

Milton

CORPORATION LIMITED

ABN 18 000 041 421

APPENDIX 4D – HALF YEAR REPORT

RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR ENDED 31 DECEMBER 2018

(Comparative figures being the half-year ended 31 December 2017)

	% Movement	
<u>Revenue</u>		
Operating revenue	Up 4.6%	\$72.6 million
Special investment revenue	Up 167.3%	\$1.7 million

<u>Earnings</u>		
<i>Profit after tax attributable to shareholders:</i>		
<u>Including</u> special investment revenue & acquisition costs net of tax	Up 6.2%	\$70.7 million
<u>Excluding</u> special investment revenue & acquisition costs net of tax	Up 4.6%	\$69.0 million
<i>Earnings per share, basic and diluted:</i>		
<u>Including</u> special investment revenue & acquisition costs net of tax	Up 5.0%	10.66 cents
<u>Excluding</u> special investment revenue & acquisition costs net of tax	Up 3.5%	10.41 cents

<u>Dividend information</u>		
Interim fully franked ordinary dividend	Up 2.3%	9.0 cents
<i>Interim dividend dates:</i>		
Ex dividend date		13 Feb 2019
Record date		14 Feb 2019
Payment date		5 Mar 2019
The Dividend Reinvestment Plan (DRP) will be in operation for the interim dividend. DRP price will be equal to the volume weighted average selling price (VWAP) over the five Business day period commencing on 15 February 2019. The last day for the receipt of an election notice for participation in the DRP is 15 February 2019.		

<u>Net tangible asset backing per share (NTA)</u>	31 Dec 2017	31 Dec 2018
<u>Before</u> provision for tax on unrealised capital gains	\$4.72	\$4.42
<u>After</u> provision for tax on unrealised capital gains	\$4.14	\$3.94

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

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

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

This information should be read in conjunction with the 2018 Annual Financial Report.

Milton

CORPORATION LIMITED

ASX+MEDIA RELEASE

24 JANUARY 2019

FIRST HALF 2019 PROFIT RISES 6.2% TO \$70.7 MILLION

SYDNEY, 24 January 2019 – In its release to the Australian Securities Exchange today, Milton Corporation Limited reported a net profit after tax for the six months to 31 December 2018 of \$70.7 million (2017: \$66.6 million) and announced it will pay an increased fully franked interim dividend of 9.0 cents per share on 5 March 2019. Milton's dividend reinvestment plan (DRP) will operate for the interim dividend.

The result includes \$1.7 million of special dividends. Special dividends received in the previous corresponding half amounted to \$0.6 million.

Milton's Managing Director, Mr Brendan O'Dea said, "It is pleasing to see continued growth in Milton's operating revenue. Underlying operating profit grew by 4.6% to \$69.0 million due to strong growth in ordinary dividend income received from Milton's investment portfolio. Special dividends can fluctuate significantly from period to period so we exclude them when we assess underlying performance".

"In the first half of 2019 Milton's portfolio outperformed during a challenging period for equity markets. The ASX All Ordinaries Accumulation index returned -7.3% over the first half and Milton's total portfolio return was -4.6%. For the year to 31 December 2018, Milton's total portfolio return was -2.6% with the All Ordinaries Accumulation Index -3.5%".

"At Milton we invest long term and do not trade our portfolio for short term gains. We seek long term dividend and capital growth, and keep costs low to maximise returns. This has allowed Milton, notwithstanding a volatile stock market, to grow underlying EPS by 3.5% and again increase ordinary dividends for our shareholders" Mr O'Dea said.

During the first half \$56 million of equity investments were added, partially funded by \$15 million of disposals. Investments made during the period include Cleanaway (\$10.3 million), BHP (\$7.5 million), Transurban (\$7.3 million), AGL (\$7.1 million) and RIO (\$6.1 million). The larger disposals were Vicinity Centres (\$5.0 million) and Graincorp (\$2.9 million). Additionally, \$22 million of equity investments were added through the acquisition of a family investment company by Milton on 17 August 2018.

