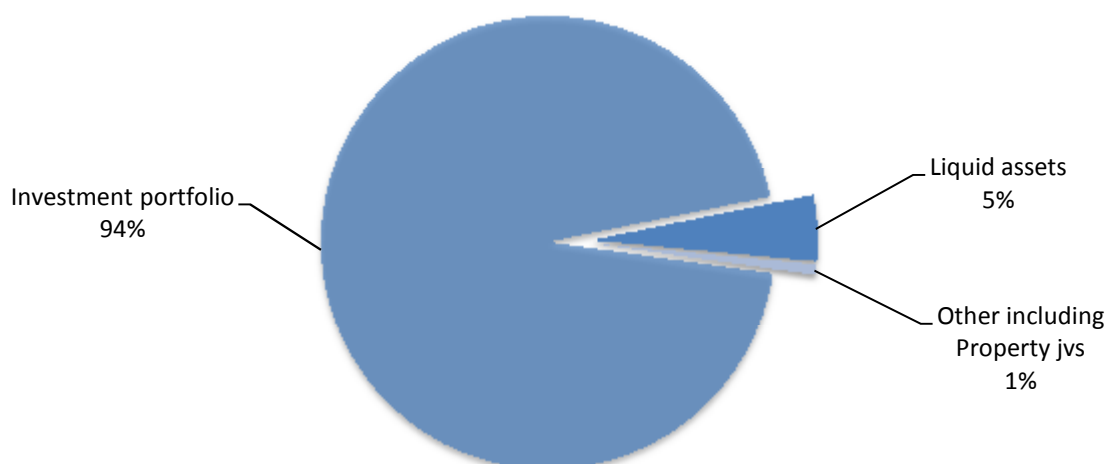
As Milton is internally managed its expenses are unaffected by changes in the market values of its investments and it pays no performance fees therefore ensuring shareholders are the beneficiaries of improved performance.

The lift in underlying operating profit provided the opportunity to increase the fully franked ordinary dividends paid to shareholders. Both the interim and final dividends were increased so that the full year ordinary dividend of 18.4 cents per share was 4.5% higher than the prior year.

A special dividend of 0.4 cents per share was paid to pass on the benefits of the special investment revenue received during the year. Over the last five years Milton has paid four special dividends totaling 2.3 cents per share.

The company is in a strong financial position with total assets of \$2.8 billion and no borrowings at 30 June 2015. The assets comprised an investment portfolio of long term holdings of Australian listed companies and trusts valued at \$2.66 billion as well as liquid assets such as cash, dividends receivable and other financial assets with a total value of \$131 million and investments in joint ventures of \$20 million.

Asset composition



The investment portfolio consists of 95 companies and trusts. While many of the investments are well represented in the All Ordinaries Index their selection has been based on the assessed merits of each company and its ability to pay dividends and not based on any index weighting.

Details of each investment held at 30 June 2015 are shown on pages 7 to 10.

The following asset classification table shows the composition of Milton's assets by sector.

Classification ⁽¹⁾	Opening position	Additions	Disposals ⁽³⁾	Change in value	Closing position	Income	Weighting
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	%
Banks	1,008.3	12.6	(0.1)	(0.2)	1,020.6	55.4	36.3
Consumer staples	259.8	7.4	(11.9)	(14.2)	241.1	11.1	8.6
Materials	258.6	15.8	(0.9)	(21.0)	252.5	10.6	9.0
Energy	209.0	5.4	-	(33.0)	181.4	8.4	6.4
Diversified financials	153.7	13.7	-	16.2	183.6	7.6	6.5
Insurance	122.1	5.6	-	6.0	133.7	6.4	4.8
Commercial services	113.9	2.8	(3.2)	(31.0)	82.5	2.8	2.9
Telecommunications	91.5	6.0	-	25.7	123.2	4.6	4.4
Real estate	59.7	5.2	(3.7)	7.9	69.1	3.2	2.5
Healthcare	59.2	3.1	-	17.6	79.9	1.5	2.8
Retailing	57.4	4.1	(1.8)	25.2	84.9	2.0	3.0
Utilities	48.8	5.1	-	4.3	58.2	2.3	2.1
Capital goods	47.7	4.3	(8.5)	(8.4)	35.1	1.8	1.2
Transport	40.0	16.8	(11.8)	11.3	56.4	2.4	2.0
Media	11.1	0.9	(2.3)	1.7	11.4	1.2	0.4
Other shares	34.2	6.8	(0.6)	3.6	43.4	1.3	1.6
Total listed investments	2,575.0	115.1	(44.8)	11.7	2,657.0	122.6	94.4
Liquids ⁽²⁾	148.8				131.4	4.1	4.7
Property joint ventures	20.6				20.7	6.3	0.7
Other assets ⁽³⁾	4.1				4.5	4.6	0.2
Total	2,748.5				2813.6	137.6	100.0

⁽¹⁾ Investments are grouped according to their asset classes using the Global Industry Classification Standard ("GICS") codes.

⁽²⁾ Liquids include cash, term deposits, hybrid securities and dividends receivable.

⁽³⁾ Disposals include capital returns of \$6.6 million.

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.

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

The acquisitions were partly funded by disposals totaling \$38 million. These disposals included the takeover of Toll Holdings and the sale of Metcash shares. Capital returns from UGL and Wesfarmers amounted to \$6.6 million.

The Share Purchase Plan provided an additional \$35.6 million in October 2014 when 8 million shares were issued to 3,400 shareholders who took up the offer to subscribe for up to \$15,000 in shares.

Participation in the Share Purchase Plan will be offered again in September 2015. The Share Purchase Plan rules have been amended so that the issue price of the shares will be at a discount of 2.5% to the lower of the volume weighted average share price (VWAP) for the 3 business days following the dividend ex date on 14 August 2015 or the VWAP for the 3 business days ending on the offer closing date of 22 September 2015.

It is pleasing to note that support for the Dividend Reinvestment Plan increased during the year with 1.4 million shares being issued to shareholders who elected to receive all or part of their dividend as new Milton shares.

The Dividend Reinvestment Plan will operate for the final and special dividends. The pricing of the new DRP shares will be based on the volume weighted average selling price of Milton shares over the five business days commencing on the first trading day after the dividend record date being 18 August 2015.

At the end of the 2015 financial year Milton had 640.3 million shares on issue to over 22,500 shareholders and its market capitalisation was \$2.88 billion. The share price of \$4.50 was 2.5% above the net tangible asset backing per share, before provision for tax on unrealised capital gains, of \$4.39.

Had the entire investment portfolio been sold at 30 June 2015 a capital gains tax liability of \$0.49 per share would have been realised. However Milton is a long term investor and there is no intention to do so.

Outlook

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.

The market as a whole appears to be fully valued however ongoing low interest rates are likely to support these valuations. From time to time this support may be tested as investors with differing investment time frames react to short term macro issues.

Based on current estimates investment income from the portfolio is expected to increase over the year.

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.



R. D. MILLNER

Chairman

Sydney, 6 August 2015

Five Year Financial Summary

	2015	2014	2013	2012	2011
Underlying operating profit after tax ⁽¹⁾ (\$million)	125.0	117.4	108.5	102.7	90.5
Underlying earnings per share (cents)	19.6	18.8	17.8	16.9	16.2
Profit after tax (\$million)	128.0	120.3	111.2	103.4	93.9
Earnings per share (cents)	20.1	19.3	18.3	17.0	16.8
Administration costs as % of average total assets	0.12	0.13	0.14	0.16	0.17
Interim dividend (cents per share)	8.5	8.2	7.8	7.6	7.4
Final dividend (cents per share) ⁽²⁾	9.9	9.4	8.6	8.0	7.8
Full year ordinary dividend (cents per share)	18.4	17.6	16.4	15.6	15.2
Special dividend (cents per share)	0.4	0.4	0.5	-	1.0
Net assets ⁽²⁾ at 30 June (\$million)	2,811	2,746	2,375	1,997	2,112
Net asset backing per share ⁽²⁾ at 30 June(\$)	4.39	4.35	3.89	3.28	3.47
Net asset backing per share ⁽³⁾ at 30 June(\$)	3.90	3.86	3.52	3.09	3.22
Last sale price at 30 June (\$)	4.50	4.54	3.68	3.04	3.12
All Ordinaries Index at 30 June	5451	5382	4775	4135	4660
Ten year Total Shareholder Return (% per annum)	8.0	10.2	8.3	6.7	7.8
Five year Total Shareholder Return (% per annum)	12.1	14.5	4.0	(3.0)	(0.4)
Shares on issue (million)	640.2	630.8	610.5	608.0	616.5
Number of shareholders	22,514	21,055	19,309	19,008	19,490

⁽¹⁾ Underlying operating profit after tax excludes special investment revenue and acquisition related costs of subsidiaries.

⁽²⁾ Before provision for tax on unrealised capital gains and before providing for the ordinary final and special dividends.

⁽³⁾ After provision for tax on unrealised capital gains and before providing for the ordinary final and special dividends.

Where applicable values in the table above have been adjusted to account for the increase in number of shares as a result of the 5:1 share split in October 2013.

Milton Corporation Foundation (ABN 95 051 921 133)

The Foundation was established in 1988 to support charitable organisations, particularly those which direct assistance to persons that are disadvantaged in the community.

The objective is to create a vehicle with sufficient capital that can make regular meaningful donations from the earnings derived from its investments. Contributions from Milton, shareholders and others over the years have helped to grow the Foundation's total assets at 30 June 2015 to \$2.1 million.

The Foundation's assets can now support annual distributions of \$110,000 and in 2015; fourteen organisations received much needed support from the Milton Foundation.

The Foundation has provided \$1.9 million of assistance to the community since its establishment.

The Foundation is a deductible gift recipient registered with the Australian Charities and Not-for-profits Commission (ACNC) and donations of \$2 or more are tax deductible.

You can support the Foundation by forwarding a cheque to:

The Trustees
Milton Corporation Foundation
PO Box R1836
Royal Exchange NSW 1225.



