

# MILTON CORPORATION LIMITED

ABN 18 000 041 421

## APPENDIX 4E – PRELIMINARY FINAL REPORT RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE YEAR ENDED 30 JUNE 2017 (Comparative figures being the year ended 30 June 2016)

	% Movement	
<b><u>Revenue</u></b>		
Operating revenue	Down 3.1%	\$128.7 million
Special investment revenue	Down 75.6%	\$0.4 million

<b><u>Earnings</u></b>		
<b><i>Profit after tax to shareholders:</i></b>		
<u>Excluding</u> special investment revenue	Down 3.5%	\$122.0 million
<u>Including</u> special investment revenue	Down 4.3%	\$122.4 million
<b><i>Earnings per share, basic and diluted:</i></b>		
<u>Excluding</u> special investment revenue	Down 4.1%	18.74 cents
<u>Including</u> special investment revenue	Down 4.9%	18.79 cents

<b><u>Dividend information</u></b>		
Final fully franked ordinary dividend	Up 1.0%	10 cents
The Dividend Reinvestment Plan is in operation for the final dividend		
Last day for the receipt of an election notice for participation in the DRP		14 Aug 2017
<b><i>Final dividend dates:</i></b>		
Ex dividend date		10 Aug 2017
Record date		11 Aug 2017
Payment date		5 Sep 2017

<b><u>Net tangible asset backing per share (NTA)</u></b>	30 June 2016	30 June 2017
<u>Before</u> provision for tax on unrealised capital gains	\$4.22	\$4.51
<u>After</u> provision for tax on unrealised capital gains	\$3.79	\$3.99

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

This report is based on financial statements which are in the process of being audited.

All documents comprise the information required by listing rule 4.3A.

**Dividend Reinvestment Plan (DRP)**

Eligible Shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares will be equal to the volume weighted average selling price (VWAP) over the five business day period commencing on 14 August 2017 being the first trading day after the Record Date.

The last day for the receipt of an election notice for participation in the DRP is 14 August 2017.

# **MILTON CORPORATION LIMITED**

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## **ASX+MEDIA RELEASE**

**21 JULY 2017**

### **Milton announces its 2017 full year results**

In its report to the ASX this morning Milton Corporation Limited announced its net profit after tax for the 2017 financial year was \$122.4 million and that it has increased its fully franked final dividend to 10 cents per share payable on 5 September 2017.

Milton, a long term equity investor, reported that its ordinary investment income earned in the year from its portfolio of Australian listed equities was \$125 million and market movements lifted the value of that portfolio by \$183 million to \$2.8 billion.

Milton's managing director, Mr Frank Gooch said, "Investment income rebounded in the second half of the year with 60% of the portfolio paying higher dividends and almost recovering the first half's fall in earnings from companies including BHP Billiton, Woolworths, ANZ Banking Corporation and Rio Tinto."

"Other income items, including interest, trading profits and special dividends, were also marginally lower this year and the earnings per share reduced by 4.9% to 18.8 cents."

The fully franked final dividend has been increased by 1% to 10 cents per share to take the full year dividend to 18.7 cents per share. The increased full year dividend is fully covered by the underlying profit and is the seventh consecutive increase in full year fully franked ordinary dividends.

Mr Gooch said, "A common theme that emerges when we meet with shareholders is the importance they place on Milton's reliable fully franked dividend and so it was pleasing that the dividend could be lifted once again."

"Milton has sufficient franking credits to fully frank dividends for the foreseeable future and with total assets valued at \$2.9 billion and no debt the company is in a sound position to maintain its reliable dividend track record," Mr Gooch added.

The composition of the equity portfolio reflects the emphasis Milton has always placed on investing in companies that pay dividends as Milton generally funds its dividend payments from the dividend income that it receives. Consequently, the portfolio is not aligned with any index and shareholder returns may differ from index returns.

Milton's total portfolio return for the year of 11.5% was marginally below that of the accumulation return of the All Ordinaries Index and over the longer term periods of 10 and 15 years the total portfolio return has exceeded that of the accumulation return of the Index. Milton's relative investment performance is actually better than this comparison indicates as its total portfolio return is net of all administration expenses and tax payments and does not account for the benefit of the franking credits attached to its dividend.

During the year Janus Henderson, Charter Hall Group, Charter Hall Long Wale REIT and Growthpoint Properties Australia were added to the portfolio and positions were increased in 26 other companies and trusts with a total of \$56 million being invested. This investment was partly funded by disposals amounting to \$44 million of which \$10 million was takeover related.

The composition of Milton's portfolio enabled it to benefit from the strong performance of companies in sectors such as, Resources, Diversified Financials, Insurance and Banks. However, with the equity market as a whole continuing to increase in value over the year there were limited opportunities to increase investments in the portfolio significantly.

Mr Gooch said, "While Milton is reasonably fully invested, with the equity portfolio representing 94% of the company's total assets, cash and term deposits totalling \$100 million are available to invest in opportunities that may be identified by our internal team of portfolio managers."

Total assets on the balance sheet at 30 June 2017 were valued at \$2.9 billion and the net tangible assets, before provision for tax on unrealised capital gains were equivalent to \$4.51 per share.

Milton has entered into an agreement to acquire all of the shares of a private investment company with an investment portfolio valued at approximately \$18 million. The terms of the agreement are similar to those of previous similar transactions and will result in Milton issuing its shares on an ex-dividend basis as consideration in the latter half of August 2017.

