



MIRRABOOKA

Investments Limited

A.B.N 31 085 290 928

**APPENDIX 4E STATEMENT
FOR THE YEAR ENDING 30 JUNE 2005**

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2005 with the corresponding period being the year ended 30 June 2004.

Results for announcement to the market

- Revenue from ordinary activities was \$8.7 million, 49% up from the prior year.
- Profit from ordinary activities after tax was \$6.6 million, 57% up from the prior year.
- Net profit attributable to members was \$6.6 million, 57% up from the prior year.
- Dividends for the year were 6.0 cents per share. A fully franked interim dividend of 2.5 cents per share was paid on 23 March 2005. A fully franked final dividend of 3.5 cents per share will be paid on 24 August 2005 to shareholders registered on 10 August 2005. The shares are expected to trade ex-dividend on 4 August 2005.



MEDIA RELEASE – FULL YEAR RESULT

28 July 2005

MIRRABOOKA CONTINUES STRONG PROFIT PERFORMANCE

Mirrabooka Investments Limited announced today its financial results for the full year to 30 June 2005 with profit up 56.6% to \$6.56 million, compared with last year's profit of \$4.19 million.

Earnings per share for the full year increased 42.7% from 3.96 cents per share to 5.65 cents per share.

Directors have declared a final dividend of 3.5 cents per share fully franked, up 0.5 cents from the 3.0 cent final dividend last year. Total dividends for the year are 6.0 cents per share versus last year's total dividend of 5.0 cents per share, an increase of 20%. Of this dividend, 0.5 cents has been sourced from the realisation reserve.

Mirrabooka's portfolio performed strongly, increasing 31.8% in the twelve months to 30 June 2005 whereas the combined S&P/ASX Mid 50's & Small Ordinaries Accumulation Index grew 31.2%.

The Chairman, Mr Terry Campbell commented, "Mirrabooka continued its strong performance for the year with another record profit and robust portfolio growth. However, in general, the small to mid cap sector faced some challenges particularly in the final quarter of the year as many companies in the sector reassessed their profit outlook. This led to declines in a number of company share prices during this latter period of the year.

For some time we have had reservations about the high valuations and growth expectations being given to many small and mid size listed companies. We have been managing the portfolio accordingly over the year.

Specifically, the Company has been concerned to manage the portfolio in a way which both preserves Mirrabooka's investment philosophy of investing for the medium to long term, but also takes account of preserving shareholders' capital by not taking undue risks in over-valued stock positions. Accordingly, we deemed it prudent to reduce our exposure to some investments in the portfolio during the course of the year. This was particularly so where we believed there was an undue concentration of risk or a considerable possibility of loss in the market value.

As a result, the Company has reduced or sold out completely of its exposure to a number of companies during the period.

Interestingly, on the other side of such market corrections value can sometimes emerge and opportunities may present themselves for our funds to be re-invested.

We will continue to assess opportunities that typically arise in this sector of the market. As the Company's primary activity is as an investor in small and medium size companies over the medium to long term, we believe that Mirrabooka should, for the most part, be substantially fully invested. However, we are patient and we only consider attractive prospects at attractive prices.

In this context the Company had approximately \$22 million or 11% of the portfolio in cash at 30 June 2005 and an additional, \$10 million of un-drawn borrowing capacity available for use".

SUMMARY OF RESULTS

- Profit after tax was \$6.56 million (last year \$4.19 million), up 56.6%.
- Earnings per share were 5.65 cents, an increase of 42.7% over 3.96 cents last year.
- A fully franked final dividend of 3.5 cents per share will be paid on 24 August. This compares with last year's final dividend of 3.0 cents per share. Total dividend for the year is 6.0 cents per share versus 5.0 cents per share last year, an increase of 20.0%.
- Total portfolio return during the twelve months to 30 June 2005 (change in net asset backing per share plus dividend) was an increase of 31.8%. The S&P/ASX Mid 50's Accumulation Index was up 35.0% for the year, while the S&P/ASX Small Ordinaries Accumulation Index was up 27.4% for the year.
- Total shareholder return (TSR) measured by change in share price plus dividends over the twelve months to June 2005 was up 31.9%. The share price was at a discount to net asset backing of 8.9% at 30 June 2005.
- Management expense ratio on an annualised basis was 0.89%.
- Net asset backing at 30 June 2005 was \$1.72 (before allowing for the 3.5 cent final dividend) compared to \$1.36 last year.
- Total portfolio (including cash and bank bills) at 30 June 2005 was \$205.2 million.

Profit Performance

The twelve months to 30 June 2005 were again favourable for the Company as evidenced by the particularly strong price movements in the sectors in which Mirrabooka invests. Reported profit was up by 56.6% to \$6.6 million and earnings per share increased by 42.7% compared with the corresponding period last year.

The primary contributors to the strong rise in profit were a significant increase in distributions received on the investment portfolio, up \$2.0 million, and \$0.7 million generated from the trading portfolio, with contribution coming from selected sale of some holdings in this account, the largest being Henderson Group PLC and Healthscope.