J F Church
Chairman of Trustees
Sydney, 6 August 2015

LISTED INVESTMENTS BY SECTOR AT 30 JUNE 2015

	Holding	Fair Value \$'000
<u>Banks</u>		
Australia & New Zealand Banking Group Limited		
- ordinary shares	3,046,545	98,099
- convertible preference shares	19,500	1,960
- capital notes 2	2,000	191
Auswide Bank Limited (formerly Wide Bay Australia)	433,570	2,190
Bank of Queensland Limited	7,306,078	93,299
Bendigo and Adelaide Bank Limited	5,709,708	70,001
Commonwealth Bank of Australia	3,033,075	258,205
MyState Limited	444,992	2,149
National Australia Bank Limited	4,757,857	158,483
Westpac Banking Corporation	10,451,306	336,009
		<u>1,020,586</u>
<u>Materials</u>		
Adelaide Brighton Limited	2,735,886	11,792
Amcor Limited	1,194,512	16,389
BHP Billiton Limited	3,636,921	98,378
Boral Limited	1,666,463	9,749
Brickworks Limited	3,234,567	44,637
Dulux Group Limited	1,202,766	6,880
Fletcher Building Limited	803,229	5,791
Incitec Pivot Limited	1,610,689	6,201
Orica Limited	188,987	4,022
Orora Limited	1,194,512	2,497
Rio Tinto Limited	583,618	31,369
Sims Group Limited	793,037	8,263
South32 Limited	3,628,921	6,496
		<u>252,464</u>
<u>Consumer Staples</u>		
Blackmores Limited	378,014	28,453
Coca-Cola Amatil Limited	1,466,434	13,418
Graincorp Limited	362,290	3,094
Select Harvests Limited	161,862	1,780
Treasury Wine Estates Limited	1,053,604	5,257
Wesfarmers Limited	2,835,533	110,670
Woolworths Limited	2,903,973	78,291
		<u>240,963</u>

LISTED INVESTMENTS BY SECTOR AT 30 JUNE 2015

	Holding	Fair Value \$'000
<u>Diversified Financials</u>		
Argo Investments Limited	985,766	7,857
ASX Limited	532,965	21,265
Australian Foundation Investment Company Limited	1,294,772	7,924
BKI Investment Company Limited	1,223,866	2,038
BT Investment Management Limited	250,143	2,114
Carlton Investments Limited	356,778	11,306
Diversified United Investment Limited	378,845	1,330
Equity Trustees Limited	490,205	9,995
IOOF Holdings Limited	975,075	8,766
Macquarie Group Limited	555,849	45,246
Perpetual Limited	1,359,278	65,735
		183,576
<u>Energy</u>		
New Hope Corporation Limited	1,290,107	2,438
Origin Energy Limited	702,174	8,405
Santos Limited	1,683,469	13,182
Washington H. Soul Pattinson & Company Limited	9,174,640	123,306
Woodside Petroleum Limited	865,342	29,621
Worley Parsons Limited	425,112	4,425
		181,377
<u>Insurance</u>		
AMP Limited	2,121,110	12,769
Austbrokers Limited	1,044,795	9,403
Cover-More Group Limited	1,831,425	4,359
Insurance Australia Group Limited		
- ordinary shares	5,126,282	28,605
- convertible preference shares	3,000	305
IAG Finance (NZ) Limited perpetual reset exchangeable notes	12,000	1,237
QBE Insurance Group Limited	2,618,375	35,793
Suncorp Group Limited	3,074,732	41,294
		133,765
<u>Telecommunication</u>		
Telstra Corporation Limited	14,615,253	89,737
TPG Telecom Limited	3,731,553	33,472
		123,209
<u>Retailing</u>		
A.P. Eagers Limited	5,833,107	54,539
ARB Corporation Limited	813,065	10,594
Automotive Holdings Group Limited	3,058,342	12,203
Premier Investments Limited	590,250	7,526
		84,862

LISTED INVESTMENTS BY SECTOR AT 30 JUNE 2015

	Holding	Fair Value \$'000
<u>Commercial Services</u>		
ALS Limited	10,731,037	62,777
Brambles Limited	1,399,966	14,840
McMillan Shakespeare Limited	231,321	2,797
Transfield Services Limited	1,404,032	2,001
		<u>82,415</u>
<u>Healthcare</u>		
Cochlear Limited	33,800	2,709
CSL Limited	592,198	51,207
Ramsay Health Care Limited	169,542	10,422
Regis Healthcare Limited	456,076	2,353
Sonic Healthcare Limited	615,925	13,162
		<u>79,853</u>
<u>Real Estate</u>		
Aveo Group (formerly FKP Property Group)	1,498,282	3,866
BWP Trust	1,584,008	4,847
Federation Centres (formerly CFS Retail Property Trust Group)	6,453,335	18,844
Finbar Group Limited	2,782,249	3,311
Goodman Group	1,108,376	6,950
Lend Lease Group	464,539	6,982
Scentre Group	1,733,474	6,501
Stockland Group	2,668,940	10,943
Westfield Corporation	760,000	6,931
		<u>69,175</u>
<u>Utilities</u>		
AGL Energy Limited	2,67,869	41,641
APA Group	2,005,833	16,528
		<u>58,169</u>
<u>Transport</u>		
Lindsay Australia Limited	7,504,000	3,377
Qube Holdings Limited	3,857,000	9,064
Sydney Airport	2,609,629	12,996
Transurban Group	3,328,081	30,951
		<u>56,388</u>
<u>Capital Goods</u>		
Bradken Limited	826,514	1,186
Cardno Limited	1,204,699	3,891
CIMIC Limited (formerly Leighton Holdings)	791,239	17,209
GWA Group Limited	817,170	1,863
Reece Australia Limited	185,124	6,426
Sedgman Limited	2,021,674	1,385
UGL Limited	1,451,191	3,077
		<u>35,037</u>

LISTED INVESTMENTS BY SECTOR AT 30 JUNE 2015

	Holding	Fair Value \$'000
<u>Consumer Services</u>		
Crown Resorts Limited	267,301	3,261
InvoCare Limited	1,865,903	22,577
Tatts Group Limited	2,313,955	8,608
		<u>34,446</u>
<u>Media</u>		
Amalgamated Holdings Limited	867,921	10,884
Seven Group Holdings Limited – TELYS4 preference shares	7,000	537
		<u>11,421</u>
<u>Information Technology</u>		
Carsales.com Limited	867,000	8,835
		<u>8,835</u>
<u>Automobiles & Components</u>		
Schaffer Corporation Limited	68,999	335
		<u>335</u>
Total Listed Investments by Sector		<u>2,656,876</u>

Directors' Report

For the year ended 30 June 2015

The directors present their report together with the financial statements of the consolidated entity ("Milton") consisting of Milton Corporation Limited and its subsidiaries for the financial year ended 30 June 2015 and the independent auditor's report thereon.

Directors

The directors of Milton at any time during or since the end of the financial year are:

Robert D. Millner FAICD Independent non-executive chairman.

Director of Milton Corporation Limited since 1998 and appointed chairman in 2002.

Chairman of the Investment and Remuneration Committees. Extensive experience in the investment industry.

Other current directorships:

Director of Australian Pharmaceutical Industries Limited since 2000, Chairman of BKI Investment Company Limited since 2003, Director of Brickworks Limited since 1997 and appointed chairman in 1999, Director of New Hope Corporation Limited since 1995 and appointed chairman in 1998, Director of TPG Telecom Limited since 2000, Director of Washington H. Soul Pattinson & Company Limited since 1984 and appointed chairman in 1998.

Former directorships in the last three years:

Exco Resources Limited from November 2012 to January 2013 (company delisted in January 2013).

John F. Church FCSA, F Fin, FAICD Independent non-executive director.

Director of Milton Corporation Limited since 1986.

Member of the Investment Committee.

A Solicitor and Notary Public and over 42 years experience in the investment industry.

Graeme L. Crampton B.Ec, FCA, FAICD Independent non-executive director.

Director of Milton Corporation Limited since 2009.

Chairman of the Audit & Risk Committee and a member of the Remuneration Committee.

A Chartered Accountant and former partner of a major firm of Chartered Accountants for more than 31 years and has extensive experience in the investment industry.

Kevin J. Eley CA, F Fin, FAICD Independent non-executive director.

Director of Milton Corporation Limited since 2011.

Member of the Investment and Audit & Risk Committees.

A Chartered Accountant and has extensive experience in the investment industry.

Other current directorships:

Director of Equity Trustees Limited since 2011, HGL Limited since 1985 and PO Valley Energy Limited since 2012.

Former directorships in the last three years:

Kresta Holdings Limited from 2011 to February 2014.

Francis G. Gooch B.Bus, CPA Managing director.

Managing Director of Milton Corporation Limited since 2004 and chief executive since 1999.

Member of the Investment Committee.

A Certified Practising Accountant and over 30 years experience in the finance and investment industries.

Ian A. Pollard BA (Macq), MA (Oxon), D Phil (IMC), FIAA, FAICD Independent non-executive director.

Director of Milton Corporation Limited since 1998.

Member of the Audit & Risk and Remuneration Committees.

An Actuary and over 38 years of involvement in the investment industry.

Other current directorships:

Director and Chairman of Billabong International Limited since 2012 and Director of SCA Property Group since 2012.

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of Milton during the financial year were:

Director	Directors' Meetings		Investment Committee Meetings		Audit & Risk Committee Meetings		Nomination Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
R.D. Millner	6	6	17	18	*	*	*	*	1	1
J.F. Church	6	6	17	18	*	*	1	1	*	*
G.L. Crampton	6	6	*	*	5	5	*	*	1	1
K.J. Eley	6	6	18	18	5	5	*	*	*	*
F.G. Gooch	6	6	18	18	*	*	1	1	*	*
I.A. Pollard	6	6	*	*	5	5	1	1	1	1

A - Number of meetings attended.

B - Number of meetings held during the time the director held office or was a member of the committee during the year.

* - Not a member of the relevant committee.

Principal activities

The principal activity of Milton is investment. Milton invests in companies and trusts, real property development, fixed interest securities, and liquid assets such as cash and term deposits. There has been no significant change in the nature of this activity during the financial year.

Operating and financial review

The consolidated profit after income tax of Milton for the year was \$128.0 million (2014: \$120.3 million). Milton is in a sound financial position with net assets after provision for tax on unrealised capital gains at 30 June 2015 of \$2.5 billion (2014: \$2.4 billion) and no debt.

