

Appendix 4D Half Year Report

Results for announcement to the market

For half year ended 31 December 2019

(Comparative figures being the half year ended 31 December 2018)

	% Movement	
Revenue		
Operating revenue	Down 0.3%	\$72.3 million
Special investment revenue	Up 54.2%	\$2.6 million
Earnings		
Profit after tax attributable to shareholders:		
<i>Including</i> special investment revenue net of tax	Down 0.6%	\$70.2 million
<i>Excluding</i> special investment revenue net of tax	Down 1.9%	\$67.7 million
Earnings per share, basic and diluted:		
<i>Including</i> special investment revenue net of tax	Down 1.6%	10.49 cents
<i>Excluding</i> special investment revenue net of tax	Down 2.9%	10.11 cents
Dividend information		
Interim fully franked ordinary dividend	Flat	9.0 cents
Interim dividend dates:		
Ex dividend date		12 February 2020
Record date		13 February 2020
Payment date		5 March 2020
<i>The Dividend Reinvestment Plan (DRP) will be in operation for the interim dividend.</i>		
DRP price will be equal to the volume weighted average selling price (VWAP) over the five business day period commencing on 14 February 2020. The last day for the receipt of an election notice for participation in the DRP is 14 February 2020.		
	31 Dec 2018	31 Dec 2019
Net tangible asset backing per share (NTA)		
<i>Before</i> provision for tax on unrealised capital gains	\$4.42	\$4.92
<i>After</i> provision for tax on unrealised capital gains	\$3.94	\$4.30

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 2019 Annual Financial Report.

ASX | Media Release

23 January 2020

INTERIM DIVIDEND UNCHANGED AT 9 CENTS PER SHARE ON PROFIT OF \$70.2 MILLION

SYDNEY, 23 January 2020 – In its release to the Australian Securities Exchange today, Milton Corporation reported a net profit after tax for the six months to 31 December 2019 of \$70.2 million (2018: \$70.7 million) and announced it will pay an unchanged fully franked interim dividend of 9 cents per share on 5 March 2020.

Milton's dividend reinvestment plan will operate for the interim dividend.

The result includes \$2.6 million of special dividends (2018: \$1.7 million) received from portfolio companies including ASX, Rio Tinto and Telstra.

Underlying operating profit, which excludes special dividends, declined 1.9% to \$67.7 million (2018: \$69.0 million) due to lower income from cash holdings and property investments. Milton's board uses underlying profit to determine ordinary dividends due to the volatility of special dividend income. Ordinary dividend income grew by 0.2% to \$71.1 million (2018: \$70.9 million).

Milton's total portfolio return for the 6-month period was +2.1%, bringing the return for the 12 months to 31 December 2019 to +16.5% as the capital value of Milton's portfolio performed strongly. Total shareholder return for the 12 months was +20.2%. Milton's MER was 0.13% and Milton charges no management or performance fees.

Milton's Managing Director, Mr. Brendan O'Dea said, "We are pleased with the results in the first half which were achieved against the backdrop of declining dividends in certain sectors, notably the retail banks. We expect that challenging conditions will continue for dividend growth in the short term and remain cautious about dividend income for the full year"

During an active first half Milton added \$123.3 million to existing equity investments, funded by \$154.7 million of sales. Investments made included Macquarie Group (\$38 million), Transurban (\$16 million), Sydney Airports (\$15 million) and BHP (\$11 million). Disposals included Bank of Queensland (\$43 million), Bendigo & Adelaide Bank (\$39 million), Dulux (\$16 million), Westpac (\$15 million) and ANZ (\$15 million).

Cash balances increased to \$158.4 million at 31 December 2019 from \$110.3 million at 30 June 2019.

Mr O'Dea said, "during the period Milton's Investment Committee decided to take steps to reduce some of our long-term investments in banks, particularly the regional banks. We expect that earnings, dividend growth and returns for the retail banking sector will remain challenged in the medium term due to slowing credit growth, the cost of compliance and remediation and increased capital charges"

“This change will result in a reduction in Milton’s own income in the short term, however we believe it puts us in a sound position to grow income over time from other new or increased investments”.

Second half 2020 underlying profit is currently expected to decline on the previous corresponding period as dividends on Milton’s diversified portfolio decline and changes to bank exposures impact. Net profit after tax, which includes special dividends, is also expected to decline as the number of special dividends fall after an unusually strong second half in 2019.