As a long term investor, Milton attempts to look through the short term noise of the almost daily release of contradictory financial indicators and focus more on the expected performance of our investments through the cycle.

"We are looking forward to the upcoming reporting season, which commences in August, to provide further insights into the way in which the management teams of our investments are positioning their businesses in the current conditions and for the longer term," Mr Gooch said.

The equity market appears to be reasonably fully valued with many companies having modest earnings growth expectations but their shares are trading on historically high multiples. However, if companies report earnings that do not meet or exceed expectations, opportunities may arise to make sound long term investments at more reasonable prices.

A further update on market conditions will be provided at Milton's Annual General Meeting to be held on 12 October 2017.

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**ISSUED FOR : MILTON CORPORATION LIMITED**

**FOR FURTHER INFORMATION MR FRANK GOOCH, MANAGING DIRECTOR  
MILTON CORPORATION LIMITED  
TEL: 02 9993 0782 MOBILE: 0414 675 748**

## BACKGROUND

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

It invests for the long-term in well managed companies with a profitable history and the expectation of dividend growth, and it has successfully delivered on its key objective which is to pay increasing fully franked dividends per share over the long term. It has paid a dividend every year since listing 59 years ago.

As Milton is internally managed it does not pay any fees to an external manager. With total administration costs representing 0.12% per annum of average total assets it is one of the lowest cost collective investment vehicles in the Australian market place.

## MILTON'S INVESTMENT PROFILE

The 25 largest investments at 30 June 2017 are set out below.

COMPANY	MARKET VALUE \$ million	COMPANY	MARKET VALUE \$ million
Westpac Banking Corporation	318.9	Macquarie Group	57.8
Commonwealth Bank of Australia	257.5	Suncorp Group	49.1
Washington H. Soul Pattinson	152.9	AP Eagers Limited	48.8
National Australia Bank	140.8	ALS Limited	45.3
Wesfarmers Limited	113.8	Brickworks Limited	44.6
ANZ Banking Group	96.8	Transurban Group	41.6
BHP Billiton	84.7	IAG Limited	39.6
Bank of Queensland	83.7	Rio Tinto	36.9
CSL Limited	81.7	Blackmores	35.2
Woolworths Limited	74.2	QBE Insurance	30.9
Perpetual Limited	68.8	CIMIC Group	30.7
AGL Energy	68.8	Total market value of Top 25	2,130.8
Telstra Corporation	64.4		
Bendigo and Adelaide Bank	63.3	Total Assets	2,941.20

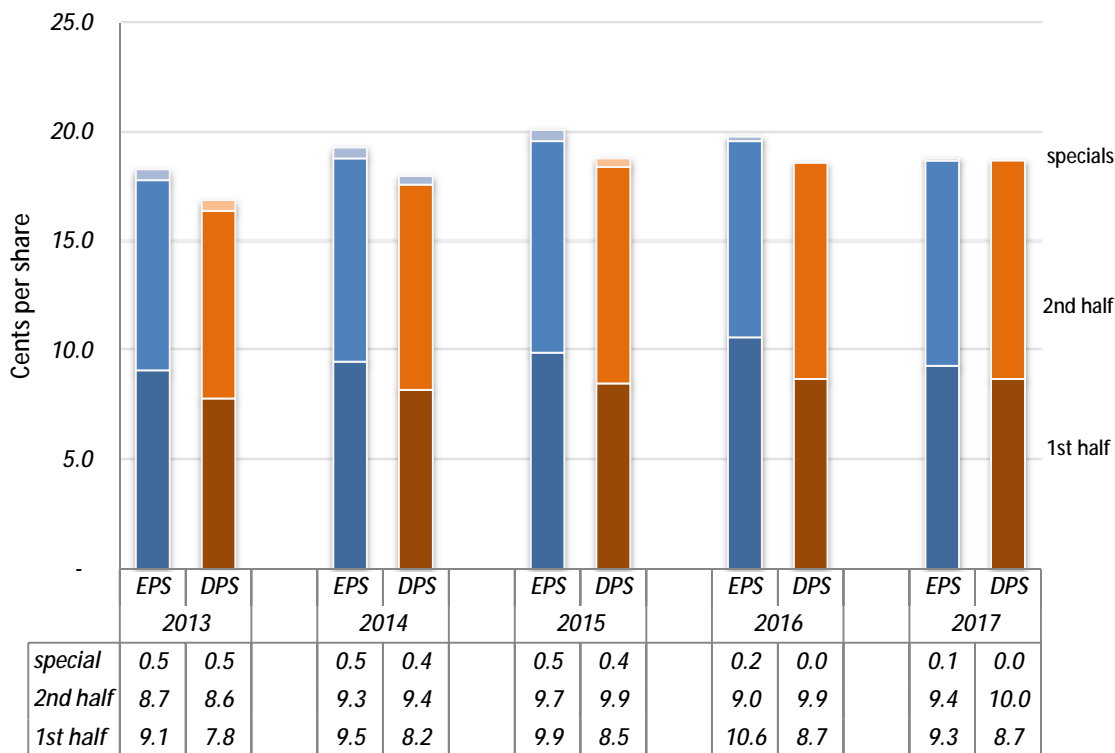
## CLASSIFICATION OF ASSETS

The following table shows assets at 30 June 2017 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