The operating and financial reviews are contained in the Chairman's Review which begins on page 3.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of Milton during the past financial year other than as disclosed in the financial statements.

Dividends

Dividends paid or declared by Milton to members since the end of the previous financial year were:

	Cents per share	Total amount \$'000	Date of payment
<i>Declared and paid during the year</i>			
- Final 2014 ordinary fully franked	9.4	59,298	3 September 2014
- Special 2014 fully franked	0.4	2,523	3 September 2014
- Interim 2015 ordinary fully franked	8.5	54,361	3 March 2015
<i>Declared after end of year and not provided for</i>			
- Final 2015 ordinary fully franked	9.9	63,385	3 September 2015
- Special 2015 fully franked	0.4	2,561	3 September 2015

No LIC capital gain was included in the above dividends.

All the dividends paid by Milton since franking was introduced in 1987 have been fully franked.

Events subsequent to reporting date

Apart from the information contained in note 25 to the financial statements, no matter or circumstance has arisen since the end of the financial year that has or may significantly affect the operations, results or state of affairs of Milton in subsequent financial years.

Likely developments

Milton will continue its investment activities consistent with its objective of generating increasing revenue for distribution to its shareholders from its diversified portfolio of assets.

The performance of Milton's investments is subject to and influenced by many external factors and therefore it is not appropriate to predict the future results of the investments and Milton's performance.

The Chairman's Review commencing on page 3 of the Annual Report contains information relating to Milton's past performance, operations and outlook.

Environmental regulations

There are no significant environmental regulations that apply directly to Milton.

Directors' relevant interests

No director has or has had any interest in a contract entered into since the last Directors' Report or any contract or proposed contract with Milton or any subsidiary or any related entity other than as disclosed in note 17 to the financial statements.

The relevant interest of each director in the capital of Milton at the date of this report is as follows:

Director	No. of Shares
R.D. Millner	13,226,795
J.F. Church	28,501,495
G.L. Crampton	158,405
K.J. Eley	107,290
F.G. Gooch	853,985
I.A. Pollard	87,540

Indemnification and insurance of directors, officers and auditors

Neither Milton nor any related entity has indemnified or agreed to indemnify, paid or agreed to pay any insurance premium which would be prohibited under Section 199A or Section 199B of the Corporations Act 2001 during or since the financial year ended 30 June 2015.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contracts.

Secretary

Mr Nishantha Seneviratne MBA, ACMA, CGMA, CPA, AICM, AGIA, ACIS was appointed secretary and Chief Financial Officer in December 2012. Mr. Seneviratne joined Milton as the senior accountant in March 2010 and also held the position of assistant company secretary from March 2012. Prior to joining Milton, he has held a number of senior finance roles with private companies for over 6 years as Finance Controller/Manager and has over 4 years experience in corporate finance and credit in the banking and financial services sector. He is also an associate member of the Governance Institute of Australia (GIA) and Institute of Chartered Secretaries and Administrators (ICSA).

Non-audit services

During the year, Moore Stephens Sydney, Milton's auditor, has performed certain non-audit services in addition to its statutory duties. Details of the amounts paid to the auditors and related practices of the auditor are disclosed in note 20 to the consolidated financial statements.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by Milton and have been reviewed and approved by the Audit & Risk Committee to ensure they do not impact on the integrity and objectivity of the auditor, and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement APES110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for Milton, acting as an advocate for Milton or jointly sharing risks and rewards.

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 18.

Remuneration Report

This report, which is audited, details the policy for determining the remuneration of directors and executives and provides specific details of their remuneration.

Remuneration of non-executive directors

Non-executive directors are paid base fees, committee fees and superannuation contributions.

Fees are not linked to Milton's performance and no bonuses are paid or options issued.

Each year the base fees and committee fees are determined by the board of directors who take into account the demands made on directors and the remuneration of non executive directors of comparable Australian companies.

Base fees and committee fees (including superannuation contributions)

	2015	2014
	\$	\$
Chairman base fee	130,884	127,072
Director base fee	65,442	63,536
Chairman of the Audit & Risk Committee fee	5,791	5,622
Member of the Audit & Risk Committee fee	3,283	3,188
Member of the Investment Committee fee	5,791	5,622

The total remuneration paid to non executive directors in 2015 was \$422,382 (2014: \$410,080).

In October 2011 shareholders approved an increase to the maximum non-executive directors' total remuneration to \$700,000.

Non-executive directors, who were appointed before 30 June 2003, are entitled to retirement benefits in accordance with a shareholder approved scheme. In June 2003 the board resolved to cap retirement benefits for all directors at the amounts provided as at 30 June 2003. The total balance provided at 30 June 2015 is \$190,905 (2014: \$190,905).

Remuneration of executives

Executive remuneration is a key element of the staff retention strategy which is designed to attract and retain appropriately qualified and experienced professionals who share Milton's goals and values and will seek to deliver superior long term returns to its shareholders.

The remuneration of the managing director and senior executives is reviewed annually by the Remuneration Committee which then makes recommendations to the board for its consideration and approval.

In formulating its recommendations the Remuneration Committee considers:

- the short term and long term performance of the Company as measured by dividend growth and total returns.
- the contribution of the managing director and the senior executives to this performance,
- market trends in remuneration in terms of both quantum and structure and
- the remuneration of key management personnel of other listed investment companies with similar long term investment philosophies and objectives.

Executive remuneration includes a component known as the Total Employment Cost Package (TECP), and it may include a cash bonus component and an equity component.

The TECP includes cash salary, company contributions to superannuation and it may include non monetary benefits such as the provision of a motor vehicle and car parking.

No executive is entitled to a guaranteed bonus however the board may award a cash bonus to reward an executive's outstanding contribution to the achievement of Milton's objectives. The board will consider qualitative measures such as contribution to the investment process, participation in board discussions, timeliness and accuracy of reports and staff development when assessing executive performance.

In determining the amount of any bonus the board has regard to quantitative measures such as underlying operating earnings per share, dividends per share and total returns relative to the market as a whole. In 2015, the cash bonus was less than 15% of each executive's TECP.

The equity component of the remuneration package encourages executives to have an investment in Milton so that their interests are aligned with shareholders' interests.

The equity component is delivered through participation in the Senior Staff Share Plan ("SSSP"), which was approved by shareholders at Milton's Annual General Meeting on 9 October 2001 (refer note 19b to the financial statements).

In accordance with the terms of the SSSP, the directors determine the maximum number of shares for which the executive may apply. All SSSP shares are acquired on the market and held on behalf of the executives by the trustee of the SSSP. The price offered to the executive shall be at a discount of one cent per share to the market value of the shares.

Executives are required to hold the SSSP shares for a minimum period of three years however the benefit to the executive is increased through long term ownership to the extent dividends are paid and the Milton share price appreciates.

Milton provides an interest free loan to the executives to fund the acquisition of each parcel of SSSP shares. Each loan is repaid by the application of the after tax proceeds from the dividends paid on the SSSP shares. The opportunity cost to Milton of providing the loan is the notional interest. The Remuneration Committee includes this cost when it reviews each executive's TECP.

SSSP shares may not be sold, transferred, mortgaged or otherwise dealt with by the executive for a period of three years from the date of issue or until the executive ceases employment with Milton.

If the executive's employment ceases, the executive may within 30 days repay the loan and direct the trustee to transfer the shares to the executive or, provided the value of the shares is greater than the loan outstanding, direct the trustee to sell the shares, repay the loan and distribute the balance to the executive. Otherwise the trustee will sell the shares when so directed by Milton and apply the proceeds to the repayment of the loan.

The board considers that the SSSP is appropriately designed to encourage long term ownership of shares by executives, which then aligns their interests with that of Milton's predominantly long term shareholder base.

Executives, other than the managing director, may participate in the Employee Share Plan ("ESP") which provides for a bonus of up to \$1,000 to be paid in the form of Milton shares (refer note 19a to the financial statements).

Eligible executives are provided with life, total and permanent disablement and salary continuance insurance.

The overall level of executive reward takes into account the performance of Milton over a number of years. Key performance indicators for Milton over five years are tabled below.

Key performance indicators

	2015	2014	2013	2012	2011
<u>Profitability</u>					
Underlying operating profit (\$million)	125.0	117.4	108.5	102.7	90.5
Growth in underlying operating profit (%)	6.5	8.2	5.7	13.5	31.3
Underlying earnings per share (cents)	19.61	18.8	17.8	16.9	16.2
Growth in underlying earnings per share (%)	4.3	5.5	5.5	4.5	9.6
<u>Dividend</u>					
Full year ordinary dividend (cents per share)	18.4	17.6	16.4	15.6	15.2
Growth in full year ordinary dividend (%)	4.6	7.3	5.1	2.6	7.0
Special dividend (cents per share)	0.4	0.4	0.5	-	1.0
<u>Capital</u>					
Net asset backing per share ⁽¹⁾ at 30 June(\$)	4.39	4.35	3.89	3.28	3.47
Growth (decline) in net asset backing per share (%)	0.9	11.9	18.4	(5.4)	5.1
Net assets ⁽¹⁾ at 30 June (\$million)	2,811	2,746	2,375	1,997	2,112
<u>Total Return</u>					
Ten year Total Shareholder Return	8.0	10.2	8.3	6.7	7.8
Ten year Total Portfolio Return	7.3	9.2	9.3	7.5	8.5
Ten year accumulation return of the All Ordinaries Index	7.0	8.8	9.2	7.1	7.4

⁽¹⁾ Before provision for tax on unrealised capital gains and before providing for the ordinary final dividend.

At Milton's 2014 Annual General Meeting, shareholders supported the remuneration report for the 2014 financial year with 88.7% of the proxies in favour of the resolution to approve the report. The resolution to approve the remuneration report was passed by a show of hands at the Annual General Meeting held in October 2014.

Details of remuneration

Amounts of remuneration

Details of the remuneration of each non-executive director of Milton Corporation Limited, the managing director and specified executives of Milton for the years ended 30 June 2014 and 2015 are set out in the following tables.