Mr O’Dea said, “The Market is fully valued based on historical measures after a strong 12 months for stock prices. Much of this growth is driven by multiple expansion, rather than earnings, as yield hungry investors add to equity positions. This increases the risk of episodes of future market volatility, which may provide opportunity for long-term investors such as Milton. Milton retains ample profit reserves and franking balances to support its dividend and in the absence of unforeseen circumstances we would expect to at least maintain the fully franked final ordinary dividend of 10.4 cents per share”.

Milton is a listed investment company that was incorporated in 1938 and listed in 1958. Milton invests for the long-term in well managed companies with a profitable history and the expectation of dividend growth, and its key objective is to pay increasing fully franked dividends per share.

OUR VALUE PROPOSITION

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

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

Milton pays fully franked dividends semi annually

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

Milton holds a diverse portfolio of Australian listed companies

- Equity Investment portfolio at 31 December 2019 was valued at \$3.1 billion
- Total assets at 31 December 2019 were valued at \$3.3 billion

Milton is an efficient and low cost manager of investments

- Operating costs represent 0.13% of average total assets
- Milton is internally managed and no management or performance fees are charged

CLASSIFICATION OF ASSETS

The following table shows assets at 31 December 2019 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

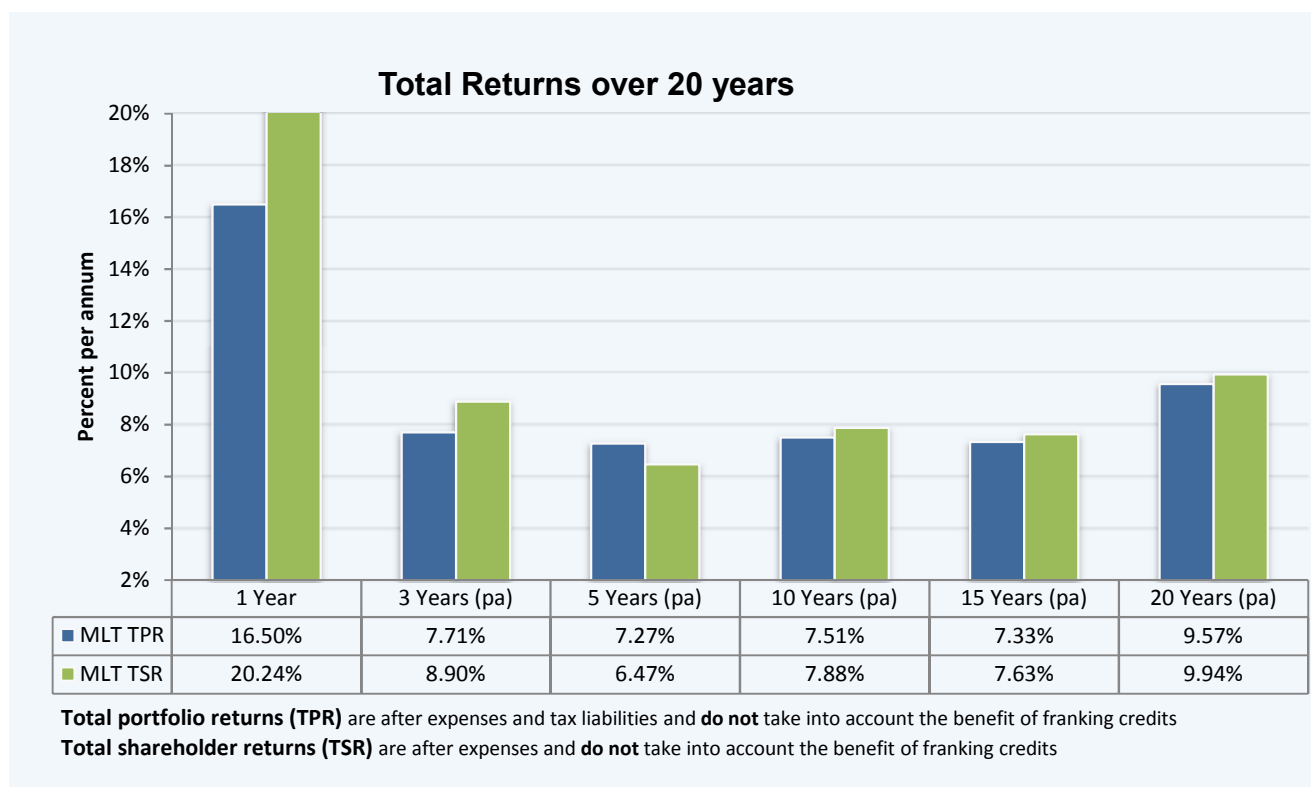
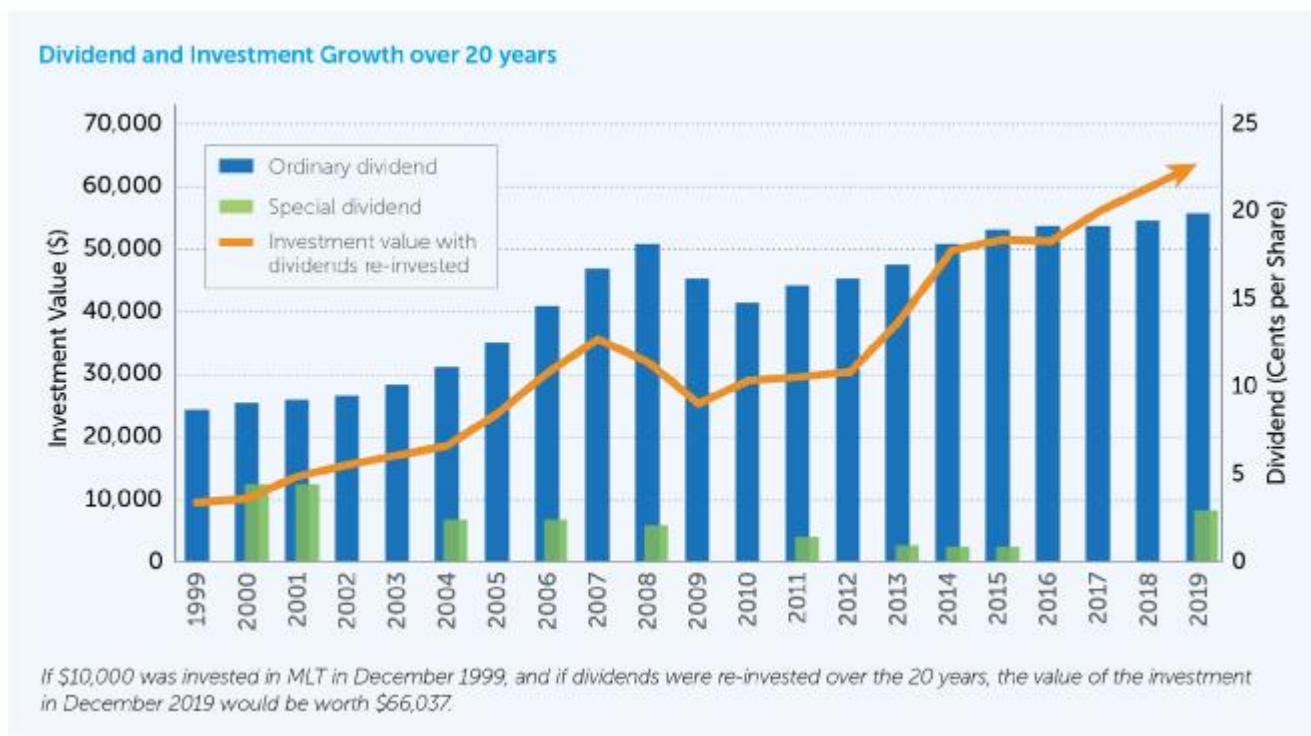
Classification	Total Assets %
Banks	21.8
Materials	10.6
Other Financials	10.1
Industrials	8.8
Energy	8.0
Consumer Discretionary	7.5
Health Care	6.6
Consumer Staples	6.4
Real Estate	4.0
Communication Services	3.4
Insurance	3.4
Utilities	2.9
Information Technology	0.7
Total Shares	94.2
Cash	4.8
Other Assets	1.0
Total	100.0

MILTON'S INVESTMENT PROFILE

The 25 largest investments at 31 December 2019 are set out below.