Mr O'Dea said, "We expect the market to remain volatile in the short term with many macroeconomic factors at play including trade concerns, housing prices and the direction of interest rates. Underlying company earnings and dividend growth, however, remain solid and market valuations are not stretched. Milton's management team will continue to monitor the companies already held by Milton and seek to add to positions and search for opportunities to further diversify our portfolio".

Second half underlying operating profit is currently expected to be an improvement on the previous corresponding period. In the absence of unforeseen circumstances, Milton is expected to have sufficient earnings and liquidity to at least maintain the final ordinary dividend at 10.2 cents per share. We note that special dividend income is expected to be strong in the second half which may allow for a special dividend for the full year.

BACKGROUND

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

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

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

Milton's annualised management expense ratio (MER), which reflects total annualised operating costs as a proportion of total assets was 0.13% p.a. at 31 December 2018.

MILTON'S INVESTMENT PROFILE

The 25 largest investments at 31 December 2018 are set out below.

COMPANY	MARKET VALUE \$m	COMPANY	MARKET VALUE \$m
Westpac Banking Corporation	263.6	Transurban Group	53.0
W H Soul Pattinson	228.4	Rio Tinto Limited	51.8
Commonwealth Bank	226.7	Blackmores Limited	44.8
BHP Group Limited	138.3	Telstra Corporation	43.4
National Australia Bank	116.6	Suncorp Group	41.9
CSL Limited	109.7	ALS Limited	41.2
Wesfarmers Limited	92.0	Insurance Australia Group	40.4
Woolworths Limited	86.4	Perpetual Limited	40.0
ANZ Banking Group	84.0	Woodside Petroleum	38.6
Macquarie Group Limited	72.2	AP Eagers	35.0
Bank of Queensland Limited	70.9	CIMIC Group Limited	34.3
AGL Energy Limited	70.1	Total market value of Top 25*	2,138.7
Bendigo and Adelaide Bank	61.6		
Brickworks Limited	53.8	Total Assets	2,938.4