Non-executive directors of Milton Corporation Limited

			Short Term Benefits Fees	Post Employment Superannuation	Total paid	Retirement Provision ⁽¹⁾
			\$	\$	\$	\$
R.D. Millner	Chairman	2015	124,817	11,858	136,675	55,905
		2014	121,460	11,234	132,694	55,905
J.F. Church	Director	2015	65,053	6,180	71,233	90,000
		2014	63,303	5,855	69,158	90,000
G.L. Crampton	Director	2015	47,233	24,000	71,233	-
		2014	45,158	24,000	69,158	-
K.J. Eley	Director	2015	68,051	6,465	74,516	-
		2014	55,185	17,181	72,346	-
I.A. Pollard	Director	2015	62,763	5,962	68,725	45,000
		2014	61,075	5,649	66,724	45,000
Total remuneration		2015	367,917	54,465	422,382	190,995
		2014	346,181	63,919	410,080	190,995

(1) The directors' retirement benefits have been capped at the balance provided at 30 June 2003.

Managing director and executives of Milton Corporation Limited and its subsidiaries

		Short Term Benefits			Post Employment Super- annuation	Other long term benefits ⁽³⁾	Share based payments ⁽⁴⁾	Total
		Salary	Cash bonus	Non monetary benefits ⁽²⁾				
		\$	\$	\$				
F.G. Gooch	2015	498,972	70,500	12,536	30,004	11,954	126,211	750,177
	2014	466,506	66,500	33,302	20,013	14,848	118,361	719,530
D.N. Seneviratne	2015	159,817	14,000	-	24,683	13,943	15,631	228,074
	2014	155,606	21,053	-	16,341	-	6,789	199,789
Total remuneration	2015	658,789	84,500	12,536	54,687	25,897	141,842	978,251
	2014	622,112	87,553	33,302	36,354	14,848	125,150	919,319

(1) Represents 100% of cash bonus paid or payable which vested in the year.

(2) Non monetary benefits include the provision of a motor vehicle, parking, the cost of life, total & permanent disablement insurance and salary continuance insurance provided through nominated superannuation funds.

(3) Other long term benefits comprise changes in long service leave provisions.

(4) Represents the notional value of interest on loans provided to acquire shares in Milton under the Senior Staff Share Plan.

There are no fixed term employment contracts between Milton and its employees. Employment may be terminated with four weeks notice by either Milton or the employee. There are no provisions for any termination payments other than for unpaid annual and long service leave.

Share based compensation, Senior Staff Share Plan equity holdings and loans

The movements during the reporting period are as follows:

Executives' shareholdings in relation to the Senior Staff Share Plan - Number of shares held

		Opening Balance	Received as Remuneration	Closing Balance
F.G. Gooch	2015	775,000	50,000	825,000
Managing director	2014	700,000	75,000	775,000
D.N. Seneviratne	2015	52,500	25,000	77,500
CFO, secretary	2014	17,500	35,000	52,500

Loans in relation to the Senior Staff Share Plan

Details regarding loans outstanding at the reporting date to specified directors and specified executives, are as follows:

		Opening Balance	Net change	Closing Balance	Highest balance in the period	Notional Interest (1)
		\$	\$	\$	\$	\$
F.G. Gooch	2015	2,037,926	117,320	2,155,246	2,261,672	126,211
Managing director	2014	1,840,320	197,606	2,037,926	2,135,181	118,361
D.N. Seneviratne	2015	181,612	103,326	284,938	293,486	15,631
CFO, secretary	2014	48,521	133,091	181,612	186,120	5,789

(1) The notional interest has been included under "Share Based Payment" in the remuneration of the managing director and the executive disclosed on page 16. Notional interest is based on the applicable FBT benchmark interest rate, which for the year averaged 5.85% (2014: 6.27%).

Apart from loan balances shown above, there were no loans outstanding from key management personnel. Terms and conditions of the loans are referred to in note 19b to the financial statements.

Share holdings of key management personnel and their related parties – Number of shares held

		Opening Balance	Received as Remuneration	Other Acquisitions	Closing Balance
F.G. Gooch	2015	1,072,605	50,000	7,252	1,129,857
Managing director	2014	993,685	75,000	3,920	1,072,605
D.N. Seneviratne	2015	53,690	25,217	-	78,907
CFO, secretary	2014	18,440	35,250	-	53,690

Rounding off

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission and in accordance with that Class Order, amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.

R. D. MILLNER
Chairman



Sydney, 6 August 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**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Milton Corporation Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Milton Corporation Limited and the entities it controlled during the financial year.



Moore Stephens Sydney
Chartered Accountants



Melissa Alexander
Partner

Dated in Sydney this 6th day of August 2015.

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Milton Corporation Limited
Consolidated income statement
for the year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Ordinary dividends and distributions	1a)	122,894	114,281
Interest	1c)	4,095	4,717
Net gains on trading portfolio	1d)	900	785
Other revenue		366	310
Operating Revenue		128,255	120,093
Share of net profits of joint ventures – equity accounted	8a)	6,310	6,412
Special dividends and distributions	1b)	3,006	3,050
Income from operating activities		137,571	129,555
Administration expenses		(3,376)	(3,347)
Acquisition related costs of subsidiaries		-	(58)
Profit before income tax expense		134,195	126,150
Income tax expense thereon	2a)	(6,186)	(5,856)
Profit attributable to shareholders of Milton		128,009	120,294
		Cents	Cents
Basic and diluted earnings per share	3)	20.08	19.27

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 year ended 30 June 2015

	2015	2014
	\$'000	\$'000
Profit	128,009	120,294
Other comprehensive income		
<i>Items that will not be reclassified to profit and loss</i>		
Revaluation of investments	11,504	278,786
Provision for tax expense on revaluation of investments	(3,573)	(85,717)
Other comprehensive income, net of tax	7,931	193,069
Total comprehensive income for the period attributable to the shareholders of Milton	135,940	313,363

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 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash	9)	99,452	116,193
Receivables	10a)	22,390	22,758
Other financial assets	11)	9,761	10,046
Total current assets		131,603	148,997
Non-current assets			
Receivables	10b)	3,869	3,409
Investments	7)	2,656,998	2,574,965
Joint ventures – equity accounted	8b)	20,652	20,644
Plant and equipment		36	50
Deferred tax assets	2c)	393	466
Total non-current assets		2,681,948	2,599,534
Total assets		2,813,551	2,748,531
Current liabilities			
Payables		875	882
Current tax liabilities		388	1,122
Provisions		47	61
Total current liabilities		1,310	2,065
Non-current liabilities			
Deferred tax liabilities	2d)	313,119	309,177
Provisions		477	439
Total non-current liabilities		313,596	309,616
Total liabilities		314,906	311,681
Net assets		2,498,645	2,436,850
Shareholders' equity			
Issued capital	12)	1,504,589	1,462,552
Capital profits reserve	13b)	64,971	78,815
Asset revaluation reserve	13a)	739,819	718,044
Retained profits		189,266	177,439
Total equity attributable to shareholders of Milton		2,498,645	2,436,850

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 year ended 30 June 2015

	Issued capital	Capital profits reserve	Asset revaluation reserve	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	1,462,552	78,815	718,044	177,439	2,436,850
Profit	-	-	-	128,009	128,009
Other Comprehensive Income:	-	-	7,931	-	7,931
Total comprehensive income	-	-	7,931	128,009	135,940
Net realised losses	-	(13,844)	13,844	-	-
Transactions with shareholders:					
Share issues	42,037	-	-	-	42,037
Dividends paid	-	-	-	(116,182)	(116,182)
Balance at 30 June 2015	1,504,589	64,971	739,819	189,266	2,498,645

Balance at 1 July 2013	1,384,438	91,332	512,458	164,165	2,152,393
Profit	-	-	-	120,294	120,294
Other Comprehensive Income:	-	-	193,069	-	193,069
Total comprehensive income	-	-	193,069	120,294	313,363
Net realised losses	-	(12,517)	12,517	-	-
Transactions with shareholders:					
Share issues	78,114	-	-	-	78,114
Dividends paid	-	-	-	(107,020)	(107,020)
Balance at 30 June 2014	1,462,552	78,815	718,044	177,439	2,436,850

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 year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Dividends and distributions received		126,021	116,640
Interest received		4,345	5,254
Distributions received from joint venture entities		7,133	6,383
Other receipts in the course of operations		318	261
Proceeds from sales of trading securities		4,019	935
Payments for trading securities		(3,119)	(150)
Other payments in the course of operations		(3,321)	(3,248)
Income taxes paid		(6,402)	(5,483)
Net cash provided by operating activities	23a)	128,994	120,592
Cash flows from investing activities			
Proceeds from disposal of investments		38,311	17,821
Proceeds from repayment of capital		6,568	1,658
Payments for investments in equities and trusts		(115,147)	(94,407)
Payments for investments in joint ventures		(831)	(950)
Cash on acquisition of subsidiaries		-	118
Payments for acquisition of subsidiaries		-	(58)
Payments for plant and equipment		-	(15)
Loans repaid by other entities		209	202
Loans advanced to other entities		(671)	(689)
Net cash used in investing activities		(71,561)	(76,320)
Cash flows from financing activities			
Proceeds from issue of shares		42,117	64,363
Payments for issue of shares		(109)	(226)
Ordinary dividends paid		(116,182)	(107,020)
Net cash used in financing activities		(74,174)	(42,883)
Net increase (decrease) in cash assets held		(16,741)	1,389
Cash assets at the beginning of the year		116,193	114,804
Cash assets at the end of the year	9)	99,452	116,193

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: Key Numbers
for the year ended 30 June 2015

1. Revenue

Milton's revenue is derived from dividends, distributions, interest income, profit from joint ventures and income arising from the trading.

	2015	2014
	\$'000	\$'000

a. Ordinary dividends and distributions

Milton receives ordinary dividend income and trust distributions from its long term investments in companies and trusts listed on the Australian Securities Exchange.

Investments held in portfolio at 30 June	119,504	114,104
Investments sold during the year	3,390	177
	122,894	114,281

b. Special dividends and distributions

This special revenue is received on an ad hoc basis and cannot be relied upon each year.

Investments held in portfolio at 30 June	2,915	3,050
Investments sold during the year	91	-
	3,006	3,050

Dividends and distributions are brought to account on the dates that the securities trade "ex-dividend".