Company	Market Value \$m
Commonwealth Bank	250.9
Westpac Banking Corporation	241.9
W H Soul Pattinson	197.3
BHP Group Limited	171.2
CSL Limited	165.8
Macquarie Bank Limited	142.3
National Australia Bank	119.9
Wesfarmers Limited	119.1
Woolworths Limited	106.2
Transurban Group	84.2
AGL Energy Limited	73.3
ANZ Banking Group	70.5
A P Eagers Limited	69.6
Rio Tinto Limited	67.2
Brickworks Limited	60.4
ALS Limited	55.8
Telstra Corporation	53.9
Perpetual Limited	50.7
Insurance Australia Group Ltd	46.2
Woodside Petroleum Limited	44.3
ASX Limited	43.0
Coles Group Limited	42.7
Sydney Airport	42.2
Suncorp Group	41.7
Blackmores Limited	31.3
Total market value of Top 25	2,391.6
Total Assets	3,298.5

Performance charts



Financial Statements

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MILTON CORPORATION LIMITED

ABN 18 000 041 421

HALF-YEAR ENDED 31 DECEMBER 2019

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 2019 and the auditor's independent review report thereon.

DIRECTORS

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

Name

Robert D. Millner, FAICD (Chairman)

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

Kevin J. Eley, CA, F Fin, FAICD

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

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

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

REVIEW OF OPERATIONS

Half-year profit commentary

Net profit after tax for the six months to 31 December 2019 decreased by 0.6% to \$70.2 million (2018: \$70.7 million). The result includes \$2.6 million of special dividends. Special dividends received in the previous corresponding half amounted to \$1.7 million.

Underlying operating profit, which excludes special dividends, declined 1.9% to \$67.7 million (2018: \$69.0 million) due to lower income from cash holdings and property investments. Ordinary dividend income grew by 0.2% to \$71.1 million (2018: \$70.9 million).

A fully franked interim dividend of 9.0 cents per share (2018: 9.0 cents per share) was declared and will be paid on 5 March 2020.

During an active first half, Milton added \$123.3 million to existing equity investments, funded by \$154.7 million of sales. Investments made included Macquarie Group (\$38 million), Transurban (\$16 million), Sydney Airports (\$15 million) and BHP (\$11 million). Disposals included Bank of Queensland (\$43 million), Bendigo & Adelaide Bank (\$39 million), Dulux (\$16 million), Westpac (\$15 million) and ANZ (\$15 million).

Milton has no debt on its balance sheet and net tangible assets before provision for tax on unrealised capital gains were valued at \$3.3 billion at 31 December 2019 and represent \$4.92 per share.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

ROUNDING OF AMOUNTS

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

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



R.D. Millner

Chairman

Sydney, 23 January 2020

Consolidated Income Statement

For the half-year ended		31 Dec 2019	31 Dec 2018
	Note	\$'000	\$'000
Ordinary dividends and distributions	1	71,061	70,891
Interest	1	828	1,381
Net gains on trading portfolio	1	84	23
Other revenue	1	371	279
Operating Revenue		72,344	72,574
Share of net profits of joint ventures – equity accounted	2	192	784
Special dividends and distributions		2,596	1,684
Income from operating activities		75,132	75,042
Administration expenses		(2,148)	(1,946)
Acquisition related costs of subsidiaries		-	(63)
Profit before income tax expense		72,984	73,033
Income tax expense	3	(2,748)	(2,363)
Profit attributable to shareholders of Milton		70,236	70,670
		Cents	Cents
Basic and diluted earnings per share	4	10.49	10.66

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

Consolidated Statement of Comprehensive Income

For the half-year ended	31 Dec 2019 \$'000	31 Dec 2018 \$'000
Profit	70,236	70,670
Other comprehensive income		
<i>Items that will not be reclassified to profit and loss:</i>		
Revaluation of investments	(1,799)	(213,056)
Provision for tax expense on revaluation of investments	203	63,844
Other comprehensive income, net of tax	(1,596)	(149,212)
Total comprehensive income for the period attributable to the shareholders of Milton	68,640	(78,542)

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

Consolidated Statement of Financial Position

As at	Note	31 Dec 2019 \$'000	30 Jun 2019 \$'000
Current assets			
Cash		158,401	110,306
Current tax assets		176	-
Receivables		5,033	15,187
Prepayments		196	275
Total current assets		163,806	125,768
Non-current assets			
Investments	6	3,106,542	3,141,236
Joint ventures – equity accounted		23,678	23,125
Receivables		4,190	3,431
Plant and equipment		28	37
Deferred tax assets		292	294
Total non-current assets		3,134,730	3,168,123
Total assets		3,298,536	3,293,891
Current liabilities			
Payables		1,029	1,182
Current tax liabilities		-	280
Provisions		62	68
Total current liabilities		1,091	1,530
Non-current liabilities			
Deferred tax liabilities	3	416,693	416,657
Provisions		273	258
Total non-current liabilities		416,966	416,915
Total liabilities		418,057	418,445
Net assets		2,880,479	2,875,446
Shareholders' equity			
Issued capital	7	1,639,020	1,633,055
Capital profits reserve		74,753	66,148
Asset revaluation reserve		958,955	969,156
Retained profits		207,751	207,087
Total equity attributable to shareholders of Milton		2,880,479	2,875,446