Interest on deposits was \$0.8 million, up \$0.3 million, as the average cash balance for the year was higher than the previous year.

Comments on the Market and Investment Approach

Despite some uncertainty in the prices of the mid caps and smaller companies toward the end of the financial year growth in these sectors were again strong. The S&P/ASX Mid 50's Accumulation Index rose 35% and the S&P/ASX Small Ordinaries Index rose over 27% in the twelve months to 30 June 2005.

However, the slowdown in growth in the consumer and housing sectors of the Australian economy, combined with expectations of higher input costs has impacted the earnings expectations of a number of companies operating in the small to mid cap sector. In particular, downward profit revisions were commonplace in the final quarter of the financial year as many companies exposed to consumer spending, including housing reassessed their forward positions.

This produced considerable adjustment in performance in some sectors of the small to mid cap market during this period as share prices declined, although by year end the market proved to be quite resilient as there was some re tracing of these previous falls. None the less performances of most sectors were significantly weaker in the second half of the year.

Contrary to the downgrades in some of the industrial sectors of the market conditions for commodities remained buoyant with strong demand and price pressures evident in the energy and other commodity sectors. The price indexes for energy and material stocks outside of the 50 leaders grew 56% and 34% respectively during the twelve months to 30 June 2005 and remained strong in the second half of the year when most other sectors showed some weakness.

Net asset backing rose from \$1.36 at 30 June 2004 to \$1.72 at 30 June 2005. After allowing for dividends the total return based on net asset backing and dividends for the twelve months was 31.8%.

Investment Portfolio

In this market environment Mirrabooka has been focussing on reducing positions in companies where uncertainty has emerged surrounding the outlook for earnings and there was an undue concentration of risk or a considerable possibility of loss in the market value.

Out of our investment portfolio Mirrabooka sold this financial year its entire investments in the following companies:

AV Jennings, Beach Petroleum, Bionomics, Corporate Express, Evans & Tate Preference Shares, GasNet Australia, Genepharma, GWA International, Hills Industries, Integrated Group, ION, Macquarie Infrastructure Group, Norwood Abbey, Pacifica, PaperlinX, Polartechnics, Primelife Corporation, Spotless Group, Stericorp and Sunland Group.

Whilst there has been a realisation and or reduction in a number of holdings, Mirrabooka has also

acquired and or added to positions in selected companies, although predominantly in the first half of the year. Major acquisitions within the investment portfolio during the period were Healthscope (hospital owner and operator), Diversified Utility and Energy Trusts (interests in electricity and natural gas distribution assets), National Foods (manufacturer and marketer of dairy food products) although the Company was awaiting compulsory acquisition at balance date, Peet and Company (residential property development), Symex Holdings (oleo products) and Iress (information systems).

The Company also had a substantial holding in Hills Motorway Group of \$9.1 million which was acquired by Transurban Group in exchange for their shares.

The total portfolio at 30 June 2005 was \$205.2 million, including cash and bank bills of \$22.4 million. In comparison the total portfolio and equivalent cash position at 30 June 2005 were \$157.5 million and \$12.0 million respectively.

Outlook

In Australia, generally subdued economic conditions are expected to persist in the coming year as housing investment and consumer spending remains below previous highs and uncertainty persists about the lasting impact of higher oil prices and other input costs on discretionary spending.

We have already seen the impact of softening growth and higher input costs on the outlook for the profit margins of a number of companies operating in the small to mid cap sector of the market and the further outcome of this trend is expected to provide the key to market valuations for a number of companies going forward.

In contrast, the economies of China and the US are expected to continue to display sound growth over the upcoming year. As a result, the energy and resources sector which have grown strongly over the year are likely to continue to underpin an improved external sector as a counter balance to slow domestic growth. In this regard, some companies in these sectors whilst operating under increased cost pressures are also likely to benefit from robust revenue growth as the global demand continues.

In such an environment the Company will continue to closely monitor the portfolio having regard to any concentration and valuation risks that may arise.

At the same time we also expect to see a steady stream of opportunities being presented to the Company as new float and capital raisings continue in the small to mid cap sectors. In this regard, Mirrabooka is well placed with \$22 million of cash at 30 June 2005 and an additional \$10 million of un-drawn borrowing capacity available for use to take advantage of investment opportunities as they arise.

Please direct any enquiries to:

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MIRRABOOKA INVESTMENTS LIMITED

TOP 20 INVESTMENTS AS AT 30 JUNE 2005

Valued at closing prices at 30 JUNE 2005

			Total Value \$ million	Notes
1	HSP	Healthscope	16.5	
2	* TCL	Transurban Group	12.7	
3	NUF	Nufarm	9.1	
4	MAP	Macquarie Airports	7.4	
5	CEY	Centennial Coal Company	6.3	
6	APNG	APN News & Media 7.25% conv. note	6.3	
7	BAX	Baxter Group	5.7	
8	ORG	Origin Energy	4.9	
9	BOL	BOOM Logistics	4.8	
10	PRK	Patrick Corporation	4.5	
11	GNS	Gunns	4.3	
12	ALN	Alinta	4.3	
13	ILU	Iluka Resources	4.1	
14	CPU	Computershare	4.1	
15	DVC	DCA Group	4.1	(a)
16	PRG	Programmed Maintenance Services	3.8	
17	SHV	Select Harvests	3.1	
18	FOA	Foodland Associated	2.7	
19	DUE	Diversified Utility and Energy Trusts	2.7	
20	JHX	James Hardie Industries N.V.	2.7	
			114.0	
		As % of Investment Portfolio (\$182.8m) (excludes Cash and Bank Bills)	62.4%	