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

c. Interest

Milton earns interest on its cash, term deposits and other liquid assets.

Interest from deposits & cash	3,883	4,301
Interest income from other liquid securities	212	416
	4,095	4,717

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.

d. Net gains from trading portfolio

Net gains/(loss) from trading portfolio	900	785
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Trading securities are recognised initially at cost and subsequently measured at fair value. Changes in fair value are taken directly through the income statement.

Dividends from trading securities are brought to account on the dates the securities trade "ex-dividend".

Milton Corporation Limited
Notes to the consolidated financial statements: Key Numbers
for the year ended 30 June 2015

2. Tax

This note provides analysis of Milton's income tax expense, shows amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. The note also details the deferred tax assets and liability balances and their movements.

	2015	2014
	\$'000	\$'000
a. Reconciliation of Income Tax Expense to prima facie tax payable		
Profit before income tax	134,195	126,150
Prima facie income tax expense calculated at 30% on the profit before income tax expense	40,259	37,845
Increase (decrease) in income tax expense due to:		
Tax offset for franked dividends	(34,305)	(31,892)
(Over) provision in prior year	(285)	(148)
Other differences	517	51
Income tax expense on profit	6,186	5,856
b. Tax expense composition		
Current tax on profits for the year	5,997	5,686
(Over) provision in prior year	(285)	(148)
Decrease in deferred tax assets (note 2c)	105	140
Increase in deferred tax liabilities (note 2d)	369	178
	6,186	5,856
c. Deferred tax assets		
The balance comprises temporary differences attributable to :		
Provisions	336	332
Share issue expenses	42	37
Other	15	97
Total deferred tax assets	393	466
Movements:		
Balance at 1 July	466	538
(charged) to the income statement	(105)	(140)
Credited to equity	32	68
Balance at 30 June	393	466
To be recovered within 12 months	126	130
To be recovered after more than 12 months	267	336
	393	466

Milton Corporation Limited
Notes to the consolidated financial statements: Key Numbers
for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
d. Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Revaluation of investments	320,445	310,440
Realised capital losses	(23,978)	(17,667)
Amounts recognised in profit:		
Gains on scrip for scrip rollovers	16,043	16,043
Income receivable which is not assessable for tax until receipt	609	361
	313,119	309,177
Movements:		
Balance at 1 July	309,177	223,282
Charged to income statement	369	178
Charged to other comprehensive income	3,573	85,717
Balance at 30 June	313,119	309,177
To be settled beyond 12 months	313,119	309,177

The income tax expense for the period is the tax payable on the current year's taxable income based on the current income tax rate applicable for the year adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and any unused tax losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Milton Corporation Limited (the parent entity) and its wholly-owned subsidiaries have formed an income tax consolidated group. Each entity in the group recognises its own current and deferred tax, except for any deferred tax assets arising from unused tax losses from subsidiaries, which are immediately assumed by the parent entity. The current tax liability of each group entity is subsequently assumed by the parent entity. There is no tax funding agreement between Milton Corporation Limited and its subsidiaries.

Deferred tax balances attributable to revaluation amounts are recognised directly in equity through the asset revaluation reserve.

Milton Corporation Limited
Notes to the consolidated financial statements: Key Numbers
for the year ended 30 June 2015

e. Offsetting deferred tax balances :

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

Deferred tax assets from realised capital losses are offset against deferred tax liabilities from unrealised capital gains

Deferred tax liabilities have been recognised for capital gains tax on the unrealised gains in the investment portfolio at current tax rates.

As Milton does not intend to dispose of the investment portfolio this tax may not be payable at the amount disclosed in Note 2d above. Any tax liability that may arise on disposal of investments is subject to tax legislation relating to the treatment of capital gains and the applicable tax rate at the time of disposal.

Deferred tax assets relating to carried forward capital losses have been recognised based on current tax rates. Utilisation of the tax losses requires the realisation of capital gains in subsequent years and the ability to satisfy certain tests at the time the losses are recouped. The deferred tax assets related to carried forward capital losses have been offset against the related deferred tax liabilities as disclosed in Note 2d.

	2015	2014
	Cents	Cents
3. Earnings Per Share		
Basic earnings per share	20.08	19.27
	\$'000	\$'000
Profit attributable to shareholders of the parent entity	128,009	120,294
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	637,607,867	624,416,028
Diluted earnings per share and basic earnings per share are the same because there are no potential dilutive ordinary shares.		

	2015	2014
	\$'000	\$'000
4. Dividends Paid		
a. Recognised in the current year		
An ordinary final dividend of 9.4 cents per share in respect of the 2014 year paid on 3 September 2014 (2014: an ordinary final dividend in respect of the 2013 year of 8.6 ⁽¹⁾ cents per share paid on 4 September 2013)	59,298	52,523
A special dividend of 0.4 cents per share in respect of 2014 year paid on 3 September 2014 (2014: 0.5 ⁽¹⁾ cents paid on 4 September 2013)	2,523	3,054
An ordinary interim dividend of 8.5 cents per share paid on 3 March 2015 (2014: 8.2 cents per share paid on 4 March 2014)	54,361	51,443
	116,182	107,020

⁽¹⁾Comparatives adjusted to reflect the increase in number of shares as a result of the share split.

Milton Corporation Limited
Notes to the consolidated financial statements: Key Numbers
for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
b. Not recognised in the current year		
Since the end of the financial year, the directors declared an ordinary final dividend in respect of the 2015 year of 9.9 cents per share and a special dividend of 0.4 cents per share payable on 3 September 2015 (2014: ordinary final dividend of 9.4 cents per share and special dividend of 0.4 cents per share paid on 3 September 2014)	65,946	61,821
 5. Dividend Franking Account		
The amount of franking credits available to shareholders for the subsequent financial year, adjusted for franking credits that will arise from the payment of the current tax liability	121,237	116,757
Subsequent to year end, the franking account will be reduced by the proposed final and special dividends to be paid on 3 September 2015 (2014: final and special dividends)	(28,263)	(26,495)
	92,974	90,262
 The franking account balance would allow Milton to frank additional dividend payments up to an amount of \$216,940,197 (2014:\$210,611,044) which represents 34 cents per share (2014: 33 cents per share).		
 6. Listed Investment Company capital gains account		
Balance of the Listed Investment Company (LIC) capital gain account available to shareholders for the subsequent financial year	1,255	1,255

Distributed LIC capital gains may entitle certain shareholders to a special deduction in their income tax return. LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains and the receipt of LIC capital gain distributions.

Milton Corporation Limited
Notes to the consolidated financial statements: Assets
for the year ended 30 June 2015

7. Investment in equity instruments

Milton is predominantly a long term investor in companies and trusts listed on the Australian Securities Exchange.

	2015	2014
	\$'000	\$'000
Investments – non-current		
Quoted investments - at fair value	2,656,876	2,574,894
Unquoted investments - at fair value	122	71
	2,656,998	2,574,965
a. Included in quoted investments are:		
Shares in other corporations	2,537,519	2,487,638
Stapled securities in other corporations	95,666	67,322
Units in trusts	23,691	19,934
	2,656,876	2,574,894
b. Included in unquoted investments are:		
Units in trusts	122	71

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.

Listed 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.

c. Investments disposed of during the year

The disposals occurred in the normal course of Milton's operations as a listed investment company or as a result of takeovers or mergers.

Fair value at disposal date

Equity investments	38,311	17,811
Loss on disposal after tax		
Equity investments	(20,631)	(12,517)

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 as disclosed in note 13.

Milton Corporation Limited
Notes to the consolidated financial statements: Assets
for the year ended 30 June 2015

8. Investment in joint venture entities

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.

	2015	2014
	\$'000	\$'000
a. Contribution from joint venture entities		
Milton has interests in the following joint venture entities:		
33.33% interest in the Ellenbrook Syndicate Joint Venture contribution to operating profit before tax (2014:33.33%)	6,319	6,010
23.33% interest in The Mews Joint Venture contribution to operating profit before tax (2014:23.33%)	648	682
50% interest in the LWP Huntlee Syndicate No 2 Joint Venture (2014: 50%)	(657)	(280)
Share of net profits of joint ventures	6,310	6,412
b. Consolidated interest in the assets and liabilities of the joint venture entities		
Current assets	20,902	21,750
Non-current assets	15,083	11,639
Current liabilities	(4,537)	(3,578)
Non-current liabilities	(10,253)	(8,624)
	21,195	21,187
Provision for diminution in value	(543)	(543)
Net assets	20,652	20,644

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures based on rights and obligations arising from the joint arrangement rather than the legal structure of the joint arrangement.

Each joint venture partnership agreement provides that partners have rights to the net assets of the partnership. Accordingly, Milton has assessed the nature of its joint arrangements and determined that all current interests are joint ventures and thus accounted for using the 'Equity Method'.

Under the 'Equity Method', Milton's investments in joint ventures are valued initially at cost and periodically adjusted for changes in value due to Milton's share in the joint ventures' income or losses, distributions and any call payments.

c. Contingencies and capital commitments

Guarantee entered into by the parent company

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 30 June 2015, \$3.1 million of this 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 30 June 2015.

Milton Corporation Limited
Notes to the consolidated financial statements: Assets
for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
9. Cash		
Cash at bank	2,535	2,257
Deposits at call	9,662	29,718
Term deposits	87,255	84,218
	99,452	116,193

The weighted average interest rate for cash and deposits at call as at 30 June 2015 is 2.1% p.a. (2014: 3.1% p.a.). Term deposits have an average maturity date of September 2014 (2014: September 2014) and an average interest rate of 2.8% (2014: 3.5% pa).

10. Receivables

a. Receivables – current

Dividends receivable	21,707	22,130
Interest receivable	676	624
Sundry debtors	7	4
	22,390	22,758

b. Receivables – non-current

Senior staff share plan loans (refer note 19b)	3,869	3,409
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c. Terms and conditions

Sundry debtors are due within 30 days and no interest is charged.

11. Other financial assets

Other liquid securities include listed securities such as reset preference shares which are classified as equity instruments and may be realised within 12 months.