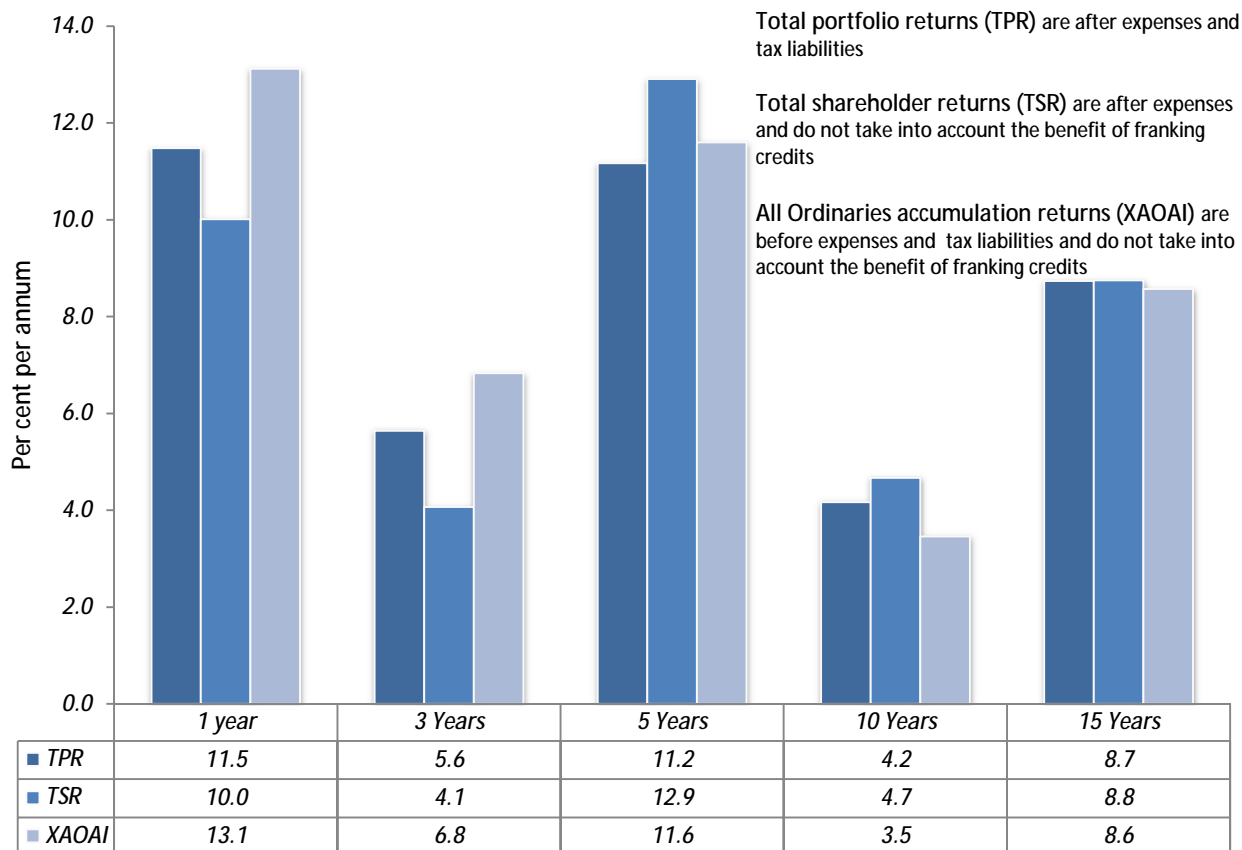
CLASSIFICATION	TOTAL ASSETS %	CLASSIFICATION	TOTAL ASSETS %
Banks	32.8	Construction Materials	2.7
Consumer staples	8.7	Transport	2.7
Diversified Financials	7.5	Commercial Services	2.3
Energy (includes W H Soul Pattinson)	7.0	Other Materials	1.8
Insurance	4.9	Capital Goods	1.4
Healthcare	4.2	Other Shares	2.1
Metals and Mining	4.1	Total Shares	94.0
Real Estate	3.0	Cash & liquid assets	4.0
Telecommunication	3.0	Other Assets	2.0
Utilities	3.0		
Retailing	2.8	Total	100.0

## PERFORMANCE CHARTS

### Five year history of earnings per share and dividends per share



### Total returns



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**Milton Corporation Limited**  
**Consolidated income statement**  
**for the year ended 30 June 2017**

	Note	2017 \$'000	2016 \$'000
Ordinary dividends and distributions	1a	125,026	125,450
Interest	1c	2,726	3,016
Net gains on trading portfolio	1d	346	3,748
Other revenue		577	520
<b>Operating Revenue</b>		<b>128,675</b>	132,734
Share of net profits of joint ventures – equity accounted	8a	1,204	1,789
Special dividends and distributions	1b	366	1,499
Income from operating activities		130,245	136,022
Administration expenses		(3,581)	(3,537)
<b>Profit before income tax expense</b>		<b>126,664</b>	132,485
Income tax expense thereon	2a	(4,287)	(4,580)
<b>Profit attributable to shareholders of Milton</b>		<b>122,377</b>	127,905
		<b>Cents</b>	Cents
Basic and diluted earnings per share	3	18.79	19.76

*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 2017**

	2017 \$'000	2016 \$'000
<b>Profit</b>	<b>122,377</b>	127,905
Other comprehensive income		
<i>Items that will not be reclassified to profit and loss</i>		
Revaluation of investments	<b>182,810</b>	(111,359)
Provision for tax (expense) benefit on revaluation of investments	<b>(55,059)</b>	32,816
Other comprehensive income, net of tax	<b>127,751</b>	(78,543)
<b>Total comprehensive income for the period attributable to the shareholders of Milton</b>	<b>250,128</b>	49,362