Notes:

(a) Includes \$0.3 million of DVC company options

* Indicates that options were outstanding against part or all of the holding

FINANCIAL STATEMENTS

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$'000	2004 \$'000
Income from investment portfolio		7,214	5,168
Income from options written portfolio		3	97
Income from trading portfolio		699	108
Income from deposits and bank bills		792	488
Other income		24	5
Total income from ordinary activities		8,732	5,866
Borrowing and related expenses		(17)	(53)
Administration expenses		(1,660)	(1,461)
Profit from ordinary activities before income tax expense	3	7,055	4,352
Income tax expense	4	(495)	(163)
Net Profit		6,560	4,189
Direct adjustments against equity			
Realised gains/(losses) on investment portfolio (net of tax)	15	9,618	2,508
Unrealised gains/(losses) on investment portfolio	15	32,939	23,209
Total valuation adjustments recognised directly in equity		42,557	25,717
Net Profit plus direct equity adjustments		49,117	29,906
		Cents	Cents
Basic earnings per share	18	5.65	3.96

This statement should be read in conjunction with the accompanying notes.

BALANCE SHEET AS AT 30 JUNE 2005

	Note	2005 \$'000	2004 \$'000
Current assets			
Cash	5	22,403	12,039
Receivables	6	846	1,838
Trading portfolio	7	1,185	1,045
Total current assets		24,434	14,922
Non-current assets			
Investment portfolio	8	181,630	144,344
Future income tax benefit	9	51	117
Total non-current assets		181,681	144,461
Total assets		206,115	159,383
Current liabilities			
Payables	10	2,942	211
Tax payable		2,395	1,175
Options written portfolio	11	48	-
Total current liabilities		5,385	1,386
Non-current liabilities			
Payables	12	444	-
Provisions	13	-	444
Total non-current liabilities		444	444
Total liabilities		5,829	1,830
Net assets		200,286	157,553
Shareholders' equity			
Share capital	14	115,845	115,845
Reserves	15	80,610	39,272
Retained profits	16	3,831	2,436
Total shareholders' equity		200,286	157,553

This balance sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005

	Note	2005 \$'000 INFLOWS/ (OUTFLOWS)	2004 \$'000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities			
Sales from trading portfolio		5,034	1,227
Purchases for trading portfolio		(4,284)	(2,165)
Proceeds from entering into options in options written portfolio		79	104
Payment to settle options in options written portfolio		(33)	(43)
Interest received		1,200	923
Dividends and distributions received		6,204	4,223
		<u>8,200</u>	<u>4,269</u>
Other receipts		24	5
Administration expenses		(1,611)	(1,414)
Borrowing and related expenses		(17)	(53)
Income taxes (paid)/refund		(1,210)	(2)
Net cash inflow/(outflow) from operating activities	23	<u>5,386</u>	<u>2,805</u>
Cash flows from investing activities			
Sales from investment portfolio		48,846	21,325
Purchases for investment portfolio		(37,484)	(44,439)
Net cash inflow/(outflow) from investing activities		<u>11,362</u>	<u>(23,114)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	7,000
Repayment of borrowings		-	(7,000)
Share issues		-	29,416
Share issue transaction costs		-	(196)
Dividends paid		(6,384)	(4,381)
Net cash inflow/(outflow) from financing activities		<u>(6,384)</u>	<u>24,839</u>
Net increase/(decrease) in cash held		10,364	4,530
Cash at the beginning of the financial year		12,039	7,509
Cash at the end of the financial year	5	<u>22,403</u>	<u>12,039</u>

This statement should be read in conjunction with the accompanying notes. Note 5 provides details of the composition of cash.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal accounting and valuation policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. Interpretations of specific relevance to the Company are stated in this note. The Company has attempted to improve the transparency of its reporting by adopting 'plain English' where possible. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

Phrase	AASB Terminology
Balance Sheet	Statement of Financial Position
Profit & Loss Statement	Statement of Financial Performance
Net Profit plus direct equity adjustments	Total changes in equity other than those resulting from transactions with owners as owners

a) Basis of accounting

The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with the historical cost convention.

b) Holdings of securities

(i) Balance sheet classification

The Company has three portfolios of securities, the investment portfolio, the options written portfolio and the trading portfolio.

The investment portfolio relates to holdings of securities which the Directors intend to retain on a long-term basis.

The options written portfolio contains exchange traded options contracts that are entered into on the basis as described in Note 11.

The trading portfolio comprises securities held for short term trading purposes, which can include exchange traded options contracts that are entered into, as described in Note 7.