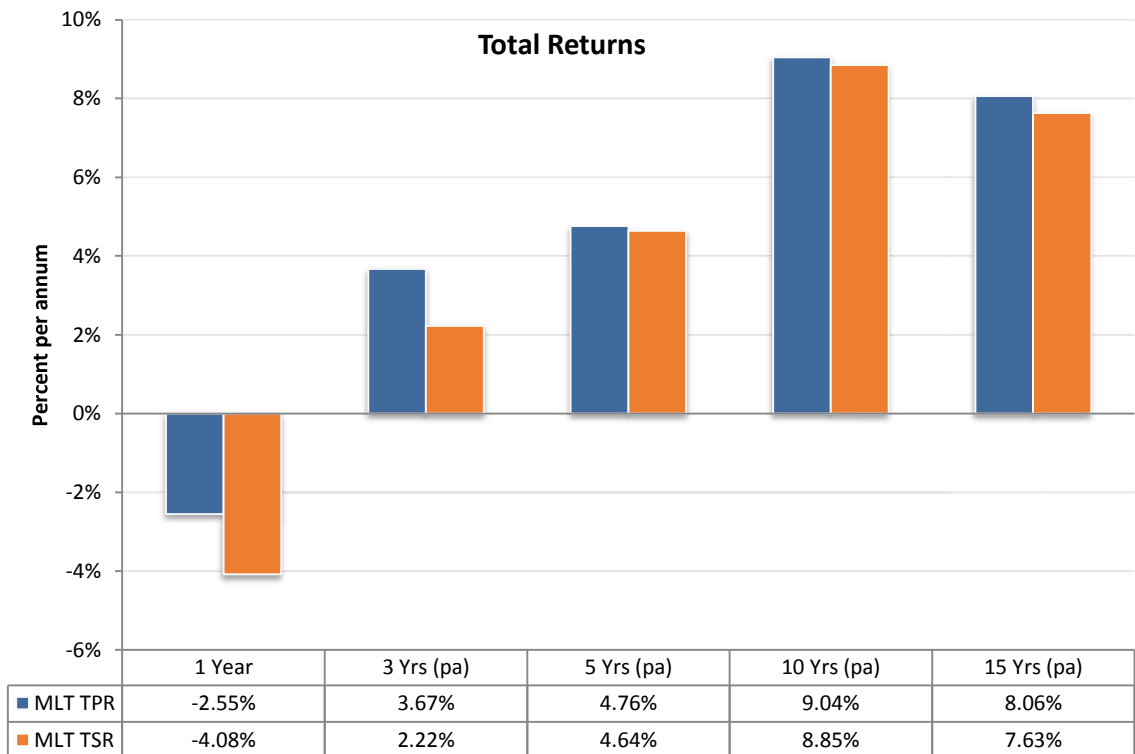
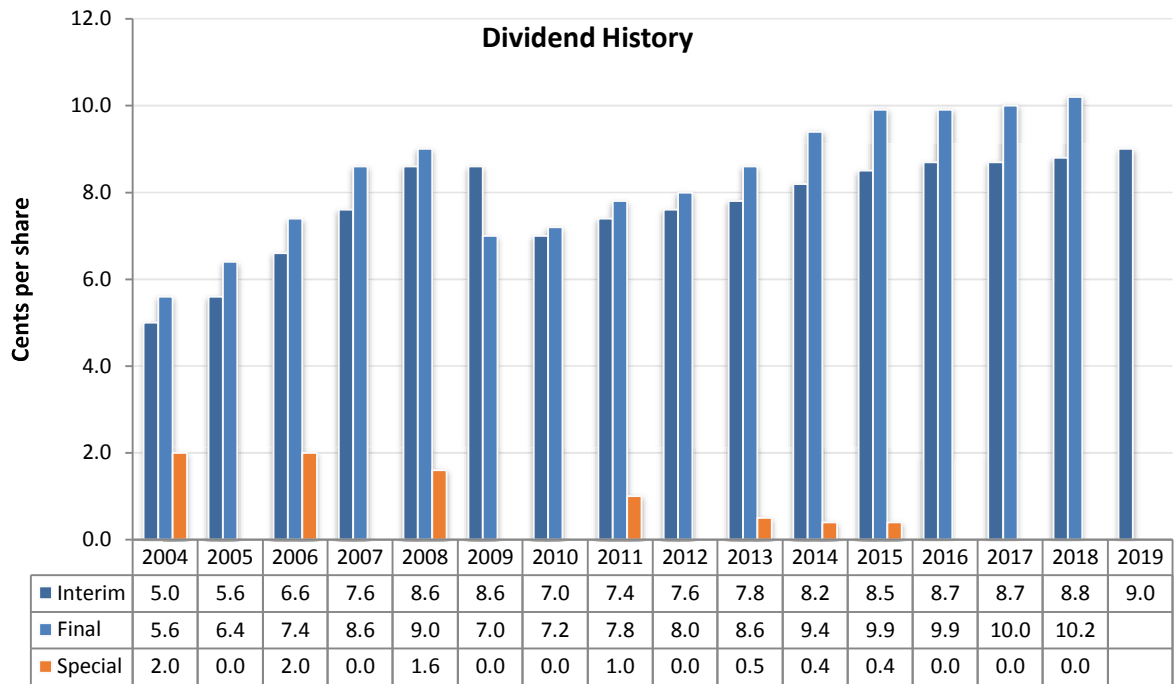
*The Top 25 represents approximately 73% of Total Assets.