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2019	Issued capital \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2019	1,633,055	66,148	969,156	207,087	2,875,446
Profit	-	-	-	70,236	70,236
Other Comprehensive Income	-	-	(1,596)	-	(1,596)
Total comprehensive income for the half-year	-	-	(1,596)	70,236	68,640
Net realised gains	-	8,605	(8,605)	-	-
Transactions with shareholders:					
Share issues	5,965	-	-	-	5,965
Dividends paid	-	-	-	(69,572)	(69,572)
Balance at 31 December 2019	1,639,020	74,753	958,955	207,751	2,880,479
For the half-year ended 31 December 2018					
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

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

Consolidated Statement of Cash Flows

For the half-year ended	31 Dec 2019 \$'000	31 Dec 2018 \$'000
Cash flows from operating activities		
Dividends and distributions received	83,823	93,377
Interest received	829	1,402
Distributions received from joint venture entities	233	-
Other receipts in the course of operations	372	193
Proceeds from sales of trading securities	84	23
Other payments in the course of operations	(2,140)	(2,629)
Income taxes paid	(2,958)	(2,716)
Net cash provided by operating activities	80,243	89,650
Cash flows from investing activities		
Proceeds from disposal of investments	154,692	17,772
Proceeds from repayment of capital	1,465	1,140
Payments for investments in equities and trusts	(123,261)	(56,167)
Payments for investments in joint ventures	(594)	(594)
Cash on acquisition of subsidiary	-	3,639
Payments for other financial assets	(1)	(65)
Loans repaid by other entities	252	2,126
Loans (advanced) to other entities	(1,090)	(1,466)
Net cash provided by/(used in) investing activities	31,463	(33,615)
Cash flows from financing activities		
Payments arising from capital raising	(17)	(51)
Ordinary dividends paid	(63,594)	(61,593)
Net cash used in financing activities	(63,611)	(61,644)
Net increase/(decrease) in cash assets held	48,095	(5,609)
Cash assets at the beginning of the half-year	110,306	131,815
Cash assets at the end of the half-year	158,401	126,206

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

Notes to the Consolidated Financial Statements

1. Operating revenue

Milton's operating revenue is mainly derived from dividends received from the companies held in the investment portfolio. In the six months to 31 December 2019, franked dividends accounted for 81% 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 2019	31 Dec 2018
	\$'000	\$'000
Ordinary dividends and distributions		
Franked dividends income	58,674	61,728
Unfranked dividends	8,235	5,861
Trust distributions	4,152	3,302
	71,061	70,891
Interest from deposits & cash	828	1,381
Net gains from trading portfolio	84	23
Other revenue	371	279
Operating Revenue	72,344	72,574

2. Share of net profits of joint ventures

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

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

For the half-year ended	31 Dec 2019	31 Dec 2018
	\$'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 (2018:33.33%)	413	397
23.33% interest in The Mews Joint Venture contribution to operating profit before tax (2018:23.33%)	118	(23)
50% interest in the LWP Huntlee Syndicate No 2 Joint Venture contribution to operating profit before tax (2018: 50%)	(339)	410
Share of net profits of joint ventures	192	784

Notes to the Consolidated Financial Statements

For the half-year ended	31 Dec 2019 \$'000	31 Dec 2018 \$'000
3. Tax		
a. Reconciliation of Income Tax Expense to prima facie tax payable		
Profit before Income Tax	72,984	73,033
Prima facie income tax expense calculated at 30% on profit before tax expense	21,895	21,910
Increase /decrease in income tax expense due to :		
Tax offset for franked dividends	(18,594)	(19,173)
(Over) provision in prior year	(792)	(804)
Other differences	239	430
Income tax expense on profit	<u>2,748</u>	<u>2,363</u>
As at	31 Dec 2019 \$'000	30 June 2019 \$'000
b. Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Revaluation of investments	419,287	423,999
Realised capital losses	(18,972)	(23,800)
Amounts recognised in profit:		
Gains on scrip for scrip rollovers	16,045	16,043
Income receivable which is not assessable for tax until receipt	333	415
	<u>416,693</u>	<u>416,657</u>
For the half-year ended	31 Dec 2019 Cents	31 Dec 2018 Cents
4. Earnings Per Share		
Basic earnings per share	10.49	10.66
	\$'000	\$'000
Profit attributable to shareholders of the parent entity	70,236	70,670
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<u>669,796,099</u>	<u>663,047,453</u>
Diluted earnings per share and basic earnings per share are the same because there are no potential dilutive ordinary shares.		