The investment portfolio is classified as a 'non-current asset', whereas the trading portfolio is classified as a 'current asset' and the options written portfolio is classified as a 'current liability'.

(ii) Valuation of investment portfolio

Securities, including listed and unlisted shares and notes and options, are initially brought to account at cost and are revalued to market values continuously. Increments and decrements are taken to the Asset Revaluation Reserve while it has a positive balance in total, otherwise they are included in Net Profit. Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Asset Revaluation Reserve to the Asset Realisation Reserve while this reserve has a positive balance in total, otherwise they are included in Net Profit.

(iii) Valuation of options written portfolio

Options written are initially brought to account at the amount received upfront for entering the contract (the premium) and subsequently revalued to current market value. Increments and decrements are taken to the Asset Revaluation Reserve while it has a positive balance in total, otherwise they are included in Net Profit. Upon expiry or exercise the relevant increment or decrement is transferred to Net Profit.

(iv) Valuation of trading portfolio

Securities, including listed and unlisted shares and notes, are initially brought to account at cost. Options written against trading portfolio holdings are initially brought to account at the amount received upfront for entering the contract (the premium).

Each holding in the trading portfolio (which can include exchange-traded options) is reviewed regularly. If Directors were to consider that a loss is almost certain on any holding then it would be written down to realisable value as estimated by Directors. After any individual write-downs have been made, the portfolio is then valued at the lower of carrying value and market value in aggregate. Any write down is included in the Net Profit of the Company.

Where disposals are made from the trading portfolio the gain or loss arising from the difference between the proceeds and the carrying value is included in the Net Profit of the Company.

(v) Determination of market value

Market value for the purpose of valuing holdings of securities is determined by reference to market prices prevailing at balance date, which is predominantly last sale price, where the securities are traded on an organised market. Where a security is not so traded, its fair value is determined by the Directors.

(vi) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis and distributions relating to unlisted securities are recognised as income when received, unless the distributions are capital returns on ordinary shares in which case the amount of the distribution is treated as an adjustment to the cost base of the shares.

The premium received on options written against trading portfolio securities is offset against these securities until the option expires, is exercised or is repurchased from the holder. When one of these events occurs, the net gain or loss arising on the option contract is included in Net Profit.

The premium received on the options written portfolio is recognised as a current liability until the option expires, is exercised or is repurchased from the holder. When one of these events occurs, the net gain or loss arising on the option contract is included in Net Profit.

c) Taxation

Tax effect accounting is adopted whereby income tax is calculated on the profit adjusted for permanent differences between taxable and accounting income. The tax impacts of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, are recognised as future income tax benefits or deferred tax liabilities, as appropriate. Future income tax benefits and deferred tax liabilities are offset where they are expected to reverse in the same periods.

No provision is made for any taxes that could arise on disposal of securities in the investment portfolio, as there is no intention to dispose of them. Where the Company disposes of such securities, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes offset against any capital losses carried forward. Any applicable tax is charged to the Asset Realisation Reserve.

d) Cash flows

For the purpose of the statement of cash flows, 'cash' includes cash, deposits held at call and discounted bills of exchange.

e) Bills of exchange

Bills of exchange, which have been purchased in the market at a discount to face value, are carried at an amount representing cost. The discount is brought to account by amortising it over the life of the bill and is accounted for as interest received.

f) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value.

g) Directors' retirement allowances

The Company recognises as liabilities Directors' retirement allowances as described in Note 19 (c). The liabilities for retirement allowances are recognised as current liabilities if they are expected to be settled within 12 months. These are measured at the amounts expected to be paid when they are settled, and where the amount has been crystallised, they are recognised as amounts payable. Otherwise, they are recognised as non-current provisions on the same basis as long service leave.

h) Rounding of amounts

The Company is of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

2. Segment information

The Company operates as a Listed Investment Company in Australia. It has no reportable business or geographic segments.

3. Operating profit	2005	2004
	\$'000	\$'000
Profit from ordinary activities before income tax expense is comprised of the following:		
(a) Income		
Dividends and distributions		
• securities held in investment portfolio	6,776	4,075
• securities held in trading portfolio	11	-
	<u>6,787</u>	<u>4,075</u>
Interest income		
• securities held in investment portfolio	437	1,093
• deposits and income from bank bills	792	488
	<u>1,229</u>	<u>1,581</u>
Net realised gains and write downs		
• realised gains/(losses) on trading portfolio	736	108
• write down of trading portfolio	(47)	-
• realised gains/(losses) on options written portfolio	3	97
	<u>692</u>	<u>205</u>
Other income	24	5
	<u>8,732</u>	<u>5,866</u>
(b) Expenses		
- borrowing expenses	17	53
- administration charge paid or payable to Australian Foundation Investment Company (AFIC) pursuant to outsourcing arrangement reviewed annually. The fee is currently set at 0.10% of net assets.	202	146
- other administration expenses	1,130	990
- remuneration of Directors	262	274
- remuneration of auditors	66	51
	<u>1,677</u>	<u>1,514</u>
Profit from ordinary activities before income tax	<u>7,055</u>	<u>4,352</u>
Further information relating to remuneration of auditors is set out in Note 22 and Directors in Note 19.		
4. Income tax		
The amount of income tax expense for the financial year differs from the amount calculated on the profit. The difference is reconciled as set out below:		
Income tax calculated at 30% (2004: 30%)	2,116	1,306
Tax effect of permanent differences which (reduce) / increase tax payable		
- franked dividends	(1,226)	(1,096)
- sundry items	(345)	(31)
	<u>545</u>	<u>179</u>
Prima facie tax adjusted for permanent differences	545	179
- under / (over) provision in prior year	(50)	(16)
Income tax attributable to profit from ordinary activities	<u>495</u>	<u>163</u>
Income tax attributable to profit from ordinary activities was comprised of		
- current taxation provision	429	170
- future income tax benefit	66	(7)
	<u>495</u>	<u>163</u>