CLASSIFICATION OF ASSETS

The following table shows assets at 31 December 2018 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

CLASSIFICATION	TOTAL ASSETS %	CLASSIFICATION	TOTAL ASSETS %
Banks	28.2	Utilities	3.0
Materials	10.6	Consumer Discretionary	3.0
Consumer Staples	9.6	Communication Services	3.0
Energy	9.6	Information Technology	0.3
Other Financials	7.6		
Industrials	7.3	Total Shares	94.6
Healthcare	5.1	Cash	4.3
Insurance	4.0	Other assets	1.1
Real Estate	3.3	Total	100.0

Performance charts



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

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

Milton

CORPORATION LIMITED

ABN 18 000 041 421

An Australian Listed Investment Company
Listed since 1958

HALF-YEAR REPORT **31 DECEMBER 2018**

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MILTON CORPORATION LIMITED

ABN 18 000 041 421

HALF-YEAR ENDED 31 DECEMBER 2018

DIRECTORS' REPORT

The directors of Milton Corporation Limited ("Milton") present their report together with the consolidated financial statements for the half-year ended 31 December 2018 and the auditor's independent review report thereon.

DIRECTORS

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

Name

Robert D. Millner, FAICD (Chairman)

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

Kevin J. Eley, CA, F Fin, FAICD

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

Francis G. Gooch, B.Bus, CPA (Retired on 31 July 2018)

Brendan J. O'Dea, B.Ec, M. Bus, CA, MAICD (Appointed on 1 August 2018)

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

REVIEW OF OPERATIONS

Half year profit commentary

Net profit after tax for the six months to 31 December 2018 increased by 6.2% to \$70.7 million (2017: \$66.6 million). The result includes \$1.7 million of special dividends. Special dividends received in the previous corresponding half amounted to \$0.6 million.

Underlying operating profit grew by 4.6% to \$69.0 million due to an increase in dividend income from the underlying equity investments.

An increased fully franked interim dividend of 9.0 cents per share (2017: 8.8 cents per share) was declared and will be paid on 5 March 2019.

During the first half \$56 million of equity investments were added, partially funded by \$15 million of disposals. Investments made during the period include Cleanaway (\$10.3 million), BHP (\$7.5 million), Transurban (\$7.3 million), AGL (\$7.1 million) and RIO (\$6.1 million). The larger disposals were Vicinity Centres (\$5.0 million) and Graincorp (\$2.9 million). Additionally, \$22 million of equity investments were added through the acquisition of a family investment company by Milton on 17 August 2018.

Milton has no debt on its balance sheet and net tangible assets before provision for tax on unrealised capital gains were valued at \$2.9 billion at 31 December 2018 and share capital increased by 6.8 million shares during the first half of 2019.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

ROUNDING OF AMOUNTS

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

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

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

R.D. Millner

Chairman

Sydney, 24 January 2019

Milton Corporation Limited Consolidated income statement

For the half-year ended		31 Dec 2018	31 Dec 2017
	Notes	\$'000	\$'000
Ordinary dividends and distributions	1	70,891	67,416
Interest	1	1,381	1,303
Net gains on trading portfolio		23	122
Other revenue		279	506
Operating Revenue		72,574	69,347
Share of net profits of joint ventures – equity accounted	2	784	459
Special dividends and distributions		1,684	630
Income from operating activities		75,042	70,436
Administration expenses		(1,946)	(1,851)
Acquisition related costs of subsidiaries		(63)	(57)
Profit before income tax expense		73,033	68,528
Income tax expense thereon	3	(2,363)	(1,965)
Profit attributable to shareholders of Milton		70,670	66,563
		Cents	Cents
Basic and diluted earnings per share	4	10.66	10.15

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

Milton Corporation Limited
Consolidated statement of comprehensive income

For the half-year ended	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Profit	70,670	66,563
Other comprehensive income		
<i>Items that will not be reclassified to profit and loss:</i>		
Revaluation of investments	(213,056)	135,060
Provision for tax expense on revaluation of investments	63,844	(40,885)
Other comprehensive income, net of tax	(149,212)	94,175
Total comprehensive income for the period attributable to the shareholders of Milton	(78,542)	160,738