Other liquid securities at fair value	9,597	9,857
Prepaid expenses	164	189
	9,761	10,046

Other liquid securities are recognised initially at cost and Milton has elected to present subsequent changes in fair value in other comprehensive income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability.

On disposal, the cumulative gain or loss, net of tax thereon, is transferred from the asset revaluation reserve to the capital profits reserve.

Milton Corporation Limited
Notes to the consolidated financial statements: Capital Management
for the year ended 30 June 2015

Milton offers 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. The last such acquisition was completed in February 2014.

12. Share 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.

Movement in share capital	No. of shares	2015 \$'000	No of shares	2014 \$'000
Opening balance	630,825,344	1,462,552	122,147,119	1,384,438
Share Purchase Plan	8,019,673	35,687	3,324,432	63,563
Share Split ⁽¹⁾	-	-	501,886,204	-
Share issued as consideration for acquisition	-	-	3,280,382	13,910
Dividend Reinvestment Plan ⁽²⁾	1,410,638	6,426	187,207	799
Less: Transaction costs (net of tax)	-	(76)	-	(158)
Closing balance	640,255,655	1,504,589	630,825,344	1,462,552

⁽¹⁾In October 2013, Milton's shares were split on the basis of 5 shares for each existing share resulting in an increase of 501,886,204 shares.

⁽²⁾Milton's Dividend Reinvestment Plan (DRP) offers shareholders the option to reinvest all or part of their dividend in new ordinary shares. In the current year, Milton issued 698,365 new shares in September 2014 and 712,273 new shares in March 2015 (2014: 187,207 issued in March 2014) under the DRP.

13. Reserves

Nature and purpose of reserves

Changes in fair value of investments are presented in other comprehensive income through the asset revaluation reserve as referred to in note 7b. Upon disposal of investments, the net gain or loss is transferred from the asset revaluation reserve to the capital profits reserve.

	2015 \$'000	2014 \$'000
a. Asset revaluation reserve		
Opening balance	718,044	512,458
Revaluation of investments net of provision for tax	7,931	193,069
Net realised losses	13,844	12,517
	739,819	718,044
b. Capital profits reserve		
Opening balance	78,815	91,332
Net realised losses	(13,844)	(12,517)
	64,971	78,815

Milton Corporation Limited

Notes to the consolidated financial statements: Risk for the year ended 30 June 2015

This section of the notes discusses Milton's exposure to various risks and shows how these could affect Milton's financial position and performance.

14. Critical accounting estimates, judgements and assumptions

Judgements, estimates and assumptions are required to prepare financial statements.

Apart from the below, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- i) Deferred tax liabilities from unrealised capital gains are offset against deferred tax assets from realised capital losses as disclosed in Note 2e.
- ii) Classification of joint arrangements as joint ventures as disclosed in Note 8.

15. Management of financial risk

The risks associated with the financial instruments, such as investments and cash, include credit, markets and liquidity risks which could affect Milton's future financial performance.

The Audit & Risk Committee has approved policies and procedures to manage these risks. The effectiveness of these policies and procedures is continually reviewed by management and annually by the Audit & Risk Committee.

a. Credit risk exposures

Milton's principal credit risk exposures arise from the investment in liquid assets, such as cash, bank term deposits and income receivable.

The risk that financial loss will occur because of a counterparty to a financial instrument fails to discharge an obligation is known as credit risk. The credit risk on Milton's financial assets, excluding investments, is the carrying amount of those assets.

Individual bank limits have been approved by the board for the investment of cash.

Income receivable comprises accrued interest and dividends and distributions which were brought to account on the date the shares or units traded ex-dividend.

There are no financial instruments overdue.

All financial assets and their recoverability are continuously monitored by management and reviewed by the board on a quarterly basis.

Milton Corporation Limited

Notes to the consolidated financial statements: Risk

for the year ended 30 June 2015

b. Market risk

Market risk is the risk that changes in market prices will affect the fair value of the financial instrument. The fair value is determined by the unadjusted last sale price quoted on the Australian Securities Exchange at the measurement date.

Milton is exposed to market risk through the movement of the security prices of the companies and trusts in which it is invested.

The market value of individual companies fluctuates daily and the fair value of the portfolio changes continuously, with this change in the fair value recognised through the asset revaluation reserve.

Investments represent 94% (2014: 94%) of total assets. A 5% movement in the market value of investments in each of the companies and trusts within the portfolio would result in a 4.7% (2014: 4.7%) movement in the net assets before provision for tax on unrealised capital gains at 30 June 2015 (2014: 30 June 2014). The net asset backing before provision for tax on unrealised capital gains would move by 21 cents per share at 30 June 2015 (2014: 20 cents at 30 June 2014).

Milton's management regularly monitors the performance of the companies within its portfolio and makes portfolio recommendations which are considered by the Investment Committee. The Milton board reviews the portfolio on a quarterly basis.

Milton is not exposed to foreign currency risk as all its investments are quoted in Australian dollars.

The fair value of Milton's other financial instruments is unlikely to be materially affected by a movement in interest rates as they generally have short dated maturities and variable interest rates.

c. Liquidity risk

Liquidity risk is the risk that Milton is unable to meet its financial obligations as they fall due.

Milton manages liquidity risk by monitoring forecast and actual cashflows.

16. Capital risk management

The parent entity invests its equity in a diversified portfolio of assets that generates a growing income stream for distribution to shareholders in the form of fully franked dividends.

The capital base is managed to ensure there are funds available for investment as opportunities arise. Capital may be increased through the issue of shares under the Share Purchase Plan and the Dividend Reinvestment Plan. Shares may also be issued through renounceable rights issues and as consideration for acquisition of unlisted companies.

Milton Corporation Limited

Notes to the consolidated financial statements: Group Structure

for the year ended 30 June 2015

The consolidated financial statements include the financial statements of Milton, being the parent entity and its subsidiaries. Details of subsidiaries are disclosed in Note 17b below. The balances and effects of transactions between subsidiaries included in the consolidated financial statements have been eliminated in full.

17. Subsidiaries

Investments in subsidiaries are carried at net asset value which approximates fair value of the controlled entities.

Income from dividends is brought to account when they are declared.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

a. Basis of Consolidation

The consolidated financial statements include the financial statements of Milton, being the parent entity and its subsidiaries. The balances and effects of transactions between subsidiaries included in the consolidated financial statements have been eliminated in full.

Where entities have come under the control of the parent entity during the year, their operating results have been included in the group from the date control was obtained. Entities cease to be consolidated from the date on which control is transferred out of the group and the consolidated financial statements include the result for the part of the reporting period during which the parent entity had control.

b. Milton Corporation Limited's subsidiaries

The following subsidiaries have been included in the consolidated accounts. The parent entity and all subsidiaries are incorporated in Australia:

Percentage of Interest held	2015 %	2014 %
85 Spring Street Properties Pty Ltd	100	100
Chatham Investment Co. Pty Limited	100	100
Incorporated Nominees Pty Limited	100	100
Milhunt Pty Limited	100	100

c. Acquisition of subsidiaries

No company acquisitions were made by Milton during the year ended 30 June 2015 (2014: Milton acquired 100% of the shares of an unlisted investment company for a consideration of 3,280,382 new Milton shares with a fair value of \$13,909,832. The unlisted investment company acquired during 2014 was placed into voluntary liquidation in June 2014.)

d. Business Combinations

The acquisition method of accounting has been used to account for all business combinations. The business combinations have been accounted from the date Milton attained control of the subsidiaries. The considerations transferred for the acquisitions comprise of the fair values of the identifiable assets transferred and the liabilities assumed.

Costs related to the acquisitions, other than those associated with the issue of equity securities, are expensed to the consolidated income statement as incurred.

Milton Corporation Limited
Notes to the consolidated financial statements: Other Information
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
18. Related party transactions		
a. Directors and Key Management Personnel compensation		
Short-term benefits	1,124	1,089
Other long-term benefits	26	15
Post-employment benefits	109	100
Share-based payments	142	124
	1,401	1,328

Information regarding individual directors' and executives' compensation and equity instruments disclosures, as permitted by Corporations Regulations 2M.3.03, are provided in the Remuneration Report section of the Directors' Report on pages 11 to 17.

b. Shareholdings of non-executive directors and their related parties – number of shares held

Non-executive directors and their related parties held 12.3% (2014:12.5%) of the voting power of Milton as at year end. All shares acquired by non-executive directors and their related parties during the year were purchased on an arm's length basis. Movements in the number of shares held are given below. There were no amounts outstanding from or due to any non-executive director or their related parties as at 30 June 2015

	No of shares	No of shares
Number of shares at beginning of the year	78,581,300	15,639,656
Adjustment for Share Split in October 2013	-	62,777,040
Acquired during the year	194,360	164,604
Number of shares held at end of year	78,775,660	78,581,300

c. Loans to key management personnel and their related parties

Details regarding loans outstanding at the reporting date to key management are as given below. No loans were granted to related parties of any key management personnel.

	\$	\$
Balance at beginning of the year	2,219,538	1,888,841
Loans advanced	335,620	432,460
Loan Repaid	(114,974)	(101,763)
Balance at end of the year	2,440,184	2,219,538
Notional interest	141,842	124,151

Notional interest is based on the applicable FBT benchmark interest rate for the year which averaged 5.85% (2014: 6.27%).

Terms and conditions of the loans are referred to in note 19b and details of loans to individual key management personnel are disclosed on the remuneration report on page 14.

Milton Corporation Limited
Notes to the consolidated financial statements: Other Information
for the year ended 30 June 2015

d. Other related party transactions

All non-executive directors have entered into the Deed of Indemnity, Insurance and Access that was approved at the Annual General Meeting held on 10 October 2000. Milton has a Remuneration and Retirement Benefits Deed with each of the non-executive directors except Messrs G.L Crampton and K.J. Eley. During the 30 June 2004 year, Milton and the directors varied the Remuneration and Retirement Benefits Deed, whereby the maximum retirement benefit payable to a non-executive director on retirement will be the provision for the director as at 30 June 2003. Apart from the details disclosed in this note no director has entered into a material contract with the parent entity or Milton since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at the end of the year.

e. Loans to and from subsidiaries

Loans have been made between the parent entity and wholly owned subsidiaries for capital transactions. The loans between the parent and its subsidiaries have no fixed date of repayment and are non-interest bearing.