5. Current assets – cash	2005	2004
	\$'000	\$'000
Cash at bank and on hand	46	9
Deposits at call	2,510	4,065
Discounted bills of exchange	19,847	7,965
	<u>22,403</u>	<u>12,039</u>

Deposits at call yield an average floating interest rate of 5.28% (2004: 5.06%). Discounted bills of exchange yield an average fixed return of 5.56% (2004: 5.23%) and have a fixed term of up to one year.

(a) Credit risk exposure

The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest. Purchased bills of exchange are carried on the balance sheet at an amount less than the amount realisable at maturity. The credit risk exposure of the Company regarding purchased bills of exchange is the carrying value, which comprises the cost of the bank bills and the income accrued to balance date.

(b) Standby arrangements and credit facilities

The Company is party to an agreement under which the National Australia Bank have agreed to accept or accept and discount bills of exchange.

National Australia Bank- floating rate bill facility	10,000	10,000
Amount drawn down	-	-
Undrawn facilities	<u>10,000</u>	<u>10,000</u>

The above facility is unsecured

6. Current assets – receivables

Dividends and distributions receivable	778	376
Interest receivable	63	33
Outstanding settlements – investment portfolio	-	1,429
Prepayments	5	-
	<u>846</u>	<u>1,838</u>

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

The credit risk exposure of the Company in relation to receivables is the carrying amount.

7. Current assets – trading portfolio

Listed securities at carrying value		
- shares and trust units	<u>1,185</u>	<u>1,045</u>
Total	<u>1,185</u>	<u>1,045</u>

Listed securities at market value	<u>1,185</u>	<u>1,151</u>
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(a) Credit risk exposure

Credit risk exposures to the Company arise in relation to converting and convertible notes and other interest-bearing securities to the extent of their carrying values, in the event of a shortfall on winding-up of the issuing companies.

Credit risk exposure also arises in relation to options bought by the Company, if any, to the extent of their carrying value.

(b) Options written

The Company occasionally enters into option contracts in the trading portfolio as part of its trading portfolio strategy to sell or close out securities in the short term for a profit. Where the Company sells a call option it is obligated to deliver underlying trading portfolio securities at an agreed price if the taker exercises the option. Whereas if the Company sells a put option it is obligated to buy the underlying security in the trading portfolio at an agreed price if the taker exercises the option.

As at balance date the Company had no sold put options or call options in the trading portfolio.

Exchange-traded options contracts are entered into within the constraints and controls imposed by the Australian Stock Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily. The Investment Committee meets regularly (normally fortnightly) to consider, review and approve the investment, trading and sub-underwriting transactions of the Company and related matters.

Collateral security to cover sold option positions and actual and prospective margin calls is lodged with the Australian Clearing House Pty Ltd as required by their rules.

8. Non-current assets – investment portfolio

	2005 \$'000	2004 \$'000
Listed securities		
- shares at market value	172,705	137,071
- converting and convertible notes and other interest bearing securities at market value	8,826	7,174
Unlisted securities at Directors' valuation	99	99
	<u>181,630</u>	<u>144,344</u>

If the investment portfolio had been sold immediately after balance date a net capital gains tax liability of \$23.2 million based upon a tax rate of 30% (2004: \$11.6 million) would have arisen. However, Directors do not intend to dispose of the portfolio and therefore do not expect that the tax associated with such a disposal would be incurred.

Credit risk exposures to the Company arise in relation to converting and convertible notes to the extent of their carrying values in the event of a shortfall on winding-up of the issuing companies.

9. Non-current assets – future income tax benefit	2005	2004
	\$'000	\$'000

The Company's deferred tax assets arise from timing differences in the recognition of items for taxation and accounting purposes, as described in Note 1(c). The key components are:

Provisions and expenses charged to the accounting profit which are not yet tax deductible	133	133
Tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out	13	-
Less:		
Interest and dividend income receivable which is not assessable for tax until receipt	(95)	(16)
	<u>51</u>	<u>117</u>

The future income tax benefit arising from provisions and expenses charged but not yet tax deductible, will be obtained when the relevant items become tax deductible, provided that the Company derives sufficient assessable income to enable the benefit from the deductions to be taken in that year and there are no intervening changes in tax legislation adversely affecting the Company's ability to claim the tax deduction.