Notes to the Consolidated Financial Statements

For the half-year ended	31 Dec 2019 \$'000	31 Dec 2018 \$'000
5. Dividends paid		
a. Recognised in the half-year		
An ordinary final dividend of 10.4 cents per share in respect of the 2019 year paid on 3 September 2019 (2018: an ordinary final dividend in respect of the 2018 year of 10.2 cents per share paid on 4 September 2018)	69,572	67,133
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 2020. (2018: an interim dividend of 9.0 cents per share paid on 5 March 2019, and	60,323	59,844
a special dividend of 2.5 cents per share paid on 30 April 2019)	-	16,725
	60,323	76,569
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 2019 \$'000	30 June 2019 \$'000
Investments – non-current		
Quoted investments - at fair value	3,106,178	3,140,850
Unquoted investments - at fair value	364	386
	3,106,542	3,141,236
a. Included in quoted investments are:		
Shares in other corporations	2,846,297	2,927,525
Stapled securities in other corporations	259,881	213,325
	3,106,178	3,140,850
b. Included in unquoted investments are:		
Units in trusts	364	386

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 2019 \$'000	No. of shares	30 June 2019 \$'000
Opening balance	668,963,092	1,633,055	658,170,815	1,582,431
Acquisition of unlisted companies	-	-	8,444,554	40,060
Dividend Reinvestment Plan ⁽¹⁾	1,288,011	5,976	2,347,723	10,627
Less: Transaction costs (net of tax)	-	(11)	-	(63)
Closing balance	670,251,103	1,639,020	668,963,092	1,633,055

⁽¹⁾ In the six-month period to 31 December 2019, Milton issued 1,288,011 new shares under the DRP (Year ended 30 June 2019: 1,188,729 new shares issued in September 2018 and 1,158,994 new shares issued in March 2019).

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 2019 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 23 January 2020.

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 2019 annual financial report.

b. Operating segments

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

Notes to the Consolidated Financial Statements

9. Contingencies and capital commitments

Interest servicing guarantee facility by parent company

Milton agreed to provide an interest servicing guarantee facility, capped at a total of \$10 million, to cover interest outstanding on a loan obtained by a joint venture in which LWP Huntlee Syndicate No 2 has a 23.75% interest. The guarantee is for a period of four years commencing from 12 March 2019; and Milton's maximum liability will reduce to \$3.66 million at the end of eighth quarter by the amount of interest paid by Huntlee. At the end of each of the ninth to sixteenth quarters, Milton's maximum liability will reduce by the amount (if any) of interest paid by Milton.

Milton's maximum liability as at 31 December 2019 amounted to \$8.87 million.

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.

The directors are not aware of any other material contingent liabilities, contingent assets or capital commitments as at 31 December 2019.

10. Events subsequent to reporting date

Except for the dividend declared as noted in Note 5(b), there has been no transaction or event since 31 December 2019 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 2019

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 8 to 17 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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, 23 January 2020



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

In relation to the independent auditor's review for the half year ended 31 December 2019, to the best of my knowledge and belief there have been:

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

This declaration is in respect of Milton Corporation Limited and its Controlled Entities during the period.

A handwritten signature in black ink that reads 'S S WALLACE'.

S S WALLACE
Partner

Pitcher Partners
Sydney

23 January 2020



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**Independent Auditor's Review Report
to the Members of Milton Corporation Limited
ABN 18 000 041 421**

Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Milton Corporation Limited ("the Company") and its Controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2019, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration.

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 Company's financial position as at 31 December 2019 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, 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.

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Independence

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

Conclusion

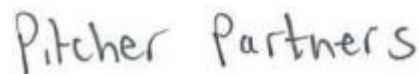
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Milton Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2019 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*.



S S Wallace
Partner

23 January 2020



Pitcher Partners
Sydney