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	Note	31 Dec 2018 \$'000	30 Jun 2018 \$'000
Current assets			
Cash		126,206	131,815
Current tax assets		523	-
Receivables		5,268	27,829
Other financial assets		432	144
Total current assets		132,429	159,788
Non-current assets			
Receivables		3,766	2,605
Investments	6	2,779,057	2,931,879
Joint ventures – equity accounted		22,767	21,389
Plant and equipment		53	68
Deferred tax assets		282	360
Total non-current assets		2,805,925	2,956,301
Total assets		2,938,354	3,116,089
Current liabilities			
Payables		870	1,135
Current tax liabilities		-	349
Provisions		190	248
Total current liabilities		1,060	1,732
Non-current liabilities			
Deferred tax liabilities	3	315,355	378,769
Provisions		102	258
Total non-current liabilities		315,457	379,027
Total liabilities		316,517	380,759
Net assets		2,621,837	2,735,330
Shareholders' equity			
Issued capital	7	1,614,613	1,582,431
Capital profits reserve		51,842	51,651
Asset revaluation reserve		748,708	898,111
Retained profits		206,674	203,137
Total equity attributable to shareholders of Milton		2,621,837	2,735,330

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

Milton Corporation Limited
Consolidated statement of changes in equity

For the half-year ended 31 December 2018	Issued capital \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2018	1,582,431	51,651	898,111	203,137	2,735,330
Profit	-	-	-	70,670	70,670
Other Comprehensive Income	-	-	(149,212)	-	(149,212)
Total comprehensive income for the half year			(149,212)	70,670	(78,542)
Net realised gains	-	191	(191)	-	-
Transactions with shareholders:					
Share issues	32,182	-	-	-	32,182
Dividends paid	-	-	-	(67,133)	(67,133)
Balance at 31 December 2018	1,614,613	51,842	748,708	206,674	2,621,837
For the half-year ended 31 December 2017					
Balance at 1 July 2017	1,553,896	59,545	794,453	196,159	2,604,053
Profit	-	-	-	66,563	66,563
Other Comprehensive Income	-	-	94,175	-	94,175
Total comprehensive income for the half-year	-	-	94,175	66,563	160,738
Net realised losses	-	(6,694)	6,694	-	-
Transactions with shareholders:					
Share issues	24,053	-	-	-	24,053
Dividends paid	-	-	-	(65,196)	(65,196)
Balance at 31 December 2017	1,577,949	52,851	895,322	197,526	2,723,648

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

Milton Corporation Limited

Consolidated statement of cash flows

For the half-year ended	31 Dec 2018 \$'000	31 Dec 2017 \$'000
Cash flows from operating activities		
Dividends and distributions received	93,377	88,209
Interest received	1,402	1,440
Distributions received from joint venture entities	-	1,175
Other receipts in the course of operations	193	478
Proceeds from sales of trading securities	23	334
Payments for trading securities	-	(211)
Other payments in the course of operations	(2,629)	(2,119)
Income taxes paid	(2,716)	(2,537)
Net cash provided by operating activities	89,650	86,769
Cash flows from investing activities		
Proceeds from disposal of investments	17,772	22,339
Proceeds from repayment of capital	1,140	-
Payments for investments in equities and trusts	(56,167)	(33,719)
Payments for investments in joint ventures	(594)	(594)
Cash on acquisition of subsidiary	3,639	-
Payments for other financial assets	(65)	(60)
Loans repaid by other entities	2,126	171
Loans (advanced) to other entities	(1,466)	(791)
Net cash used in investing activities	(33,615)	(12,654)
Cash flows from financing activities		
Payments arising from capital raising	(51)	(14)
Ordinary dividends paid	(61,593)	(60,250)
Net cash used in financing activities	(61,644)	(60,264)
Net (decrease)/increase in cash assets held	(5,609)	13,851
Cash assets at the beginning of the half-year	131,815	118,376
Cash assets at the end of the half-year	126,206	132,227

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

1. Operating revenue

Milton's operating revenue is mainly derived from dividends received from the companies held in the investment portfolio. In the six months to 31 December 2018, franked dividends accounted for 85% of operating revenue.

