Milton
CORPORATION LIMITED

Appendix 4E Preliminary Final Report

Results for announcement to the market

For the year ended 30 June 2021

(Comparative figures being the year ended 30 June 2020)

	Movement	**2021**
Revenue		
Operating revenue	Down 18.7%	**$97.7 million**
Total investment revenue (including special dividends)	Down 18.3%	**$103.5 million**
Earnings		
Profit after tax attributable to shareholders:		
Including special investment revenue & merger related costs net of tax	Down 21.0%	**$92.4 million**
Excluding special investment revenue & merger related costs net of tax	Down 19.1%	**$90.0 million**
Earnings per share, basic and diluted:		
Including special investment revenue & merger related costs net of tax	Down 21.3%	**13.73 cents**
Excluding special investment revenue & merger related costs net of tax	Down 19.4%	**13.38 cents**
Dividend information		
Final fully franked ordinary dividend	Down 5.9%	**8.0 cents**
Final dividend dates:		
Ex dividend date		**31 August 2021**
Record date		**1 September 2021**
Payment date		**14 September 2021**

The Dividend Reinvestment Plan (DRP) has been suspended. All shareholders will be paid their dividend in cash.

	30 June 2020	**30 June 2021**
Net tangible asset backing per share (NTA)		
Before provision for tax on unrealised capital gains	$4.26	**$5.50**
After provision for tax on unrealised capital gains	$3.83	**$4.69**

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.

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ASX | Media Release

23 July 2021

Milton reports record net tangible assets (NTA) per share of $5.50 and a final fully franked dividend of 8.0 cents per share.

- Total portfolio return of 33.2% in FY21, outperforming the All Ords Accumulation index
- Strong income recovery in 2H21 with a 17.8% increase in dividend income vs PCP
- FY21 Net profit after tax of $92.4 million on total investment revenues of $103.5 million
- Fully franked final dividend of 8.0 cps and full year fully franked dividends of 13.75 cps
- Previously announced proposed merger with Washington H Soul Pattinson (WHSP) subject to shareholder vote later this year, with Scheme Booklet to be dispatched to Milton shareholders in August
- Total shareholder returns for FY21 of 59.1%, in part reflecting strong Milton and WHSP share price performance post the announcement of the proposed merger.

Milton Corporation Limited (ASX:MLT) reported total assets at 30 June 2021 of $3.7 billion, up from $2.9 billion at 30 June 2020, with NTA per share at 30 June 2021 of $5.50.

Milton's total portfolio return for the 12-month period to 30 June 2021 was 33.2%, outperforming the All Ordinaries Accumulation index return of 30.2%. Milton reported a total shareholder return for the 12-month period to 30 June 2021 of 59.1%. The above measures exclude the benefits of franking credits.

Milton also announced today that it would pay a fully franked final dividend of 8.0 cents per share on 14 September 2021. Milton's dividend reinvestment plan has been suspended due to the proposed merger with WHSP and all shareholders will be paid their dividend in cash.

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Full year ordinary fully franked dividends paid to shareholders in relation to FY21 earnings will thus be 13.75 cents per share. This represents a payout ratio of 102.9% of underlying profit. Milton's Board uses underlying profit to determine ordinary dividends due to the volatility of special dividend income.

Milton's total investment revenues, which include special dividends, were $103.5 million for the 2021 financial year. Milton's net profit after tax for the year ended 30 June 2021 declined by 21.0% to $92.4 million. Milton's underlying profit for the year, which excludes special dividends, declined by 19.1% to $90.0 million.

Milton's underlying earnings per share for the full year fell by 19.4% to 13.4 cents while earnings per share fell 21.3% to 13.7 cents per share.

Whilst dividends from Milton's diversified portfolio were sharply lower in the first half of FY21 due to COVID related reductions, dividends in the second half of FY21 increased by 17.8% from the second half of 2020 as economies reopened and company earnings recovered.

Reduced interest was received on Milton's cash balances due to lower term deposit rates. Milton's property joint ventures performed well with profits up 246% from 2020 as sales volumes increased materially.

Milton's Managing Director, Mr. Brendan O'Dea said, "We are pleased to see the strong recovery in the portfolio in the second half of FY21 in terms of both dividend income and capital growth. We made transformative changes to the portfolio in the 2020 financial year and those changes contributed to Milton's 2021 outperformance. Importantly Milton remained invested and added selectively to the portfolio during the volatility in the first half of FY21."

"We note that conditions remain uncertain but as long-term investors Milton will continue to seek opportunities to refine the portfolio and add new companies to generate long-term income and capital growth". Mr O'Dea added.

Milton's management expense ratio (MER) was 0.14%, and Milton charges no management or performance fees. Milton remains one of the lowest cost professionally managed vehicles available to investors.

PORTFOLIO INVESTMENTS & RETURNS

Equity assets at 30 June 2021 were $3.6 billion. Cash balances were $79.1 million reduced from $114.1 million at 30 June 2020. Joint venture investments are held on balance sheet at $23.8 million, Milton continues to have no debt.

After a transformative 2020 financial year, the 2021 financial year was less active in terms of portfolio changes with $79.8 million added to new and existing equity investments. Investments were increased in Johns Lyng Group, Magellan Financial Group, Amcor PLC, Pro Medicus, Carsales.com, EQT Holdings, Coles Group, Pendal Group, IOOF Holdings and Cleanaway Waste Management. A new investment was made in IPH.

$43.2 million of portfolio sales were made in 2021 and included the complete disposals of Milton's investments in Coca Cola Amatil (due to takeover), QBE Insurance Group and Sims. Milton's Investment in the Charter Hall Long WALE REIT was reduced.

During the year Woolworths Limited demerged its hotel business Endeavour Group Limited. As is its practice, Milton recognized the transaction through its capital account as it is non-cash. We note that certain industry peers will record this as a demerger dividend through profit and loss. The gain on demerger taken to reserves is approximately $16.1 million.