The portion of deferred tax likely to be reversed within the next 12 months is (\$82,000) (2004: \$16,000).

10. Current liabilities - payables

Outstanding settlements – trading portfolio	200	-
Outstanding settlements – investment portfolio	2,475	-
Other payables	<u>267</u>	<u>211</u>
	<u>2,942</u>	<u>211</u>

Payables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

11. Current liabilities – options written portfolio

Exchange traded options written by the Company at market value		
• Calls	<u>48</u>	<u>-</u>
	<u>48</u>	<u>-</u>

The Company enters into option contracts in the options written portfolio primarily for the purpose of enhancing overall returns. Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. Whereas if the Company sells a put option it is obligated to buy the underlying security at an agreed price if the taker exercises the option.

As at balance date there were unexpired call options which potentially required the Company to deliver securities to the value of \$1.55 million (2004:-).

Option contracts of the options written portfolio are entered under the same constraints and controls as the option contracts of the trading portfolio outlined in note 7(b).

12. Non-current liabilities – payables	2005	2004
	\$'000	\$'000
Director retirement benefits	444	-
See Note 19 for further details of Director's retirement allowances	<u>444</u>	<u>-</u>

13. Non-current liabilities – provisions

Director retirement benefits	-	444
See Note 19 for further details of Director's retirement allowances	<u>-</u>	<u>444</u>

14. Shareholders' equity – share capital

	2005	2005	2004	2004
	Shares	\$'000	Shares	\$'000
	'000		'000	
(a) Share capital				
Ordinary shares – fully paid	116,066	115,845	116,066	115,845
	<u>116,066</u>	<u>115,845</u>	<u>116,066</u>	<u>115,845</u>

(b) Movements in share capital of the Company during the past two years were as follows:

Date	Details	Notes	Number of shares '000	Issue price	Paid-up Capital \$'000
30/06/03	Opening Balance		87,629		86,625
25/9/03	Rights issue	ii	21,907	\$1.00	21,907
15/4/04	Share Acquisition Plan	i	6,530	\$1.15	7,509
Various	Cost of share issues		-		(196)
30/06/04	Balance		<u>116,066</u>		<u>115,845</u>
30/06/05	Balance		<u>116,066</u>		<u>115,845</u>

(i) In 2004, the Company operated a Share Acquisition Plan, which permits Directors to allot shares to a maximum value per year of \$5,000 per holder of shares. On 15 April 2004, shares were issued under this Plan at a price of \$1.15 each, being 9% less than the ex interim dividend closing price on the Australian Stock Exchange on 11 February 2004. No such plan was in operation during 2005.

(ii) The Company issued shares under the terms of a Rights Issue prospectus dated 8 August 2003 on the basis of one share for every four held at 20 August 2003, with an issue price of \$1.00.

15. Shareholders' equity – reserves	2005	2004
	\$'000	\$'000
(a) Balances		
Asset Revaluation Reserve	69,339	36,400
Asset Realisation Reserve	11,271	2,872
	<u>80,610</u>	<u>39,272</u>

(b) Nature and purpose of reserves

(i) Asset Revaluation Reserve

This reserve is used to record increments and decrements on the revaluation of the investment portfolio and options written portfolio as described in accounting policy note 1(b)(ii) & 1(b)(iii).

(ii) Asset Realisation Reserve

This reserve records transfers from the Asset Revaluation Reserve from gains or losses arising from disposal of securities in the investment portfolio as described in accounting policy note 1 (b) (ii). It is adjusted for applicable tax, if any, on such disposals as described in note 1 (c). As the balance relates to net realised gains it may be distributed as cash dividends at the discretion of Directors.

(c) Movements	2005 \$'000	2004 \$'000
(i) Asset Revaluation Reserve		
• - Opening balance	36,400	13,191
• - Revaluation of the investment & options written portfolios	44,561	26,726
• - Transfer to Asset Realisation Reserve	(11,622)	(3,517)
• Closing balance	<u>69,339</u>	<u>36,400</u>
(ii) Asset Realisation Reserve		
• - Opening balance	2,872	1,372
• - Transfer to retained profits	(1,219)	(1,007)
• - Transfer from Asset Revaluation Reserve	11,622	3,517
• - Tax on disposals from investment portfolio	(2,004)	(1,010)
Closing balance	<u>11,271</u>	<u>2,872</u>

16. Shareholders' equity - retained profits

Opening balance	2,436	1,621
Net Profit of the Company	6,560	4,189
Transfer from Asset Realisation Reserve	1,219	1,007
Dividends provided for or paid	(6,384)	(4,381)
Closing balance	<u>3,831</u>	<u>2,436</u>

17. Dividends

(a) Dividends paid during the year

Final dividend for the year ended 30 June 2004 of 3 cents fully franked at 30% paid on 18 August 2004 (2003: 3 cents fully franked at 30% paid on 25 August 2003).	3,482	2,629
Interim dividend for the year ended 30 June 2005 of 2.5 cents per share fully franked at 30%, paid 23 March 2005 (2004: 2 cents fully franked at 30% paid 15 March 2004)	2,902	1,752
	<u>6,384</u>	<u>4,381</u>

(b) Franking credits	2005	2004
	\$'000	\$'000
Balance on the franking account after allowing for tax payable in respect of the current year's profits, the receipt of dividends recognised as receivables and the payment of dividends recognised as a liability at balance date.	3,528	2,081
	<u>Credit</u>	<u>Credit</u>
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	8,232	4,856

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and the Company paying tax.