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

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

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

For the half-year ended	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
Ordinary dividends and distributions		
Franked dividends income	61,728	59,366
Unfranked dividends	5,861	4,972
Trust distributions	3,302	3,078
	70,891	67,416
Interest		
Interest from deposits & cash	1,381	1,272
Interest income from other liquid securities	-	31
	1,381	1,303
Net gains from trading portfolio	23	122
Other revenue	279	506
Operating Revenue	72,574	69,347

2. Share of net profits from joint ventures

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

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

For the half-year ended	31 Dec 2018	31 Dec 2017
	\$'000	\$'000
The group has interests in the following joint venture entities		
33.33% interest in the Ellenbrook Syndicate Joint Venture contribution to operating profit before tax (2017:33.33%)	397	357
23.33% interest in The Mews Joint Venture contribution to operating profit before tax (2017:23.33%)	(23)	54
50% interest in the LWP Huntlee Syndicate No 2 Joint Venture contribution to operating profit before tax (2017: 50%)	410	48
Share of net profits of joint ventures	784	459

Milton Corporation Limited
Notes to the consolidated financial statements

For the half-year ended	31 Dec 2018 \$'000	31 Dec 2017 \$'000
3. Tax		
a. Reconciliation of Income Tax Expense to prima facie tax payable		
Profit before Income Tax	73,033	68,528
Prima facie income tax expense calculated at 30% on profit before tax expense	21,910	20,558
Increase /decrease in income tax expense due to :		
Tax offset for franked dividends	(19,173)	(18,144)
(Over) provision in prior year	(804)	(553)
Other differences	430	104
Income tax expense on profit	2,363	1,965
As at	31 Dec 2018 \$'000	30 June 2018 \$'000
b. Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Revaluation of investments	326,767	392,620
Realised capital losses	(27,870)	(30,156)
Amounts recognised in profit:		
Gains on scrip for scrip rollovers	16,043	16,043
Income receivable which is not assessable for tax until receipt	415	262
	315,355	378,769
For the half-year ended	31 Dec 2018 Cents	31 Dec 2017 Cents
4. Earnings Per Share		
Basic earnings per share	10.66	10.15
	\$'000	\$'000
Profit attributable to shareholders of the parent entity	70,670	66,563
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	663,047,453	655,601,373
Diluted earnings per share and basic earnings per share are the same because there are no potential dilutive ordinary shares.		

Milton Corporation Limited

Notes to the consolidated financial statements

For the half year ended	31 Dec 2018 \$'000	31 Dec 2017 \$'000
5. Dividends paid		
a. Recognised in the half year		
An ordinary final dividend of 10.2 cents per share in respect of the 2018 year paid on 4 September 2018 (2017: an ordinary final dividend in respect of the 2017 year of 10.0 cents per share paid on 5 September 2017)	67,133	65,196
b. Not recognised in the current half year		
Since the end of the half year, the directors declared an interim dividend of 9.0 cents per share payable on 5 March 2019. (2017: an interim dividend of 8.8 cents per share paid on 1 March 2018)	59,844	57,833
6. Investments in equity instruments		
Milton is predominantly a long term investor in companies and trusts listed on the Australian Securities Exchange.		
Investments are recognised initially at cost and Milton has elected to present subsequent changes in fair value of equity instruments in other comprehensive income through the asset revaluation reserve after deducting a provision for the potential deferred capital gains tax liability as these investments are long term holdings of equity instruments.		
Quoted investments are valued continuously at fair value, which is determined by the unadjusted last-sale price quoted on the Australian Securities Exchange at the measurement date. Use of unadjusted last sale price in an active market such as the Australian Securities Exchange falls within the Level 1 fair value hierarchy of measuring fair value under AASB 13.		
As at	31 Dec 2018 \$'000	30 June 2018 \$'000
Investments – non-current		
Quoted investments - at fair value	2,778,663	2,931,529
Unquoted investments - at fair value	394	350
	2,779,057	2,931,879
a. Included in quoted investments are:		
Shares in other corporations	2,605,207	2,763,344
Stapled securities in other corporations	160,793	146,096
Units in trusts	12,663	22,089
	2,778,663	2,931,529
b. Included in unquoted investments are:		
Units in trusts	394	350

Milton Corporation Limited

Notes to the consolidated financial statements

7. 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.