Mr O'Dea said, "We are pleased to see the strong performance of the new investments that Milton has added to the portfolio over the last 18 months. Whilst Milton's income was impacted in the short term due to a reduction in certain of our bank shareholdings in 2020, we believe that shareholders will enjoy stronger income and capital growth over the long term".

PROPOSED SCHEME OF ARRANGEMENT WITH WHSP

On 22 June 2021, Milton announced a proposed merger with W H Soul Pattinson (WHSP) where WHSP would acquire 100% of the share capital of Milton via Scheme of Arrangement.

The offer consists of a scrip consideration reflecting a 10% premium to Milton's NTA before tax (adjusted for any final and special dividends), capped at $31 per WHSP share.

In addition to the 8 cents final dividend announced today, Directors expect to announce a fully franked special dividend of approximately 37 cents per share payable if the Scheme of Arrangement is approved. In that event, shareholders will also be eligible for the expected WHSP final dividend.

The Independent Milton Directors consider the Scheme to be in the best interests of Milton Shareholders having regard to the attractive premium to net tangible assets offered to Milton Shareholders, the allowance for payment of fully franked dividends, the retention of Milton's existing management team and the diversified investment proposition created by combining Milton and WHSP, two well established investment companies with similar investment approaches.

	1H21	2H21	FY21	1H20	2H20	FY20
	$m	$m	$m	$m	$m	$m
Dividend income including specials	40.5	58.0	98.5	73.7	49.3	123.0
Capital growth before provision for tax	388.0	445.6	833.6	(1.8)	(425.4)	(427.2)
Total Return	**428.5**	**503.6**	**932.1**	**71.9**	**(376.1)**	**(304.2)**

Mr O'Dea said, "Milton's FY21 performance underscores the value of Milton's portfolio and dividend record, as well as highlighting opportunities for diversification in the merger. If the Scheme is approved, the combined group will be able to build on the legacies and the skills of both the Milton and WHSP investment teams to pursue capital and income growth and invest for the benefit of our combined shareholder bases."

OUTLOOK

Milton forecasts FY22 earnings to be higher than FY21 as dividend payments are expected to increase from its diversified portfolio of 75 companies. We expect stronger dividend production particularly from Milton's financial services and resource sector investments.

Valuations in the equity market are at historically high levels but forward multiples are showing signs of moderation due to robust future earnings expectations. Elevated valuations appear to be driven primarily by low interest rates. We do not expect cash rates to increase sharply in the short term, but note that long-term interest rates have begun to rise in certain markets due to inflationary concerns.

Mr O'Dea said, "Asset markets remain very buoyant with elevated valuations. We believe that this is primarily a function of low interest rates and surplus liquidity across developed economies. The successful vaccine programs in most OECD countries have contributed to confidence as economies re-open. Central banks have reiterated their support with Australia's RBA guiding to low rates for the medium term. Company earnings have recovered sharply and most key economic measures are strong and growing. This globally synchronised recovery provides a very favourable backdrop for equities.

"Notwithstanding this, we expect to see continued volatility as the COVID situation evolves and markets consider the future exit from accommodative policy settings. We will continue to ensure that we have the financial flexibility to invest should the right opportunities present."

"Should Milton's shareholders approve the proposed Scheme of Arrangement, we will look forward to working with the WHSP management team and together continue to pursue opportunities to invest for long-term income and capital growth" Mr O'Dea added.

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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.

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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 30 June 2021 was valued at $3.6 billion
- Total assets at 30 June 2021 were valued at $3.7 billion

Milton is an efficient and low cost manager of investments

- Annual operating costs represent 0.14% 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 30 June 2021 classified by Global Industry Classification Standard ("GICS") as adopted by the ASX.

Classification	Total Assets %
Banks	18.9
Other Financials	12.3
Materials	12.1
Consumer Discretionary	9.8
Energy	9.6
Industrials	9.0
Health Care	6.5
Consumer Staples	5.3
Insurance	3.8
Real Estate	3.6
Communication Services	3.6
Utilities	1.3
Information Technology	0.8
Total Shares	**96.6**
Cash	2.1
Other Assets	1.3
Total	**100.0**

MILTON'S INVESTMENT PROFILE

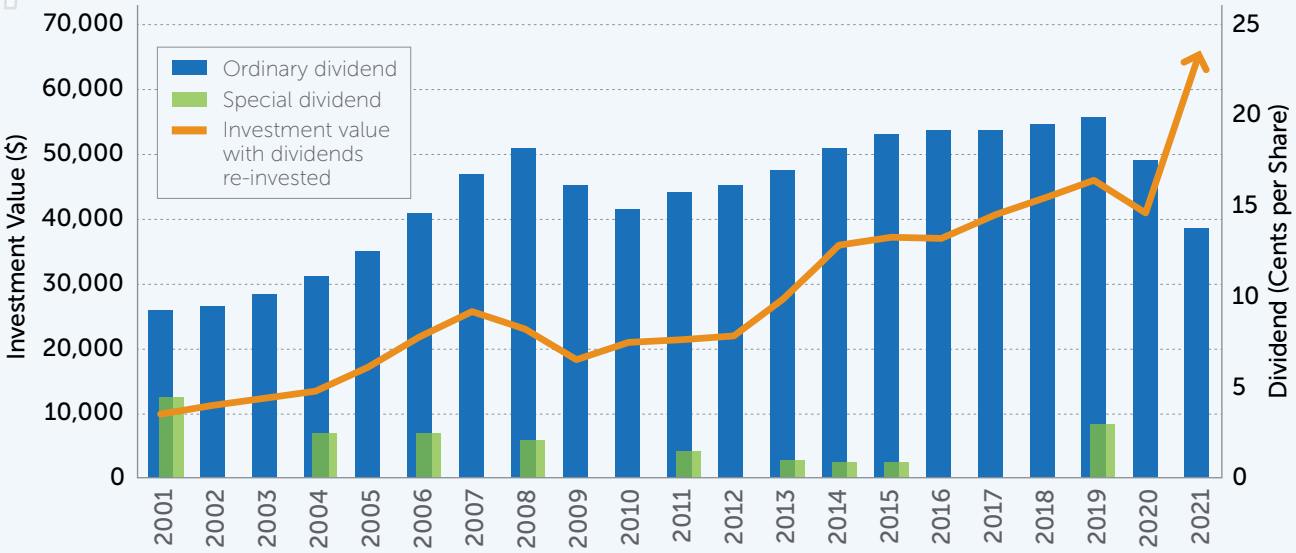
The 25 largest investments at 30 June 2021 are set out below.