	2015 \$	2014 \$
Balance at beginning of the year	79,444,127	84,521,583
Loans advanced from subsidiaries	3,636,766	6,466,875
Loan advanced to subsidiaries	(641,485)	(11,544,331)
Balance at end of the year	82,439,408	79,444,127

f. Other arrangement with non executive director

Mr J.F. Church rented office space from Milton at commercial rates from 1 July 2014 to 30 June 2015 and rental income received by Milton during the financial year was \$12,763 (2014: \$12,971).

19. Share based payments

Under the Employee Share Plan, shares are acquired for employees as part of their remuneration and the cost of the shares is recorded under employment costs.

Under the Senior Staff Share Plan, shares are acquired for eligible employees as part of their remuneration and held on their behalf by the trustee of the Plan. The purchase of the Plan Shares is financed by a loan from Milton.

a. Employee Share Plan

The Employee Share Plan ("ESP") is available to all eligible employees to acquire ordinary shares in Milton in lieu of a cash bonus of up to \$1,000 per year as part of the employee's remuneration. The transaction and administration costs of acquiring the shares and administering the plan are paid by Milton.

During the year, 1,085 shares (2014: 1,250⁽¹⁾ shares) were acquired by Milton on behalf of eligible employees under the ESP at a cost of \$4,980 (2014: \$4,925) with a total market value at 30 June 2015 of \$4,882.

Any shares acquired cannot be disposed of or transferred until the earlier of 3 years from the date of issue or acquisition or on the date that the employee's employment ceases with Milton.

Milton Corporation Limited
Notes to the consolidated financial statements: Other Information
for the year ended 30 June 2015

b. Senior Staff Share Plan

The Senior Staff Share Plan ("SSSP") was approved by shareholders at Milton's Annual General Meeting on 9 October 2001. Eligible employees are given the opportunity to apply for Plan Shares in Milton which are subscribed for or acquired and held on their behalf by the trustee of the plan. The purchase of these Plan Shares is financed by an interest-free limited recourse loan from Milton with recourse only to Plan Shares. The loan will be repaid partially from any dividends received. Milton administers the SSSP and meets the transactional and administration costs.

During the year, 142,000 shares (2014: 162,500⁽¹⁾ shares) were acquired by the trustee of the plan on behalf of eligible employees under the SSSP at a cost of \$635,441 (2014: \$638,857). The loans to eligible employees are as disclosed in note 10b. The shares acquired by the trustee during the year had a market value of \$639,000 at \$4.50 per share as at 30 June 2015.

Any shares acquired are held in the name of the trustee and classified as Restricted Shares which cannot become Unrestricted Shares until the earlier of 3 years from the date of issue to the trustee or acquisition by the trustee or on the date that the employee's employment ceases with Milton. The trustee may transfer Unrestricted Shares to the participant provided that any outstanding loan has been repaid in full.

⁽¹⁾Shares issued adjusted to account for the increase in number of shares as a result of the share split.

	2015	2014
	\$'000	\$'000
20. Auditors Remuneration		
Auditors of the company		
Audit and review services	109	107
Related practice of the auditor		
Due diligence	-	19
Liquidation of non-operating subsidiary	1	2
	110	128

21. Parent entity disclosures

In accordance with the Corporations Amendment (Corporate Reporting Reform) Act 2010 and the Corporations Act 2001 the following summarised parent entity information is set out below.

As at, and throughout, the financial year ended 30 June 2015 the parent entity is Milton Corporation Limited.

Profit of the parent entity

Profit for the year	123,837	115,801
Total comprehensive income for the year	135,940	308,870

Milton Corporation Limited
Notes to the consolidated financial statements: Other Information
for the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Financial position of the parent entity as at 30 June		
Current assets	131,591	141,319
Total assets	2,898,393	2,829,893
Current liabilities	83,904	80,929
Total liabilities	399,748	393,043
Net assets	2,498,645	2,436,850
Total equity of the parent entity comprising of		
Issued capital	1,504,589	1,462,552
Capital profits reserves	73,549	87,394
Asset revaluation reserve	790,967	765,020
Retained profits	129,540	121,884
Total equity attributable to shareholders of the parent entity	2,498,645	2,436,850

22. Summary of other accounting policies

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian accounting interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented, unless otherwise stated. The financial statements include the consolidated entity ("Milton") consisting of Milton Corporation Limited and its subsidiaries.

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 certain financial assets and liabilities measured at fair value.

New and amended standards adopted:

AASB 2015-2 Amendments to AASB 101 (Presentation of Financial Statements) which applies to annual reporting periods commencing on or after 1 January 2016 has been early adopted for the preparation of the 2015 financial statements and notes. This standard removed certain minimum disclosure requirements from AASB 101 including the removal of reference to a 'summary of significant accounting policies', allowing re-organisation and grouping of notes to the financial statements giving prominence to the areas most relevant to understanding the organisation and encouraging companies to no longer disclose information that is not material.

AASB-9 *Financial Instruments* Standard which applies to annual reporting periods commencing on or after 1 January 2018 was early adopted by Milton since the 2010 financial year. No other new accounting standards and interpretations that are available for early adoption but not yet adopted at 30 June 2015, will result in any material change in relation to the financial statements of Milton.

b. Rounding of amounts

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

c. Operating segments

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

Milton Corporation Limited
Notes to the consolidated financial statements: Other Information
for the year ended 30 June 2015

	2015	2014
	\$'000	\$'000
23. Cash flow information		
a. Reconciliation of net profit to net cash provided by operating activities		
Net profit	128,009	120,294
Share of net profits of joint ventures – equity accounted	(6,310)	(6,412)
Distributions received from joint venture entities	7,133	6,383
Depreciation of non-current assets	14	17
Acquisition related costs of subsidiaries	-	58
Decrease/(Increase) in receivables	369	(155)
(Decrease)/Increase in payables and provisions	(6)	34
(Decrease)/Increase in income taxes payable	(215)	373
Net cash provided by operating activities	128,994	120,592

b. Non-cash financing and investing activities

During the year ended 30 June 2015, Milton did not engage in any material non-cash investing or financing transaction (2014: Issued 3,280,382 shares to acquire an unlisted investment company with a fair value of \$13,909,832).

24. Contingent liabilities

Apart from the contingent liability relating to the Huntlee joint venture disclosed in Note 8c, the directors are not aware of any other material contingent liabilities

25. Events subsequent to reporting date

Since the end of the financial year, the directors declared a fully franked ordinary final dividend of 9.9 cents per share and a fully franked special dividend of 0.4 cents per share payable on 3 September 2015.

This financial report was authorised for issue in accordance with a resolution of directors on 6 August 2015.

26. Holdings at Fair Value through Other Comprehensive Income at 30 June 2015
The following holdings are valued at fair value through Other Comprehensive Income.

	2015 Market value \$'000	2014 Market value \$'000
Investments in equity instruments		
Adelaide Brighton Limited	11,792	8,135
AGL Energy Limited	41,641	37,012
ALS Limited	62,777	99,542
Amalgamated Holdings Limited	10,884	7,291
Ancor Limited	16,389	12,459
AMP Limited	12,769	11,242
A.P. Eagers Limited	54,539	33,307
APA Group	16,528	11,753
ARB Corporation Limited	10,594	9,116
Argo Investments Limited	7,857	7,521
Arrium Limited	-	3,380
ASX Limited	21,265	17,712
Austbrokers Holdings Limited	9,403	11,058
Australand Property Group	-	3,697
Australia & New Zealand Banking Group Limited		
- ordinary shares	98,099	99,021
- convertible preference shares	1,960	2,007
- capital notes 2	191	208
Australian Foundation Investment Company Limited	7,924	8,002
Auswide Bank Limited (formerly Wide Bay Australia)	2,190	2,385
Automotive Holdings Group Limited	12,203	8,188
Aveo Group (formerly FKP Property Group)	3,866	3,086
Bank of Queensland Limited	93,299	89,061
Bendigo & Adelaide Bank Limited	70,001	69,658
BHP Billiton Limited	98,378	121,418
BKI Investment Company Limited	2,038	2,013
Blackmores Limited	28,453	10,282
Boral Limited	9,749	8,749
Bradken Limited	1,186	3,141
Brambles Limited	14,840	11,772
Brickworks Limited	44,637	44,217
BT Investment Management Limited	2,114	-
BWP Trust	4,847	3,928
Cardno Limited	3,891	7,614
Carlton Investments Limited	11,306	9,669
Carsales.com Limited	8,835	3,516
CIMIC Limited (formerly Leighton Holdings)	17,209	14,953
Coca-Cola Amatil Limited	13,418	13,872
Cochlear Limited	2,709	2,085
Commonwealth Bank of Australia		
- ordinary shares	258,205	245,315
- PERLS V	-	102
Cover-More Group Limited	4,359	-
Crown Resorts Limited	3,261	4,042
CSL Limited	51,207	39,411
David Jones Limited	-	1,403
Diversified United Investment Limited	1,330	1,364
Dulux Group Limited	6,880	2,236
Equity Trustees Limited	9,995	9,265
Federation Centres (formerly CFS Retail Trust Property Group)	18,844	16,006
Finbar Group Limited	3,311	4,535
Fletcher Building Limited	5,791	6,570
Fleetwood Corporation Limited	-	532
Goodman Group	6,950	3,264
Graincorp Limited	3,094	3,043

26. Holdings at Fair Value through Other Comprehensive Income at 30 June 2015
The following holdings are valued at fair value through Other Comprehensive Income.