*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 2017**

	Note	2017 \$'000	2016 \$'000
<b>Current assets</b>			
Cash	9	118,376	123,403
Receivables	10a	24,336	23,048
Current tax prepaid		-	148
Other financial assets	11	6,336	7,324
<b>Total current assets</b>		<b>149,048</b>	<b>153,923</b>
<b>Non-current assets</b>			
Receivables	10b	4,786	4,323
Investments	7	2,763,980	2,568,458
Joint ventures – equity accounted	8b	22,901	20,581
Plant and equipment		77	87
Deferred tax assets	2c	388	405
<b>Total non-current assets</b>		<b>2,792,132</b>	<b>2,593,854</b>
<b>Total assets</b>		<b>2,941,180</b>	<b>2,747,777</b>
<b>Current liabilities</b>			
Payables		1,142	993
Current tax liabilities		267	-
Provisions		128	50
<b>Total current liabilities</b>		<b>1,537</b>	<b>1,043</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	2d	335,148	280,099
Provisions		442	504
<b>Total non-current liabilities</b>		<b>335,590</b>	<b>280,603</b>
<b>Total liabilities</b>		<b>337,127</b>	<b>281,646</b>
<b>Net assets</b>		<b>2,604,053</b>	<b>2,466,131</b>
<b>Shareholders' equity</b>			
Issued capital	12	1,553,896	1,545,122
Capital profits reserve	13b	59,545	68,236
Asset revaluation reserve	13a	794,453	658,011
Retained profits		196,159	194,762
<b>Total equity attributable to shareholders of Milton</b>		<b>2,604,053</b>	<b>2,466,131</b>

*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 2017**

	Issued capital \$'000	Capital profits reserve \$'000	Asset revaluation reserve \$'000	Retained profits \$'000	Total equity \$'000
<b>Balance at 1 July 2016</b>	<b>1,545,122</b>	<b>68,236</b>	<b>658,011</b>	<b>194,762</b>	<b>2,466,131</b>
<b>Profit</b>	-	-	-	<b>122,377</b>	<b>122,377</b>
<b>Other Comprehensive Income:</b>	-	-	<b>127,751</b>	-	<b>127,751</b>
<b>Total comprehensive income</b>	-	-	<b>127,751</b>	<b>122,377</b>	<b>250,128</b>
<b>Net realised losses</b>		<b>(8,691)</b>	<b>8,691</b>	-	-
<b>Transactions with shareholders:</b>					
<b>Share issues</b>	<b>8,774</b>	-	-	-	<b>8,774</b>
<b>Dividends paid</b>	-	-	-	<b>(120,980)</b>	<b>(120,980)</b>
<b>Balance at 30 June 2017</b>	<b>1,553,896</b>	<b>59,545</b>	<b>794,453</b>	<b>196,159</b>	<b>2,604,053</b>

Balance at 1 July 2015	1,504,589	64,971	739,819	189,266	2,498,645
Profit	-	-		127,905	127,905
Other Comprehensive Income:	-	-	(78,543)	-	(78,543)
Total comprehensive income	-	-	(78,543)	127,905	49,362
Net realised gains	-	3,265	(3,265)	-	-
Transactions with shareholders:					
Share issues	40,533	-	-	-	40,533
Dividends paid	-	-		(122,409)	(122,409)
Balance at 30 June 2016	1,545,122	68,236	658,011	194,762	2,466,131

*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 2017**

	Note	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>			
Dividends and distributions received		123,703	126,010
Interest received		3,120	3,306
Distributions received from joint venture entities		1,683	5,066
Other receipts in the course of operations		548	520
Proceeds from sales of trading securities		346	7,681
Payments for trading securities		-	(3,933)
Other payments in the course of operations		(3,495)	(3,429)
Income taxes paid		(3,805)	(5,271)
<b>Net cash provided by operating activities</b>	23a	<b>122,100</b>	129,950
<b>Cash flows from investing activities</b>			
Proceeds from disposal of investments	7c	44,052	49,129
Payments for investments in equities and trusts		(55,775)	(69,550)
Payments for investments in joint ventures		(2,256)	(3,206)
Payments for plant and equipment		(17)	(64)
Loans repaid by other entities		302	278
Loans advanced to other entities		(1,221)	(675)
<b>Net cash used in investing activities</b>		<b>(14,915)</b>	(24,088)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		8,793	40,621
Payments for issue of shares		(25)	(123)
Ordinary dividends paid		(120,980)	(122,409)
<b>Net cash used in financing activities</b>		<b>(112,212)</b>	(81,911)
<b>Net (decrease) increase in cash assets held</b>		<b>(5,027)</b>	23,951
<b>Cash assets at the beginning of the year</b>		<b>123,403</b>	99,452
<b>Cash assets at the end of the year</b>	9	<b>118,376</b>	123,403

*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 2017**

**1. Revenue**

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

	<b>2017</b>	2016
	<b>\$'000</b>	\$'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	<b>124,118</b>	124,450
Investments sold during the year	<b>908</b>	1,000
	<b>125,026</b>	125,450

**b. Special dividends and distributions**

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

Investments held in portfolio at 30 June	<b>251</b>	1,277
Investments sold during the year	<b>115</b>	222
	<b>366</b>	1,499

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	<b>2,625</b>	2,891
Interest income from other liquid securities	<b>101</b>	125
	<b>2,726</b>	3,016