Company	Market Value $m
Commonwealth Bank	313.6
W H Soul Pattinson & Company	309.5
Westpac Banking Corporation	258.0
Macquarie Bank Limited	254.4
BHP Group Limited	235.8
CSL Limited	171.5
Wesfarmers Limited	170.1
National Australia Bank	128.0
Eagers Automotive Limited	112.5
Woolworths Limited	112.0
Rio Tinto Limited	84.7
Transurban Group	82.7
Brickworks Limited	81.1
ALS Limited	79.3
Telstra Corporation Limited	57.3
Coles Group Limited	51.2
Perpetual Limited	49.3
Amcor PLC	48.7
Johns Lyng Group	46.5
ASX Limited	42.7
Charter Hall Group	39.7
ARB Corporation Limited	39.3
Sonic Healthcare Limited	36.1
Goodman Group	35.8
Suncorp Group Limited	35.8
Total market value of Top 25	2,875.6
Total Assets	**3,710.2**

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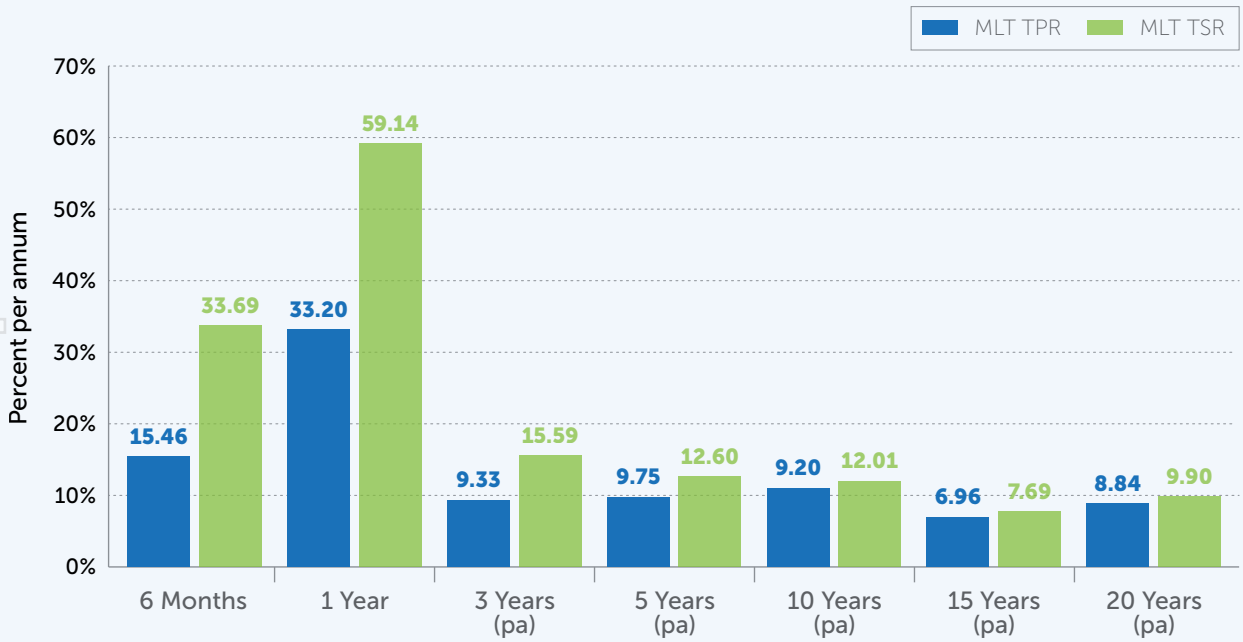
PERFORMANCE CHARTS

Dividend and Investment Growth over 20 years



If $10,000 invested in MLT in June 2001, and if dividends were re-invested over the 20 years, the value of the investment in June 2021 would be worth $66,087. Ordinary dividends increased from 8.80cps in FY2001 (adjusted for 5:1 split in Oct 2013) to 13.75cps in FY2021.

Total Returns over 20 years



Total portfolio return (TPR) *is the percentage change in Milton's NTA per share plus dividends received by shareholders.*
Total shareholder return (TSR) *is the percentage change in Milton's share price plus dividends received by shareholders.*
TPR and TSR above do not take into account franking credits which may be of benefit to certain shareholders.

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Financial Statements

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Consolidated Income Statement
for the year ended 30 June 2021

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	Note	2021 $'000	2020 $'000
Ordinary dividends and distributions	1a	**95,725**	117,210
Interest	1c	**377**	1,478
Net gains on trading portfolio	1d	**1,016**	789
Other revenue		**545**	661
Operating Revenue		**97,663**	120,138
Share of net profits of joint ventures – equity accounted	8a	**3,074**	888
Special dividends and distributions	1b	**2,799**	5,761
Income from operating activities		**103,536**	126,787
Administration expenses		**(4,844)**	(4,528)
Merger and acquisition related costs		**(441)**	–
Profit before income tax expense		**98,251**	122,259
Income tax expense thereon	2a	**(5,872)**	(5,302)
Profit attributable to shareholders of Milton		**92,379**	116,957

	Note	2021 Cents	2020 Cents
Basic and diluted earnings per share	3	**13.73**	17.45

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 year ended 30 June 2021

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	2021 $'000	2020 $'000
Profit	**92,379**	116,957
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Revaluation of investments	**833,591**	(427,178)
Provision for tax (expense) benefit on revaluation of investments	**(255,285)**	127,171
Other comprehensive income, net of tax	**578,306**	(300,007)
Total comprehensive income for the year attributable to the shareholders of Milton	**670,685**	(183,050)