	2015 Market value \$'000	2014 Market value \$'000
Gresham Private Equity Co-Investment Fund	21	21
GWA Group Limited	1,863	5,983
Insurance Australia Group Limited		
- ordinary shares	28,605	28,114
- convertible preference shares	305	319
IAG Finance(NZ) Limited Perpetual Reset Exchangeable Notes	1,237	1,284
Incitec Pivot Limited	6,201	4,671
InvoCare Limited	22,577	18,571
IOOF Holdings Limited	8,766	5,897
Lend Lease Group	6,982	6,090
Lindsay Australia Limited	3,377	1,088
Macquarie Group Limited	45,246	27,808
McMillan Shakespeare Limited	2,797	917
Metcash Limited	-	10,686
MyState Limited	2,149	2,065
National Australia Bank Limited		
- ordinary shares	158,483	144,380
- convertible preference shares	-	31
New Hope Corporation Limited	2,438	3,457
Noni B Limited	-	343
Orica Limited	4,022	3,681
Origin Energy Limited	8,405	9,199
Orora Limited	2,497	1,702
Perpetual Limited	65,735	64,403
Premier Investments Limited	7,526	5,017
QBE Insurance Group Limited	35,793	28,462
Qube Holdings Limited	9,064	5,855
Ramsay Health Care Limited	10,422	6,982
Reece Australia Limited	6,426	4,024
Regis Healthcare Limited	2,353	-
Rio Tinto Limited	31,369	33,665
Santos Limited	13,182	20,317
Scentre Group	6,501	5,336
Schaffer Corporation Limited	335	408
Sedgman Limited	1,385	1,011
Select Harvests Limited	1,780	832
Seven Group Holdings Limited		
- TELYS4 preference shares	537	617
Seven West Media Limited	-	3,155
Sims Group Limited	8,263	7,677
Sonic Healthcare Limited	13,162	10,674
South32 Limited	6,496	-
Stockland Group	10,943	8,346
Suncorp Group Limited	41,294	41,632
Sydney Airport	12,996	6,134
Tankstream Ventures	101	50
Tatts Group Limited	8,608	7,272
Telstra Corporation Limited	89,737	70,909
Toll Holdings Limited	-	6,688
TPG Telecom Limited	33,472	20,561
Transfield Services Limited	2,001	1,648
Transurban Group	30,951	20,271
Treasury Wine Estates Limited	5,257	5,279
UGL Limited	3,077	9,926
Washington H. Soul Pattinson & Company Limited	123,306	135,326
WDS Limited	-	1,006

26. Holdings at Fair Value through Other Comprehensive Income at 30 June 2015
The following holdings are valued at fair value through Other Comprehensive Income.

	2015	2014
	Market value	Market value
	\$'000	\$'000
Wesfarmers Limited	110,670	119,791
Westfield Corporation	6,931	5,434
Westpac Banking Corporation	336,009	354,090
Woodside Petroleum Limited	29,621	33,815
Woolworths Limited	78,291	95,991
Worley Parsons Limited	4,425	6,896
	2,656,998	2,574,965
Other liquid securities		
APT Pipelines Limited	1,039	1,074
Bank of Queensland Limited		
- convertible preference shares	5,250	5,425
Colonial Group		
- subordinated notes	1,010	1,032
Commonwealth Bank of Australia		
- Perls III	986	977
Goodman Funds Management		
- perpetual listed unsecured securities	1,108	1,139
Woolworths Limited notes II	204	210
	9,597	9,857

DIRECTORS' DECLARATION

1. In the opinion of the directors of Milton Corporation Limited:
 - (a) the consolidated financial statements and notes that are set out on pages 19 to 44 and the Remuneration report, that is set out on pages 14 to 17 in the Directors' report are in accordance with the Corporations Act 2001, including:
 - (i) giving a true view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that Milton Corporation Limited will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the directors.



R. D. MILLNER
Chairman
Sydney, 6 August 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MILTON CORPORATION LIMITED

We have audited the accompanying financial report of Milton Corporation Limited and its Controlled Entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of Milton Corporation Limited are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error..

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We have given the directors of Milton Corporation Limited a written Auditor's Independence Declaration, a copy of which is included in the financial report

Auditor's Opinion

In our opinion, the financial report of Milton Corporation Limited and its Controlled Entities is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of Milton Corporation Limited's consolidated financial position as at 30 June 2015 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 17 of the directors' report for the year ended 30 June 2015. The directors of Milton Corporation Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Milton Corporation Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001*.



Moore Stephens Sydney
Chartered Accountants



Melissa Alexander
Partner

Dated in Sydney this 6th day of August 2015.

DIRECTORY

DIRECTORS

R. D. MILLNER - Chairman
J. F. CHURCH
G.L. CRAMPTON
K.J. ELEY
F. G. GOOCH - Managing director
I. A. POLLARD

MANAGEMENT

F.G. GOOCH - Managing director
D.N. SENEVIRATNE - CFO, secretary

REGISTERED OFFICE

LEVEL 4, 50 PITT STREET
SYDNEY NSW 2000
PHONE: (02) 8006 5357
FAX: (02) 9251 7033
EMAIL: general@milton.com.au
WEBSITE: www.milton.com.au

AUDITORS

MOORE STEPHENS SYDNEY
CHARTERED ACCOUNTANTS
LEVEL 15
135 KING STREET
SYDNEY NSW 2000
WEBSITE: www.moorestephens.com.au

SHARE REGISTRY

LINK MARKET SERVICES LIMITED
LOCKED BAG A14
SYDNEY SOUTH NSW 1235
PHONE: (02) 8280 7111
FAX: (02) 9261 8489
TOLL FREE: 1800 641 024
EMAIL: milton@linkmarketservices.com.au
WEBSITE: www.linkmarketservices.com.au

ASX INFORMATION

TOP 20 SHAREHOLDERS AS AT 31 JULY 2015

NAME	SHARES HELD	%
Washington H soul Pattinson & Company Limited	33,592,590	5.25
Argo Investments Limited	32,583,552	5.09
Myora Pty Limited	22,780,400	3.56
Australian Foundation Investment Company Limited	14,402,925	2.25
Griffinna Pty Ltd <Wood Dragon a/c>	6,355,020	0.99
Danwer Investments Pty Ltd	6,075,915	0.95
Bortre Pty Limited	6,075,915	0.95
Otterpaw Pty Ltd <Penguin a/c>	5,777,235	0.90
JBF holdings Pty Ltd	5,253,920	0.82
Chickenfeed Pty Ltd	4,214,860	0.66
Jamama Nominees Pty Limited	4,195,685	0.66
J S Millner Holdings Pty Limited	3,739,925	0.58
Macdawley Proprietary Limited	3,479,615	0.54
Gartfern Pty Limited	3,309,995	0.52
Hexham Holdings Pty Limited	3,226,490	0.50
Millane Pty Limited	3,161,680	0.49
A V L Investments Proprietary Limited	2,979,080	0.47
Redemptorists <Central Investment Fund>	2,900,000	0.45
Ms Julia Jane Drew	2,875,000	0.45
T N Phillips Investments Pty Ltd	2,871,672	0.45
Yerong Pty Limited	2,768,670	0.43

On 31 July 2015, there were 22,593 holders of ordinary shares in the capital of Milton. Holders of ordinary shares are entitled to one vote per share.

Number of shares held	Number of shareholders
1-1,000	2,657
1,001 – 5,000	6,058
5,001 – 10,000	4,543
10,001 – 100,000	8,735
100,001 and over	600
The number of holders of less than a marketable parcel of 25 shares	564

SUBSTANTIAL SHAREHOLDINGS As at 31 July 2015 the names and holdings of substantial shareholders as disclosed in notices received by Milton are as follows:-

Substantial shareholders	Date of Notice	No. of shares
Washington H. Soul Pattinson & Company Limited	20 December 2010	33,585,220
Brickworks Limited ⁽¹⁾	7 January 2014	33,589,220
Argo Investment Limited	15 October 2014	36,412,935

⁽¹⁾(Technical relevant interest as a result of its holding in Washington H. Soul Pattinson & Company Limited)

OTHER INFORMATION

Milton is taxed as a public company.

There is no current on-market buy-back.

The total number of transactions in securities undertaken by Milton was 461 and the total brokerage paid or accrued was \$519,014.

SHARE ISSUES HISTORY

Share Purchase Plan history

Date	Issue price per share	Date	Issue price per share
10.11.1999	\$ 8.75	16.10.2006	\$19.60
13.11.2000	\$ 8.86	19.10.2007	\$22.48
13.11.2001	\$10.79	03.10.2008	\$17.85
08.11.2002	\$11.70	09.10.2009	\$16.08
31.10.2003	\$13.21	30.09.2013	\$19.12
29.10.2004	\$14.10	22.10.2013	5 for 1 share split
21.10.2005	\$17.11	01.10.2014	\$ 4.45

Acquisition of unlisted companies

Date	Shares issued	Date	Shares issued
21.06.2002	2,287,200	23.03.2007	1,895,976
31.12.2002	1,739,112	14.05.2007	2,424,582
11.03.2004	2,742,777	20.06.2007	252,477
01.04.2004	496,809	24.09.2007	1,223,252
17.08.2006	1,000,322	19.02.2009	3,555,958
23.08.2006	1,476,254	26.02.2010	4,132,711
28.08.2006	382,404	20.08.2010	2,446,521
21.09.2006	278,103	21.02.2013	521,464
10.11.2006	1,888,353	24.02.2014	3,280,382

Acquisition of listed investment companies

Date	Company	Shares issued
31.12.2001	Cambooya Investments Limited	8,273,505
16.12.2010	Choiseul Investments Limited	23,803,854

Dividend Reinvestment Plans

Date	Shares issued	Price
04.03.2014	187,207	\$4.27
03.09.2014	698,365	\$4.55
03.03.2015	712,273	\$4.56

Share Split

Date	Ratio	
22.10.2013	Five shares for one	The number of shares issued prior to this date have not been adjusted for the share split.

A full list of issues to shareholders since commencement of Capital Gains Tax in September 1985 can be found on the company's website at www.milton.com.au

"CPI" FOR CAPITAL GAINS TAX

	March	June	September	December
1985	-	-	71.3	72.7
1986	74.4	75.6	77.6	79.8
1987	81.4	82.6	84.0	85.5
1988	87.0	88.5	90.2	92.0
1989	92.9	95.2	97.4	99.2
1990	100.9	102.5	103.3	106.0
1991	105.8	106.0	106.6	107.6
1992	107.6	107.3	107.4	107.9
1993	108.9	109.3	109.8	110.0
1994	110.4	111.2	111.9	112.8
1995	114.7	116.2	117.6	118.5
1996	119.0	119.8	120.1	120.3
1997	120.5	120.2	119.7	120.0
1998	120.3	121.0	121.3	121.9
1999	121.8	122.3	123.4	

NOTES