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 from trading portfolio	<b>346</b>	3,748
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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 2017**

**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.

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>a. Reconciliation of Income Tax Expense to prima facie tax payable</b>		
Profit before income tax	<b>126,664</b>	132,485
Prima facie income tax expense calculated at 30% on the profit before income tax expense	<b>37,999</b>	39,746
Increase (decrease) in income tax expense due to:		
Tax offset for franked dividends	<b>(33,601)</b>	(34,815)
(Over) provision in prior year	<b>(101)</b>	(147)
Other differences	<b>(10)</b>	(204)
Income tax expense on profit	<b>4,287</b>	4,580
<b>b. Tax expense composition</b>		
Current tax on profits for the year	<b>4,374</b>	4,906
(Over) provision in prior year	<b>(101)</b>	(147)
Decrease in deferred tax assets (note 2c)	<b>24</b>	25
(Decrease) Increase in deferred tax liabilities (note 2d)	<b>(10)</b>	(204)
	<b>4,287</b>	4,580
<b>c. Deferred tax assets</b>		
The balance comprises temporary differences attributable to :		
Provisions	<b>357</b>	351
Share issue expenses	<b>28</b>	45
Other	<b>3</b>	9
Total deferred tax assets	<b>388</b>	405
Movements:		
Balance at 1 July	<b>405</b>	393
(Charged) to the income statement	<b>(24)</b>	(25)
Credited to equity	<b>7</b>	37
Balance at 30 June	<b>388</b>	405
To be recovered within 12 months	<b>54</b>	60
To be recovered after more than 12 months	<b>334</b>	345
	<b>388</b>	405

**Milton Corporation Limited**  
**Notes to the consolidated financial statements: Key Numbers**  
**for the year ended 30 June 2017**

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>d. Deferred tax liabilities</b>		
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Revaluation of investments	<b>348,680</b>	291,069
Realised capital losses	<b>(29,813)</b>	(27,379)
Amounts recognised in profit:		
Gains on scrip for scrip rollovers	<b>16,043</b>	16,043
Income receivable which is not assessable for tax until receipt	<b>238</b>	366
	<b>335,148</b>	280,099
Movements:		
Balance at 1 July	<b>280,099</b>	313,119
(Credited) to income statement	<b>(10)</b>	(204)
Charged (Credited) to other comprehensive income	<b>55,059</b>	(32,816)
Balance at 30 June	<b>335,148</b>	280,099
To be settled beyond 12 months	<b>335,148</b>	280,099

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.

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 2017**

**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.

	<b>2017</b>	2016
	<b>Cents</b>	Cents
<b>3. Earnings Per Share</b>		
Basic earnings per share	<b>18.79</b>	19.76
	<b>\$'000</b>	\$'000
Profit attributable to shareholders of the parent entity	<b>122,377</b>	127,905
	<b>No.</b>	No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	<b>651,132,774</b>	647,134,007
Diluted earnings per share and basic earnings per share are the same because there are no potential dilutive ordinary shares.		

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>4. Dividends Paid</b>		
<b>a. Recognised in the current year</b>		
An ordinary final dividend of 9.9 cents per share in respect of the 2016 year paid on 2 September 2016 (2016: an ordinary final dividend in respect of the 2015 year of 9.9 cents per share paid on 3 September 2015)	<b>64,342</b>	63,385
Nil special dividend paid in respect of 2016 year (2016: 0.4 cents paid on 3 September 2015 in respect of the 2015 year)	-	2,561
An ordinary interim dividend of 8.7 cents per share paid on 2 March 2017 (2016: 8.7 cents per share paid on 3 March 2016)	<b>56,638</b>	56,463
	<b>120,980</b>	122,409



**Milton Corporation Limited**  
**Notes to the consolidated financial statements: Key Numbers**  
**for the year ended 30 June 2017**

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>b. Not recognised in the current year</b>		
Since the end of the financial year, the directors declared an ordinary final dividend in respect of the 2017 year of 10 cents per share payable on 5 September 2017 (2016: ordinary final dividend of 9.9 cents per share per share paid on 2 September 2016)	<b>65,196</b>	64,342
<b>5. Dividend Franking Account</b>		
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	<b>122,616</b>	122,631
Subsequent to year end, the franking account will be reduced by the proposed final dividend to be paid on 5 September 2017 (2016: final dividend paid on 2 September 2016)	<b>(27,941)</b>	(27,575)
	<b>94,675</b>	95,056
The franking account balance would allow Milton to frank additional dividend payments up to an amount of \$220,908,122 (2016: \$221,797,267) which represents 34 cents per share (2016: 34 cents per share).		
<b>6. Listed Investment Company capital gains account</b>		
Balance of the Listed Investment Company (LIC) capital gain account available to shareholders for the subsequent financial year	<b>1,282</b>	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 2017**

**7. Investment in equity instruments**

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

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>Investments – non-current</b>		
Quoted investments - at fair value	<b>2,763,696</b>	2,568,348
Unquoted investments - at fair value	<b>284</b>	110
	<b>2,763,980</b>	2,568,458
<b>a. Included in quoted investments are:</b>		
Shares in other corporations	<b>2,611,319</b>	2,418,631
Stapled securities in other corporations	<b>129,806</b>	122,526
Units in trusts	<b>22,571</b>	27,191
	<b>2,763,696</b>	2,568,348
<b>b. Included in unquoted investments are:</b>		
Units in trusts	<b>284</b>	110