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 30 June 2021

For personal use only

	Note	2021 $'000	2020 $'000
Current assets			
Cash	9	**79,106**	114,069
Receivables	10a	**13,875**	10,938
Prepayments		**55**	410
Total current assets		**93,036**	125,417
Non-current assets			
Investments	7	**3,581,349**	2,706,159
Joint ventures – equity accounted	8b	**23,780**	24,709
Receivables	18b	**5,871**	4,117
Property, plant and equipment		**5,916**	5,376
Deferred tax assets	2c	**243**	292
Total non-current assets		**3,617,159**	2,740,653
Total assets		**3,710,195**	2,866,070
Current liabilities			
Payables		**1,290**	1,456
Current tax liabilities		**100**	782
Provisions		**114**	66
Total current liabilities		**1,504**	2,304
Non-current liabilities			
Deferred tax liabilities	2d	**545,893**	289,725
Provisions		**226**	274
Total non-current liabilities		**546,119**	289,999
Total liabilities		**547,623**	292,303
Net assets		**3,162,572**	2,573,767
Shareholders' equity			
Issued capital	11	**1,658,174**	1,644,321
Capital profits reserve	12b	**84,507**	74,263
Asset revaluation reserve	12a	**1,229,096**	661,034
Retained profits		**190,795**	194,149
Total equity attributable to shareholders of Milton		**3,162,572**	2,573,767

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 year ended 30 June 2021

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	Issued capital	Capital profits reserve	Asset revaluation reserve	Retained profits	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2020	**1,644,321**	**74,263**	**661,034**	**194,149**	**2,573,767**
Profit	–	–	–	**92,379**	**92,379**
Other comprehensive income	–	–	**578,306**	–	**578,306**
Total comprehensive income	–	–	**578,306**	**92,379**	**670,685**
Net realised gains	–	**10,244**	**(10,244)**	–	–
Transactions with shareholders:					
Share issues	**13,853**	–	–	–	**13,853**
Dividends paid	–	–	–	**(95,733)**	**(95,733)**
Balance at 30 June 2021	**1,658,174**	**84,507**	**1,229,096**	**190,795**	**3,162,572**

	Issued capital	Capital profits reserve	Asset revaluation reserve	Retained profits	Total equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2019	1,633,055	66,148	969,156	207,087	2,875,446
Profit	–	–	–	116,957	116,957
Other comprehensive income	–	–	(300,007)	–	(300,007)
Total comprehensive income	–	–	(300,007)	116,957	(183,050)
Net realised gains	–	8,115	(8,115)	–	–
Transactions with shareholders:					
Share issues	11,266	–	–	–	11,266
Dividends paid	–	–	–	(129,895)	(129,895)
Balance at 30 June 2020	1,644,321	74,263	661,034	194,149	2,573,767

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 year ended 30 June 2021

For personal use only

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Dividends and distributions received		**95,465**	126,106
Interest received		**568**	1,564
Distributions received from joint venture entities		**4,003**	967
Other receipts in the course of operations		**546**	959
Proceeds from sales of trading securities		**17,240**	7,317
Payments for trading securities		**(16,224)**	(6,528)
Other payments in the course of operations		**(4,185)**	(4,740)
Income taxes paid		**(5,639)**	(4,549)
Net cash provided by operating activities	22a	**91,774**	121,096
Cash flows from investing activities			
Proceeds from disposal of investments		**43,171**	276,270
Proceeds from redemption of other financial assets		**–**	1,465
Payments for investments in equities and trusts		**(79,805)**	(268,670)
Payments for investments in joint ventures		**–**	(1,663)
Payments for mergers and acquisitions	16	**(441)**	–
Cash on acquisition of subsidiaries		**358**	–
Payments for property, plant and equipment		**(1,026)**	(5,377)
Loans repaid by other entities		**660**	324
Loans advanced to other entities		**(2,377)**	(1,043)
Net cash provided by (used in) investing activities		**(39,460)**	1,306
Cash flows from financing activities			
Payments for share issue costs		**(42)**	(32)
Ordinary dividends paid	4a	**(87,235)**	(118,607)
Net cash used in financing activities		**(87,277)**	(118,639)
Net (decrease) increase in cash assets held		**(34,963)**	3,763
Cash assets at the beginning of the year		**114,069**	110,306
Cash assets at the end of the year	9	**79,106**	114,069

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
for the year ended 30 June 2020

Key Numbers

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1. Revenue

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

	2021 $'000	2020 $'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	**94,602**	106,797
Investments sold during the year	**1,123**	10,413
	95,725	117,210
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	**2,799**	5,761
Investments sold during the year	**–**	–
	2,799	5,761

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 and cash	**377**	1,478
	377	1,478

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	**1,016**	789

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.

Notes to the Consolidated Financial Statements
continued

Key Numbers

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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.

	2021 $'000	2020 $'000
a. Reconciliation of Income Tax Expense to prima facie tax payable		
Profit before income tax	**98,251**	122,259
Prima facie income tax expense calculated at 30% on the profit before income tax expense	**29,476**	36,678
Increase (decrease) in income tax expense due to:		
Tax offset for franked dividends	**(23,930)**	(30,823)
(Over) provision in prior year	**(557)**	(792)
Other differences	**883**	239
Income tax expense on profit	**5,872**	5,302
b. Tax expense composition		
Current tax on profits for the year	**5,497**	5,857
(Over) provision in prior year	**(557)**	(792)
Decrease (increase) in deferred tax assets (note 2c)	**49**	(2)
Increase in deferred tax liabilities (note 2d)	**883**	239
	5,872	5,302
c. Deferred tax assets		
The balance comprises temporary differences attributable to:		
Provisions	**127**	279
Share issue expenses	**4**	–
Other	**112**	13
Total deferred tax assets	**243**	292
Movements:		
Balance at 1 July	**292**	294
(Charged) credited to the income statement	**(49)**	2
(Charged) to equity	**–**	(4)
Balance at 30 June	**243**	292
To be recovered within 12 months	**91**	39
To be recovered after more than 12 months	**152**	253
	243	292

Notes to the Consolidated Financial Statements
continued

Key Numbers

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2. Tax (continued)

	2021 $'000	2020 $'000
d. Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Amounts recognised directly in equity:		
Revaluation of investments	**539,441**	289,876
Realised capital losses	**(15,363)**	(16,529)
Amounts recognised in profit:		
Gains on scrip for scrip rollovers	**21,399**	16,045
Income receivable which is not assessable for tax until receipt	**416**	333
	545,893	289,725
Movements:		
Balance at 1 July	**289,725**	416,657
Charged to income statement	**883**	239
Charged (credited) to other comprehensive income	**255,285**	(127,171)
Balance at 30 June	**545,893**	289,725
To be settled beyond 12 months	**545,893**	289,725

The income tax expense for the year 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.