(c) Dividends declared after balance date

Since the end of the year Directors have declared a final dividend of 3.5 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2005 to be paid on 24 August 2005, but not recognised as a liability at the end of the financial year

4,062

18. Earnings per share

	Cents	Cents
Basic earnings per share	5.65	3.96
	Number	Number
Weighted average number of ordinary shares used as the denominator	116,065,999	105,685,087
	\$'000	\$'000
Earnings used in calculating basic earnings per share	6,560	4,189

19. Directors

Persons who were Directors of Mirrabooka Investments Limited for part or all of the financial year ended 30 June 2005 were

TA Campbell
RE Barker
D Evans
RJ Fynmore
GA Tomlinson

(a) Principles used to determine nature and amount of remuneration

The constitution of Mirrabooka requires approval by the shareholders in general meeting of a maximum amount of remuneration to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Australian corporate Directors. The amount of remuneration for each Director excludes amounts owing when the Directors' retirement allowances were frozen at 30 June 2004. The total amount of remuneration approved by shareholders at the last Annual General Meeting was \$300,000.

Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the constitution of the Company.

Mirrabooka does not pay any performance based remuneration. Mr Barker is made available as Managing Director of Mirrabooka by AFIC. The fees to which he is entitled as a Director of the Company are paid directly to AFIC pursuant to his remuneration arrangements with them. Also as part of these remuneration arrangements with AFIC, Mr. Barker receives an 'at risk' component determined by AFIC which is based on performance. The performance criteria includes quantitative and qualitative assessments which include, amongst other things, the services that he has provided to Mirrabooka and for which AFIC is paid.

As proposed at the AGM last year, the Directors and the Company have agreed to freeze Directors retirement benefits at the 30 June 2004 level. This frozen amount will be paid to the respective Directors when they ultimately retire, without further adjustment. As the liability for benefits has now been crystallised, it has been reclassified from a provision to a payable. The Company continues to pay SGC contributions on Directors' fees.

(b) Remuneration of Directors

Details of the nature and amounts of each Director's remuneration in respect of the year to 30 June 2005 were as follows:

	Primary	Post Employment		Total remuneration
	Fee	Superannuation	Retirement allowance	
	\$	\$	\$	\$
TA Campbell – Chairman (Non-Executive)				
2005	80,000	7,200	-	87,200
2004	58,000	5,220	26,100	89,320
*RE Barker – Managing Director (Executive)				
2005	40,000	3,600	-	43,600
2004	29,000	2,610	13,050	44,660
D Evans – Director (Non-Executive)				
2005	40,000	3,600	-	43,600
2004	21,095	1,898	9,189	32,182
# RJ Fynmore – Director (Non-Executive)				
2005	43,600	-	-	43,600
2004	29,652	1,958	13,050	44,660
GJ Paynter – Director (Non-Executive – retired 10 October 2003))				
2005	-	-	-	-
2004	8,044	724	9,904	18,672
GA Tomlinson – Director (Non-Executive)				
2005	40,000	3,600	-	43,600
2004	29,000	2,610	13,050	44,660
Total Remuneration: Directors				
2005	243,600	18,000	-	261,600
2004	174,791	15,020	84,343	274,154

* Directors fees for RE Barker are paid to AFIC as part of his employment arrangements. # Upon reaching age 70, Directors no longer receive superannuation guarantee contributions (SGC) and this amount is paid as other fees in lieu of SGC.

(c) Directors' retirement allowances

The retirement allowance provided in past years was equal to the total emoluments that the Director received in the three years immediately preceding retirement, where a Director had held office for five or more years and a proportionate part for less than five years service. As noted above, the Company has discontinued Directors' retirement allowances.

The movement on the provision is as follows :

	2005	2004
	\$	\$
Carrying amount at the start of the year	444,189	443,700
Additional provisions recognised	-	84,343
Payments - on retirement of GJ Paynter	-	(83,854)
Transfer to amounts payable	(444,189)	-
Carrying amount at the end of the year	-	444,189

(d) Shareholdings

At balance date, shares issued by the Company and held directly, indirectly or beneficially by Directors of the Company, or by entities to which they were related were:

	Opening balance	Net changes	Closing balance
TA Campbell	6,990,156	(5,204,565)	1,785,591
RE Barker	302,431	5,660	308,091
D Evans	25,000		25,000
RJ Fynmore	250,000	50,000	300,000
GA Tomlinson	62,500		62,500

Directors and Director-related entities received normal dividends on these shares.