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	<b>44,052</b>	49,129
<b>(Loss) Gain on disposal after tax</b>		
Equity investments	<b>(8,691)</b>	3,265

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 2017**

**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.

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>a. Contribution from joint venture entities</b>		
Milton has interests in the following joint venture entities:		
33.33% interest in the Ellenbrook Syndicate Joint Venture contribution to operating profit before tax (2016:33.33%)	<b>1,647</b>	2,285
23.33% interest in The Mews Joint Venture contribution to operating profit before tax (2016:23.33%)	<b>137</b>	267
50% interest in the LWP Huntlee Syndicate No 2 Joint Venture (2016: 50%)	<b>(580)</b>	(763)
Share of net profits of joint ventures	<b>1,204</b>	1,789
<b>b. Consolidated interest in the assets and liabilities of the joint venture entities</b>		
Current assets	<b>22,075</b>	18,585
Non-current assets	<b>16,237</b>	15,471
Current liabilities	<b>(5,923)</b>	(3,572)
Non-current liabilities	<b>(8,945)</b>	(9,360)
	<b>23,444</b>	21,124
Provision for diminution in value	<b>(543)</b>	(543)
Net assets	<b>22,901</b>	20,581

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 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 2017, total facility of \$11m had been utilised (2016: \$8M).

Other than the above, the directors are not aware of any material contingent liabilities, contingent assets or capital commitments as at 30 June 2017.

**Milton Corporation Limited**  
**Notes to the consolidated financial statements: Assets**  
**for the year ended 30 June 2017**

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>9. Cash</b>		
Cash at bank	<b>4,614</b>	3,351
Deposits at call	<b>30,762</b>	21,052
Term deposits	<b>83,000</b>	99,000
	<b>118,376</b>	123,403

The weighted average interest rate for cash and deposits at call as at 30 June 2017 is 1.7% p.a. (2016: 1.9% p.a.). Term deposits have an average maturity date of August 2017 (2016: August 2016) and an average interest rate of 2.6% (2016: 3.0% pa).

**10. Receivables**

**a. Receivables – current**

Dividends receivable	<b>23,803</b>	22,371
Interest receivable	<b>526</b>	661
Sundry debtors	<b>7</b>	16
	<b>24,336</b>	23,048

**b. Receivables – non-current**

Senior staff share plan loans (refer note 19b)	<b>4,786</b>	4,323
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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	<b>6,209</b>	7,199
Prepaid expenses	<b>127</b>	125
	<b>6,336</b>	7,324

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 2017**

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.

**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.

<b>Movement in share capital</b>	<b>No. of shares</b>	<b>2017 \$'000</b>	<b>No of shares</b>	<b>2016 \$'000</b>
Opening balance	649,922,937	1,545,122	640,255,655	1,504,589
Share Purchase Plan	-	-	7,746,892	32,373
Dividend Reinvestment Plan <sup>(1)</sup>	2,040,690	8,791	1,920,390	8,246
Less: Transaction costs (net of tax)	-	(17)	-	(86)
Closing balance	651,963,627	1,553,896	649,922,937	1,545,122

<sup>(1)</sup>Milton's Dividend Reinvestment Plan (DRP) offers shareholders the option to reinvest all or part of their dividend in new ordinary shares. In the 2017 financial year, Milton issued 1,086,782 new shares in September 2016 and 953,908 new shares in March 2017 under the DRP (2016: 998,879 issued in September 2015 and 921,511 issued in March 2016).

**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.

	<b>2017 \$'000</b>	<b>2016 \$'000</b>
<b>a. Asset revaluation reserve</b>		
Opening balance	<b>658,011</b>	739,819
Revaluation of investments net of provision for tax	<b>127,751</b>	(78,543)
Net realised losses (gains)	<b>8,691</b>	(3,265)
	<b>794,453</b>	658,011
<b>b. Capital profits reserve</b>		
Opening balance	<b>68,236</b>	64,971
Net realised (losses) gains	<b>(8,691)</b>	3,265
	<b>59,545</b>	68,236

# Milton Corporation Limited

## Notes to the consolidated financial statements: Risk for the year ended 30 June 2017

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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 items mentioned 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 2017

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### **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% (2016: 93%) 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% (2016: 4.7%) movement in the net assets before provision for tax on unrealised capital gains at 30 June 2017 (2016: 30 June 2016). The net asset backing before provision for tax on unrealised capital gains would move by 21 cents per share at 30 June 2017 (2016: 20 cents at 30 June 2016).

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 2017

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	2017 %	2016 %
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 acquisition was made by Milton during the year ended 30 June 2017 (2016: None)

##### 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 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 2017**

	2017 \$'000	2016 \$'000
<b>18. Related party transactions</b>		
<b>a. Directors and Key Management Personnel compensation</b>		
Short-term benefits	1,184	1,166
Other long-term benefits	17	17
Post-employment benefits	103	102
Share-based payments	160	151
	<b>1,464</b>	<b>1,436</b>

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

Non-executive directors and their related parties held 11.5% (2016:12.1%) 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 2017.

	No of shares	No of shares
Number of shares at beginning of the year	78,927,571	78,775,660
Acquired during the year	459,431	151,911
Disposed during the year	(4,296,494)	-
Number of shares held at end of year	<b>75,090,508</b>	<b>78,927,571</b>

**c. Loans to key management personnel and their related parties**

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

	\$	\$
Balance at beginning of the year	2,677,206	2,440,184
Loans advanced	363,112	367,342
Loans repaid	(139,208)	(130,320)
Balance at end of the year	<b>2,901,110</b>	<b>2,677,206</b>
Notional interest	<b>160,346</b>	150,359

Notional interest is based on the applicable FBT benchmark interest rate for the year which averaged 5.52% (2016: 5.65%).