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.

Notes to the Consolidated Financial Statements
continued

Key Numbers

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2. Tax (continued)

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.

3. Earnings Per Share

	2021	2020
	Cents	Cents
Basic earnings per share	**13.73**	17.45
	$'000	$'000
Profit attributable to shareholders of the parent entity	**92,379**	116,957
	No. of Shares	No. of Shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**672,708,732**	670,366,099

Diluted earnings per share and basic earnings per share are the same because there are no potential dilutive ordinary shares.

4. Dividends Paid

	2021	2020
	$'000	$'000
a. Recognised in the current year		
An ordinary final dividend of 8.5 cents per share in respect of the 2020 financial year paid on 2 September 2020 (2020: Ordinary final dividend of 10.4 cents per share paid on 3 September 2019)	**57,063**	69,572
An ordinary interim dividend of 5.75 cents per share paid on 4 March 2021 (2020: 9.0 cents per share paid on 5 March 2020)	**38,670**	60,323
	95,733	129,895
Dividends paid in cash	**87,235**	118,607
Dividends reinvested in shares	**8,498**	11,288
	95,733	129,895

Notes to the Consolidated Financial Statements
continued

Key Numbers

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4. Dividends Paid (continued)

	2021 $'000	2020 $'000
b. Not recognised in the current year		
Since the end of the financial year, the directors declared an ordinary final dividend in respect of the 2021 year of 8.0 cents per share payable on 14 September 2021 (2020: ordinary final dividend of 8.5 cents per share paid on 2 September 2020)	**53,938**	57,063

5. Dividend Franking Account

	2021 $'000	2020 $'000
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 and franked dividend receivable	**121,416**	122,864
Subsequent to year end, the franking account will be reduced by the proposed final dividend to be paid on 14 September 2021 (2020: final dividend paid on 2 September 2020)	**(23,116)**	(24,455)
	98,300	98,409

The franking account balance would allow Milton to frank additional dividend payments up to an amount of $229,367,362 (2020: $229,621,193) which represents 34 cents per share (2020: 34 cents per share).

6. Listed Investment Company capital gains account

	2021 $'000	2020 $'000
Balance of the Listed Investment Company (LIC) capital gains account available to shareholders for the subsequent financial year	**1,688**	1,655

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.

Notes to the Consolidated Financial Statements
continued

Assets

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7. Investment in equity instruments

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

	2021 $'000	2020 $'000
Investments – non-current		
Quoted investments – at fair value	**3,580,934**	2,705,785
Unquoted investments – at fair value	**415**	374
	3,581,349	2,706,159
a. Included in quoted investments are:		
Shares in other corporations	**3,330,385**	2,476,375
Stapled securities in other corporations	**250,549**	229,410
	3,580,934	2,705,785
b. Included in unquoted investments are:		
Units in trusts	**415**	374

Investments are recognised initially at cost and Milton has made an irrevocable election 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.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

	2021 $'000	2020 $'000
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	**59,298**	276,270
Gains on disposal after tax		
Equity investments	**10,244**	8,115

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 12.

Notes to the Consolidated Financial Statements
continued

Assets

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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.

		2021	2020
		$'000	$'000
a.	**Contribution from joint venture entities**		
	Milton has interests in the following joint venture entities:		
	33.33% interest in the Ellenbrook Syndicate Joint Venture contribution to operating profit before tax (2020: 33.33%)	**2,224**	1,213
	23.33% interest in The Mews Joint Venture contribution to operating profit before tax (2020: 23.33%)	**207**	85
	50% interest in the LWP Huntlee Syndicate No 2 Joint Venture (2020: 50%)	**100**	(410)
	Write back of provision for diminution in value	**543**	–
	Share of net profits of joint ventures	**3,074**	888
b.	**Consolidated interest in the assets and liabilities of the joint venture entities**		
	Current assets	**12,506**	12,612
	Non-current assets	**17,217**	19,310
	Current liabilities	**(1,442)**	(2,696)
	Non-current liabilities	**(4,501)**	(3,974)
		23,780	25,252
	Provision for diminution in value	**–**	(543)
	Net assets	**23,780**	24,709

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.

Notes to the Consolidated Financial Statements
continued

Assets

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8. Investment in joint venture entities (continued)

c. Contingencies and capital commitments

Guarantee facility by parent company

Milton agreed to provide a guarantee subject to a maximum of $10 million to Bankwest to support a repayment of a principal amount on a loan payable on 30 June 2022 (or on a later agreed date) 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. As at 30 June 2021 Milton's contingent liability amounted to $10 million (30 June 2020: $10 million).

Other than the above, the directors are not aware of any material contingent liabilities, contingent assets or capital commitments as at 30 June 2021.

9. Cash

Cash include cash at bank, deposits with banks or financial institutions and term deposits maturing within three months or less.

	2021	2020
	$'000	$'000
Cash at bank	**3,142**	6,034
Deposits at call	**39,964**	38,035
Term deposits	**36,000**	70,000
	79,106	114,069

The weighted average interest rate for cash and deposits at call as at 30 June 2021 is 0.4% p.a. (2020: 0.2% p.a.). The weighted average interest rate of term deposits as at 30 June 2021 is 0.4% (2020: 1.4%) with an average term of 6.8 months (2020: 4.5 months).