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

Movement in share capital	For the half-year ended		For the year ended	
	No. of shares	31 Dec 2018 \$'000	No of shares	30 Jun 2018 \$'000
Opening balance	658,170,815	1,582,431	651,963,627	1,553,896
Acquisition of unlisted company ⁽¹⁾	5,575,148	26,677	4,114,776	19,117
Dividend Reinvestment Plan ⁽²⁾	1,188,729	5,539	2,092,412	9,437
Less: Transaction costs (net of tax)		(34)	-	(19)
Closing balance	664,934,692	1,614,613	658,170,815	1,582,431

⁽¹⁾ Milton acquired an unlisted investment company in August 2018 and 5,575,148 new ordinary shares were issued to the vendors as consideration.

⁽²⁾ In the six-month period to 31 December 2018, Milton issued 1,188,729 new shares under the DRP (Year ended 30 June 2018: 1,113,757 new shares issued in September 2017 and 978,655 new shares issued in March 2018).

8. Summary of other accounting policies

a. Basis of preparation

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

These half-year financial statements do not include all the notes of the type normally included in an annual financial report. It is recommended that these half-year financial statements be read in conjunction with the 30 June 2018 annual financial report and any public announcements made by Milton and its controlled entities during the half-year in accordance with any continuous disclosure requirements arising under the Corporations Act 2001.

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

These consolidated half-year financial statements were approved by the Board of Directors on 24 January 2019.

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

The accounting policies have been consistently applied by Milton and its consolidated entities and are consistent with those applied in the 30 June 2018 annual financial report.

b. Operating segments

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

Milton Corporation Limited

Notes to the consolidated financial statements

9. Contingencies and capital commitments

The financial guarantee facility of \$11M provided by Milton to support prepayments received by a joint venture in which LWP Huntlee Syndicate No 2 has a 23.75% interest was cancelled during the half year ended 31 December 2018 following the successful completion of the underlying property transaction.

The directors are not aware of any material contingent liabilities, contingent assets or capital commitments as at 31 December 2018.

10. Events subsequent to reporting date

There has been no transaction or event since 31 December 2018 to the date of this report of which the directors are aware that has had a material impact on Milton or its financial position.

MILTON CORPORATION LIMITED

ABN 18 000 041 421

HALF-YEAR ENDED 31 DECEMBER 2018

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 5 to 14 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



R.D. Millner

Chairman

Sydney, 24 January 2019

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MILTON CORPORATION LIMITED
ABN 18 000 041 421**

In relation to the independent auditor's review for the half-year ended 31 December 2018, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

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



M A ALEXANDER
Partner

PITCHER PARTNERS
Sydney

24 January 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MILTON CORPORATION LIMITED
ABN 18 000 041 421**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Milton Corporation Limited (“the company”) and its Controlled Entities (“the consolidated entity”), which comprises the consolidated statement of financial position as at 31 December 2018, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of significant accounting policies, other selected explanatory notes and the directors’ declaration of the consolidated entity comprising Milton Corporation Limited and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ Responsibility for the Half-Year Financial Report

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

Auditor’s Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: “*Review of a Financial Report Performed by the Independent Auditor of the Entity*”, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the consolidated entity’s financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: “*Interim Financial Reporting*” and the *Corporations Regulations 2001*. As the auditor of Milton Corporation Limited and the entities it controlled, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MILTON CORPORATION LIMITED
ABN 18 000 041 421**




Independence

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

Conclusion

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.


M A ALEXANDER
Partner


PITCHER PARTNERS
Sydney

24 January 2019