The loans are advanced to key management personnel in accordance with the Senior Staff Share Plan (SSSP) as disclosed in Note 19 b.

**Milton Corporation Limited**  
**Notes to the consolidated financial statements: Other Information**  
**for the year ended 30 June 2017**

**d. Other related party transactions**

All 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. Transactions with subsidiaries**

	2017 \$	2016 \$
Dividends paid to parent	-	81,811,084
Capital repaid to parent	-	27,251,635
	-	109,062,719

**f. 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.

Amounts owed by/(to) subsidiaries at beginning of the year	26,658,200	(82,439,408)
Loans advanced from subsidiaries	(1,912,197)	(2,976,109)
Loan advanced to subsidiaries	3,566,162	112,073,717
Amounts owed by subsidiaries at end of the year	28,312,165	26,658,200

**g. Other arrangement with non-executive director**

Mr J.F. Church rented office space from Milton at commercial rates from 1 July 2016 to 30 June 2017 and rental income received by Milton during the financial year was \$13,377 (2016: \$12,800).

**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, 454 shares (2016: 672 shares) were acquired by Milton on behalf of eligible employees under the ESP at a cost of \$2,086 (2016: \$3,083) with a total market value at 30 June 2017 of \$2,048.

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 2017**

**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, 160,000 shares (2016: 152,000 shares) were acquired by the trustee of the plan on behalf of eligible employees under the SSSP at a cost of \$683,505 (2016: \$656,893). 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 \$721,600 at \$4.51 per share as at 30 June 2017.

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.

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>20. Auditors Remuneration</b>		
Auditors of the company		
Audit and review services	<b>113</b>	109
Related practice of the auditor		
Agreed upon procedures	-	6
	<b>113</b>	115

**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 2017 the parent entity is Milton Corporation Limited.

**Profit of the parent entity**

Profit for the year	<b>121,406</b>	126,407
Total comprehensive income for the year	<b>250,129</b>	49,362

**Milton Corporation Limited**  
**Notes to the consolidated financial statements: Other Information**  
**for the year ended 30 June 2017**

	2017 \$'000	2016 \$'000
<b>Financial position of the parent entity as at 30 June</b>		
Current assets	177,437	181,105
Total assets	2,944,074	2,750,812
Current liabilities	(1,269)	(1,043)
Total liabilities	(340,021)	(284,681)
Net assets	2,604,053	2,466,131
<b>Total equity of the parent entity comprising of</b>		
Issued capital	1,553,896	1,545,122
Capital profits reserves	68,123	76,814
Asset revaluation reserve	848,071	710,657
Retained profits	133,963	133,538
<b>Total equity attributable to shareholders of the parent entity</b>	<b>2,604,053</b>	<b>2,466,131</b>

**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, the Corporations Act 2001 and complies with International Financial Reporting Standards (IFRS).

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. Milton is a 'for-profit' entity.

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 was early adopted since the preparation of financial statements and notes for the 2015 financial year.

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.

New and amended standards not adopted:

*AASB 15 Revenue from Contracts with Customers* is applicable to annual reporting periods beginning on or after 1 January 2018 and is not expected to have any material impact on Milton's financial statements.

*AASB 16 Leases* is applicable to annual reporting periods beginning on or after 1 January 2019 replaces AASB 117 'Leases' for lessees will eliminate the classifications of operating leases and finance leases. Milton does not expect this standard to have any material impact on Milton's financial statements.

No other new accounting standards and interpretations that are available for early adoption but not yet adopted at 30 June 2017, will result in any material change in relation to the financial statements of Milton.

**Milton Corporation Limited**  
**Notes to the consolidated financial statements: Other Information**  
**for the year ended 30 June 2017**

**b. 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).

**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.

	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>23. Cash flow information</b>		
<b>a. Reconciliation of net profit to net cash provided by operating activities</b>		
Net profit	<b>122,377</b>	127,905
Share of net profits of joint ventures – equity accounted	<b>(1,204)</b>	(1,789)
Distributions received from joint venture entities	<b>1,683</b>	5,066
Depreciation of non-current assets	<b>28</b>	13
(Increase) in receivables	<b>(1,296)</b>	(649)
Increase in payables and provisions	<b>30</b>	94
Increase (Decrease) in income taxes payable	<b>482</b>	(690)
Net cash provided by operating activities	<b>122,100</b>	129,950

**b. Non-cash financing and investing activities**

During the year ended 30 June 2017, Milton did not engage in any material non-cash investing or financing transaction (2016: None).

**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 10 cents per share payable on 5 September 2017.

Milton has entered into an agreement to acquire all of the shares of a private investment company with an investment portfolio of approximately \$18M. Consideration for the acquisition will comprise Milton shares which are expected to be issued on an ex-dividend basis by the 31 August 2017.

**26. Holdings at Fair Value through Other Comprehensive Income at 30 June 2017**  
The following holdings are valued at fair value through Other Comprehensive Income.