10. Receivables

	2021	2020
	$'000	$'000
a. Receivables – current		
Dividends receivable	**13,677**	10,523
Interest receivable	**67**	258
Sundry debtors	**131**	157
	13,875	10,938

b. Terms and conditions

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

Notes to the Consolidated Financial Statements
continued

Capital Management

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11. Share capital

Milton may offer 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.

All capital consists of fully paid ordinary shares which are listed on the ASX and carry one vote per share and equal rights to receive dividends.

Movement in share capital	**2021** No. of Shares	**2021** $'000	2020 No. of Shares	2020 $'000
Opening balance	**671,326,397**	**1,644,321**	668,963,092	1,633,055
Acquisition of unlisted investment companies	**972,243**	**5,387**	–	–
Dividend Reinvestment Plan[1]	**1,931,724**	**8,498**	2,363,305	11,288
Less: Transaction costs (net of tax)	**–**	**(32)**	–	(22)
Closing balance	**674,230,364**	**1,658,174**	671,326,397	1,644,321

1 Milton's Dividend Reinvestment Plan (DRP) offers shareholders the option to reinvest all or part of their dividend in new ordinary shares. In the 2021 financial year, Milton issued 1,203,381 new shares in September 2020 and 728,343 new shares in March 2021 under the DRP (2020:1,288,011 issued in September 2019 and 1,075,294 issued in March 2020).

12. 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 7. Upon disposal of long-term investments, the realised gain or loss, net of any tax expense or benefit, is transferred from the asset revaluation reserve and recorded in the capital profits reserve.

	2021 $'000	2020 $'000
a. Asset revaluation reserve		
Opening balance	**661,034**	969,156
Revaluation of investments net of provision for tax	**578,306**	(300,007)
Net realised (gains)	**(10,244)**	(8,115)
	1,229,096	661,034
b. Capital profits reserve		
Opening balance	**74,263**	66,148
Net realised (losses) gains	**10,244**	8,115
	84,507	74,263

Notes to the Consolidated Financial Statements
continued

Risk

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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.

13. 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.

14. Management of financial risk

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

The Board 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 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. Cash is invested for the short to medium term with major Australian banks which have a Standards and Poor's short term rating of A2 and above.

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.

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 of the quoted investments 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.

Notes to the Consolidated Financial Statements
continued

Risk

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14. Management of financial risk (continued)

Investments represent 97% (2020: 94%) of total assets. A 5% movement in the market value of investments in each of the companies and trusts within the portfolio would result in a 4.8% (2020: 4.7%) movement in the net assets before provision for tax on unrealised capital gains at 30 June 2021. The net asset backing before provision for tax on unrealised capital gains would move by 27 cents per share at 30 June 2021 (2020: 20 cents at 30 June 2020).

Milton's management continuously 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 directly exposed to foreign currency risk as all its investments are quoted in Australian dollars.

The fair value of Milton's other financial instruments are 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. All accounts payable are due and payable within 1-3 months.

15. Capital risk management

The parent entity invests its equity in a diversified portfolio of assets with the objective of generating 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 other investment companies.

Notes to the Consolidated Financial Statements
continued

Group Structure

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16. 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 financial statements. The parent entity and all subsidiaries are incorporated in Australia:

Percentage of Interest held	2021 %	2020 %
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
ACN007531240 Pty Limited	**–**	100
Kay Harrison Pty Limited	**100**	–

c. Acquisition and disposal of subsidiaries

Milton acquired 100% shares on an unlisted investment company for a total consideration of 972,243 new Milton shares with a fair value of $4,695,934 in April 2021. ACN 007531240 Pty Ltd acquired in 2019 was placed into voluntary liquidation during the year.

(2020: Unlisted investment company Kembar Pty Ltd acquired in February 2019 was placed into voluntary liquidation).

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.

Notes to the Consolidated Financial Statements
continued

Other Information

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17. Related party transactions

	2021 $'000	2020 $'000
a. Directors and Key Management Personnel compensation		
Short-term benefits	**1,437**	1,414
Other long-term benefits	**5**	4
Post-employment benefits	**102**	101
Share-based payments	**106**	107
	1,650	1,626

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

Non-executive directors and their related parties held 5.6% (2020: 5.6%) 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 2021.

	2021 No of shares	2020 No of shares
Number of shares at beginning of the year	**37,842,095**	37,397,579
Acquired during the year	**26,970**	444,516
Disposed of during the year	**(415)**	–
Number of shares held at end of year	**37,868,650**	37,842,095

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.

	2021 $	2020 $
Balance at beginning of the year	**2,095,698**	1,567,499
Loans advanced	**1,434,082**	602,009
Loans repaid	**(60,485)**	(73,810)
Balance at end of the year	**3,469,295**	2,095,698
Notional interest	106,195	107,196

Notional interest is based on the applicable FBT benchmark interest rate for the year which averaged 4.73% (2020: 5.20%).

The loans are advanced to key management personnel in accordance with the Senior Staff Share Plan (SSSP) as disclosed in Note 18b.

Notes to the Consolidated Financial Statements
continued

Other Information

For personal use only

17. Related party transactions (continued)

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 Mr R.D. Millner and Dr I.A. Pollard. During the 30 June 2004 year, Milton and the directors varied the Remuneration and Retirement Benefits Deed, whereby the maximum retirement benefit payable to a non–executive director on retirement will be the provision for the director as at 30 June 2003. Apart from the details disclosed in this note no director has entered into a material contract with the parent entity or Milton since the end of the previous financial year and there were no material contracts involving directors' interests subsisting at the end of the year.

e. Loans to and from subsidiaries

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

	2021 $	2020 $
Amounts owed by (to) subsidiaries at beginning of the year	**1,739,060**	(12,959,503)
Loans advanced from subsidiaries	**(9,412,135)**	(967,649)
Loans advanced to subsidiaries	**27,057,886**	15,666,212
Amounts owed by (to) subsidiaries at end of the year	**19,384,811**	1,739,060

18. 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 470 shares (2020:414 shares) were acquired by Milton on behalf of eligible employees under the ESP at a cost of $2,080 (2020: $2,088) with a total market value at 30 June 2021 of $2,961. 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.

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.

Notes to the Consolidated Financial Statements
continued

Other Information

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18. Share based payments (continued)

b. Senior Staff Share Plan (continued)

The trustee of the plan on behalf of eligible employees acquired 254,000 shares (2020: 210,000 shares) at a cost of $1,056,419 (2020: $1,011,375) in relation to 2020 financial year and 234,000 shares in relation to 2021 financial year at a cost of $1,357,153. The shares acquired by the trustee during the year had a market value of $3,074,400 at $6.30 per share as at 30 June 2021. The SSSP loan receivable balance from eligible employees as at 30 June 2021 was $5,870,932 (2020: $4,117,515).

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.

19. Auditors Remuneration

	2021	2020
	$'000	$'000
Auditors of the company		
Audit and review services	**123**	119
Related practice of the auditor		
Agreed upon procedures	**17**	–
Other services	**–**	7
	140	126

Notes to the Consolidated Financial Statements
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Other Information

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20. 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 30 June 2021, and throughout, the financial year ended 30 June 2021 the parent entity was Milton Corporation Limited.

	2021 $'000	2020 $'000
Profit of the parent entity		
Profit for the year	**90,681**	116,252
Total comprehensive income for the year	**670,685**	(183,050)
Financial position of the parent entity as at 30 June		
Current assets	**93,606**	125,394
Non-current assets	**3,618,850**	2,743,474
Total assets	**3,712,456**	2,868,868
Current liabilities	**(1,324)**	(2,580)
Non-current liabilities	**(548,560)**	(292,521)
Total liabilities	**(549,884)**	(295,101)
Net assets	**3,162,572**	2,573,767
Total equity of the parent entity comprising		
Issued capital	**1,658,174**	1,644,321
Capital profits reserves	**93,092**	82,848
Asset revaluation reserve	**1,286,473**	716,713
Retained profits	**124,833**	129,885
Total equity attributable to shareholders of the parent entity	**3,162,572**	2,573,767

21. 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.

Notes to the Consolidated Financial Statements
continued

Other Information

For personal use only

21. Summary of other accounting policies (continued)

New and amended standards adopted:

There are no other new standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

New and amended standards not adopted:

New standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 Jan 2021 have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of Milton.

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

d. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Milton consolidated group, and that the cost of the item can be measured reliably.

All other repairs and maintenance costs are charged to the income statement during the reporting period in which they are incurred.

The depreciable amount of all fixed assets including building, but excluding freehold land, is depreciated commencing from the time the asset is held ready for use. Depreciating is calculated on straight line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Building	40 years
Plant and equipment	2–15 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals determined by comparing proceeds with carrying amounts are included in the income statement.

Notes to the Consolidated Financial Statements
continued

Other Information

For personal use only

22. Cash flow information

	2021 $'000	2020 $'000
a. Reconciliation of net profit to net cash provided by operating activities		
Net profit	**92,379**	116,957
Share of net profits of joint ventures – equity accounted	**(3,074)**	(888)
Distributions received from joint venture entities	**4,003**	967
Merger and acquisition related costs	**441**	–
Depreciation of non-current assets	**171**	37
Decrease (Increase) in receivables	**(2,869)**	3,522
(Decrease) increase in payables and provisions	**495**	(274)
Increase in income taxes payable	**233**	753
Increase (decrease) in provisions	**(5)**	22
Net cash provided by operating activities	**91,774**	121,096

b. Non–cash financing and investing activities

Milton acquired an unlisted investment company through an issue of 972,243 new Milton shares with a total fair value of $4,695,934 during the year ended 30 June 2021 (2020: Nil)..

23. Contingent liabilities

Contingent liability relating to the interest servicing guarantee facility of $10 million provided on behalf of LWP Huntlee Syndicate No.2 joint venture as disclosed in Note 8c.

Milton has engaged Greenhill and Co. Australia Pty Limited (Greenhill) to provide financial advisory services in relation to the proposed merger with WHSP via a scheme of arrangement. In the event the merger is completed, a fee capped at $3,250,000 is payable to Greenhill (any retainer fees paid in the 12 months prior to the merger completion date will be rebated against this fee). The scheme of arrangement becomes complete when the scheme of arrangement becomes effective (estimated late September 2021).

Apart from the above, the directors are not aware of any other material contingent liabilities.

24. Events subsequent to reporting date

Since the end of the financial year, the directors declared a fully franked ordinary final dividend of 8.0 cents per share payable on 14 September 2021.

Milton has entered into a Scheme Implementation Agreement with WHSP, under which it is proposed WHSP will acquire 100% of share capital in Milton it does not already own. The proposed Scheme implementation date is estimated to be in early October 2021. The Scheme Booklet including Notice of Scheme meeting and Independent Expert Report will be sent out to Milton shareholders in early August 2021.

Notes to the Consolidated Financial Statements
continued

Holdings

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25. Holdings at Fair Value through Other Comprehensive Income at 30 June 2021

The following holdings are valued at fair value through Other Comprehensive Income.