	2017 Market value \$'000	2016 Market value \$'000
<b>Investments in equity instruments</b>		
Adelaide Brighton Limited	15,966	15,239
AGL Energy Limited	68,796	51,656
ALS Limited	45,292	31,587
Amcor Limited	21,422	18,207
AMP Limited	11,009	10,945
A.P. Eagers Limited	48,765	69,589
APA Group	18,393	18,534
ARB Corporation Limited	14,313	14,682
Argo Investments Limited	7,561	7,265
ASX Limited	29,430	25,121
AUB Group Limited	13,572	10,552
Australia & New Zealand Banking Group Limited		
- ordinary shares	96,776	81,276
- convertible preference shares	-	1,960
- capital notes 2	203	185
Australian Foundation Investment Company Limited	-	7,050
Auswide Bank Limited	2,229	2,203
Automotive Holdings Group Limited	11,311	11,943
Aveo Group	2,386	4,750
Bank of Queensland Limited	83,655	77,371
Bendigo & Adelaide Bank Limited	63,264	54,813
BHP Billiton Limited	84,668	67,829
BKI Investment Company Limited	1,983	1,934
Blackmores Limited	35,175	48,222
Boral Limited	14,190	10,365
Bradken Limited	-	827
Brambles Limited	13,953	17,742
Brickworks Limited	44,605	46,448
BT Investment Management Limited	7,495	4,150
BWP Trust	4,720	5,766
Caltex Australia Limited	10,431	5,997
Carlton Investments Limited	11,239	11,317
Carsales.Com Limited	11,462	11,334
Challenger Limited	5,069	1,122
Charter Hall Group	6,859	-
Charter Hall Long Wale Reit	3,853	-
CIMIC Group Limited	30,732	28,287
Coca-Cola Amatil Limited	13,535	12,069
Cochlear Limited	5,254	4,098
Commonwealth Bank of Australia	257,535	231,287
Cover-More Group Limited	-	2,591
CSL Limited	81,741	66,433
Diversified United Investment Limited	-	1,167
DuluxGroup Limited	11,487	10,461
EQT Holdings Limited	8,867	8,231
Event Hospitality & Entertainment Limited	13,516	13,381
Finbar Group Limited	2,226	2,309
Fletcher Building Limited	6,113	6,554
Flight Centre Travel Group Limited	3,075	1,841
Goodman Group	10,163	7,881
GrainCorp Limited	3,431	3,127
Gresham Private Equity Co-Investment Fund	18	21
Growthpoint Properties Australia	1,265	-
Insurance Australia Group Limited		
- ordinary shares	39,645	30,603
- convertible preference shares	-	305

**26. Holdings at Fair Value through Other Comprehensive Income at 30 June 2017**  
The following holdings are valued at fair value through Other Comprehensive Income.

	<b>2017</b>	2016
	<b>Market value</b>	Market value
	<b>\$'000</b>	\$'000
IAG Finance(NZ) Limited Perpetual - Reset Exchangeable Notes	-	1,200
Incitec Pivot Limited	5,492	4,784
InvoCare Limited	28,678	25,635
IOOF Holdings Limited	16,821	10,177
Janus Henderson Group PLC	4,839	-
Lendlease Group	11,697	5,853
Lindsay Australia Limited	4,816	5,599
Macquarie Group Limited	57,790	44,795
McMillan Shakespeare Limited	8,436	6,509
MyState Limited	2,158	1,838
National Australia Bank Limited	140,786	120,992
New Hope Corporation Limited	1,974	1,832
Orica Limited	3,916	2,330
Origin Energy Limited	4,817	4,038
Orora Limited	3,130	3,021
Perpetual Limited	68,831	55,894
Premier Investments Limited	7,479	8,417
QBE Insurance Group Limited	30,920	27,310
Qube Holdings Limited	15,239	11,953
Ramsay Health Care Limited	13,968	13,332
Reece Limited	8,993	7,923
Regis Healthcare Limited	6,194	4,203
Rio Tinto Limited	36,925	26,555
Santos Limited	5,101	7,811
Scentre Group	7,288	8,853
Schaffer Corporation Limited	483	352
Select Harvests Limited	793	1,091
Seven Group Holdings Limited - TELYS4 preference shares	525	392
Sims Metal Management Limited	6,867	5,727
Sonic Healthcare Limited	15,123	13,456
Stockland Group	13,819	13,108
Suncorp Group Limited	49,117	39,003
Sydney Airport	18,502	18,111
Tank Stream Ventures	266	89
Tatts Group Limited	4,846	8,839
Telstra Corporation Limited	64,376	83,240
TPG Telecom Limited	23,193	44,405
Transurban Group	41,629	42,121
Treasury Wine Estates Limited	15,714	11,021
UGL Limited	-	3,120
Vicinity Centres	16,585	21,425
Washington H. Soul Pattinson & Company Limited	152,941	155,969
Wesfarmers Limited	113,762	113,705
Westfield Corporation	6,914	9,170
Westpac Banking Corporation	318,869	307,266
Woodside Petroleum Limited	27,804	23,642
Woolworths Limited	74,167	60,664
WorleyParsons Limited	2,750	3,061
	<b>2,763,980</b>	<b>2,568,458</b>

**26. Holdings at Fair Value through Other Comprehensive Income at 30 June 2017**  
The following holdings are valued at fair value through Other Comprehensive Income.

	<b>2017 Market value \$'000</b>	2016 Market value \$'000
<b>Other liquid securities</b>		
APT Pipelines Limited	<b>1,029</b>	<b>1,016</b>
Bank of Queensland Limited - convertible preference shares	<b>5,180</b>	<b>5,170</b>
Colonial Group - subordinated notes	-	<b>1,013</b>
	<b>6,209</b>	<b>7,199</b>