	2021		2020	
Investments in equity instruments	**Holding** Shares	**Market value** $'000	Holding Shares	Market value $'000
AGL Energy Ltd.	**3,570,141**	**29,275**	3,570,141	60,871
ALS Ltd.	**6,079,431**	**79,276**	6,079,431	39,881
Altium Ltd.	**318,500**	**11,686**	318,500	10,345
Amcil Ltd.	**280,927**	**343**	–	–
Amcor PLC	**3,218,512**	**48,696**	2,433,512	35,237
Ampol Ltd.	**394,000**	**11,115**	394,000	11,552
APA Group	**2,077,766**	**18,492**	2,077,766	23,126
ARB Corporation Ltd.	**911,065**	**39,349**	911,065	16,354
Argo Investments Ltd.	**2,010,741**	**17,956**	1,880,841	13,523
ASX Ltd.	**548,965**	**42,660**	548,965	46,871
AUB Group Ltd.	**1,292,991**	**28,950**	1,292,991	19,007
Australia & New Zealand Banking Group Ltd.	**11,110**	**313**	–	–
Australian Foundation Investment Company Ltd.	**198,059**	**1,549**	470,513	2,865
BHP Group Ltd.	**4,854,921**	**235,804**	4,854,921	173,903
BKI Investment Company Ltd.	**1,223,866**	**1,983**	1,223,866	1,695
Brambles Ltd.	**1,431,966**	**16,381**	1,431,966	15,565
Brickworks Ltd.	**3,234,567**	**81,091**	3,234,567	51,203
Carlton Investments Ltd.	**356,778**	**10,707**	356,778	8,195
Carsales.com Ltd.	**1,368,245**	**27,037**	1,197,000	21,235
Charter Hall Group	**2,556,000**	**39,669**	2,556,000	24,768
Charter Hall Long WALE REIT	**2,609,797**	**12,397**	5,082,095	21,751
CIMIC Group Ltd.	**845,739**	**16,729**	845,739	20,399
Cleanaway Waste Management Ltd	**11,710,000**	**30,914**	11,250,000	24,750
Coca–Cola Amatil Ltd.	**–**	**–**	1,061,584	9,193
Cochlear Ltd.	**33,800**	**8,506**	33,800	6,386
Coles Group Ltd.	**2,997,375**	**51,225**	2,877,375	49,405
Commonwealth Bank of Australia	**3,140,470**	**313,639**	3,140,470	218,011
CSL Ltd.	**601,198**	**171,456**	601,198	172,544
Diversified United Investment Ltd.	**130,607**	**678**	130,607	552
Djerriwarrh Investments Ltd.	**217,500**	**667**	–	–
Eagers Automotive Ltd.	**6,795,986**	**112,542**	6,795,986	45,873
Endeavour Group Ltd.	**2,936,973**	**18,474**	–	–
EQT Holdings Ltd.	**759,524**	**20,811**	593,954	14,700
Event Hospitality & Entertainment Ltd.	**1,010,921**	**12,778**	1,010,921	8,502
Finbar Group Ltd.	**3,642,464**	**3,096**	3,642,464	2,550
Goodman Group	**1,690,376**	**35,785**	1,690,376	25,102
Insurance Australia Group Ltd.	**6,026,948**	**31,098**	6,026,948	34,775
InvoCare Ltd.	**2,050,914**	**23,729**	2,050,914	21,494
IOOF Holdings Ltd.	**3,303,924**	**14,108**	2,575,014	12,669
IPH Ltd.	**1,535,922**	**11,980**	–	–
Johns Lyng Group Ltd.	**9,110,796**	**46,465**	1,950,000	4,583
Lendlease Group	**972,539**	**11,145**	972,539	12,030

Investments in equity instruments	2021 Holding Shares	2021 Market value $'000	2020 Holding Shares	2020 Market value $'000
Lindsay Australia Ltd.	**13,341,599**	**5,003**	13,341,599	4,670
Macquarie Group Ltd.	**1,625,990**	**254,354**	1,625,990	192,842
McMillan Shakespeare Ltd.	**803,532**	**10,406**	803,532	7,296
Magellan Financial Group Ltd.	**280,800**	**15,124**	25,000	1,450
Mirrabooka Investments Ltd.	**43,600**	**156**	–	–
National Australia Bank Ltd.	**4,880,441**	**127,965**	4,868,831	88,710
Origin Energy Ltd.	**1,580,301**	**7,127**	1,580,301	9,229
Pendal Group Ltd.	**2,602,949**	**20,980**	2,116,643	12,636
Perpetual Ltd.	**1,231,982**	**49,341**	1,231,982	36,553
Premier Investments Ltd.	**590,321**	**16,853**	590,321	10,183
Pro Medicus Limited	**180,000**	**10,570**	75,000	1,985
QBE Insurance Group Ltd.	**–**	**–**	789,375	6,994
Qube Holdings Ltd.	**7,538,951**	**23,898**	7,538,951	21,938
Ramsay Health Care Ltd.	**225,283**	**14,182**	225,283	14,986
REA Group Ltd.	**92,309**	**15,603**	92,309	9,958
Reece Ltd.	**1,231,657**	**29,079**	1,231,657	11,319
Rio Tinto Ltd.	**669,120**	**84,737**	669,120	65,547
Scentre Group	**5,589,474**	**15,315**	5,589,474	12,129
Schaffer Corporation Ltd.	**68,999**	**1,466**	68,999	911
Sims Ltd.	**–**	**–**	452,368	3,587
Sonic Healthcare Ltd.	**940,707**	**36,123**	940,707	28,626
Stockland Corporation Ltd	**3,844,940**	**17,917**	3,844,940	12,727
Suncorp Group Ltd.	**3,218,120**	**35,753**	3,218,120	29,703
Sydney Airport	**4,874,629**	**28,224**	4,874,629	27,639
Tank Stream Ventures	**50,341**	**415**	50,341	375
Technology One Ltd.	**1,855,000**	**17,270**	1,855,000	16,305
Telstra Corporation Ltd.	**15,236,961**	**57,291**	15,236,961	47,692
TPG Telecom Ltd.	**3,148,725**	**19,711**	3,148,725	28,024
Transurban Group Ltd.	**5,815,153**	**82,750**	5,815,153	82,168
Treasury Wine Estates Ltd.	**1,206,363**	**14,090**	1,206,363	12,643
Tuas Limited	**1,574,363**	**1,015**	1,574,363	1,063
Washington H. Soul Pattinson & Company Ltd.	**9,174,640**	**309,461**	9,174,640	179,181
Wesfarmers Ltd.	**2,877,375**	**170,053**	2,877,375	128,993
Westpac Banking Corporation	**9,994,212**	**257,951**	9,985,458	179,239
Woodside Petroleum Ltd.	**1,288,838**	**28,625**	1,288,838	27,903
Woolworths Group Ltd.	**2,936,973**	**111,987**	2,936,973	109,490
		3,581,349		2,706,159

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