The Balance at 1st July 2004 for TA Campbell included 6,704,565 shares held on behalf of GS JB Were, an entity to which TA Campbell is related, by Invia Custodians Pty Ltd. All were sold during the year. The net changes recorded for Mr Campbell therefore reflect these 6,704,565 shares disposed plus 1,500,000 shares purchased by Mr Campbell or a related party.

20. Executives

Executives are officers who are involved in, concerned with, or who take part in, the management of the affairs of the Company.

The Company has four executives, RE Barker, Managing Director, GN Driver, General Manager - Business Development and Investor Relations, AJB Porter, Chief Financial Officer and SE Crook, Company Secretary & General Counsel (2004: three executives).

Other than the Managing Director whose Directors fees are paid directly to AFIC, no remuneration is paid to the executives as their services are provided pursuant to the arrangement with AFIC described in Note 3.

Other than the Managing Director, no executive has shareholdings in Mirrabooka (2004 : Nil)

21. Related parties

All transactions with related parties were made on normal commercial terms and conditions and approved by independent Directors. Directors TA Campbell and D Evans are or were interested in the following transactions as Directors, employees and shareholders of Goldman Sachs JBWere Pty Ltd, Goldman Sachs JBWere Services Pty Ltd and/or Goldman Sachs JBWere Capital Markets Limited.

	2005 \$'000	2004 \$'000
(a) The Company invests surplus funds deposits at call with Goldman Sachs JBWere Capital Markets Limited and bills of exchange		
- interest revenue received or receivable for deposits at call	148	95
- expense paid or payable for management of the cash and bill portfolio	21	11
- deposits at call (at balance date)	2,510	4,065
(b) The Company obtains investment advice and buys and sells some of its securities through Goldman Sachs JBWere Pty Ltd		
- Brokerage expenses paid or payable	49	20
- Portfolio advice services paid or payable	961	755

22. Remuneration of auditors

During the year the auditor earned the following remuneration:

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	\$	\$
Audit or review of financial reports	58,443	43,055
Non-Audit Services		-
Taxation compliance services	7,150	6,380
Other assurance services #	-	11,000
Other taxation services	-	1,650
Total Non-Audit Services	<u>7,150</u>	<u>19,030</u>
Total remuneration	<u><u>65,593</u></u>	<u><u>62,085</u></u>

The other assurance services related to assurance over accounting disclosure in respect to the rights issue prospectus. These costs were included in the cost of share issues as detailed in note 14(b).

The Company's Audit Committee oversees the relationship with the Company's External Auditors. The Audit Committee reviews the scope of the audit and the proposed fee. The taxation compliance were considered audit-related and the Audit Committee after reviewing the proposed scope and cost of such work did not believe that it compromised audit independence. Other non-audit services would not normally be provided by the external audit firm. However, if for special reasons such services were to be proposed, the Audit Committee would review the proposal to also ensure they did not affect the independence of the external audit function. The Company also conforms to Corporate Governance best practice regarding audit partner rotation every 5 years.

23. Reconciliation of net cash flows from operating activities to Net Profit	2005 \$'000	2004 \$'000
Net Profit	6,560	4,189
- Capital gains tax provision included in Asset Realisation Reserve	(2,004)	(1,010)
- Dividends received as securities under DRP investments	(178)	(270)
- decrease (increase) in current receivables	992	(1,664)
- less the increase (decrease) in receivables for investment portfolio	(1,429)	1,429
- decrease (increase) in the trading portfolio	(140)	(1,045)
- decrease (increase) in future income tax benefit	66	15
- increase (decrease) in options written	48	(36)
- decrease (increase) in market value options written	(5)	-
- increase (decrease) in current accounts payables	2,731	(61)
- less the decrease (increase) in payables for investment portfolio	(2,475)	108
- increase (decrease) in provision for income tax	1,220	1,150
Net cash flows from operating activities	<u>5,386</u>	<u>2,805</u>

24. Contingencies

At balance date Directors are not aware of any material contingent liabilities or contingent assets other than those already disclosed elsewhere in the financial report.

25. Impact of adopting International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) has mandated the adoption of Australian equivalents to International Financial Reporting Standards (AIFRS), for application to reporting periods beginning on or after 1 January 2005. The adoption of AIFRS will be first reflected in the Company's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006. The Company has elected not to defer the application of Accounting Standards AASB 132 (Financial Instruments: Disclosure and Presentation) and AASB 139 (Financial Instruments : Recognition and Measurement) as permitted by Accounting Standard AASB 1 (First Time Adoption of AIFRS).

The Company has analysed and quantified below what the effects of the change in accounting standards would be to the Profit and Loss Statement and to the Balance Sheet that are reported at 30 June 2005 under Australian Generally Accepted Accounting Principles ("AGAAP") . Most adjustments required on transition to AIFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004. Whilst there may be changes to these figures as a result of future pronouncements or clarifications from the AASB, the below quantifications are held to be materially correct at the time of publication:

a) Trading portfolio to be measured at market value

Under AIFRS the trading portfolio will be revalued to fair market value continuously with all increments and decrements being included in Net Profit, whereas currently the trading portfolio is currently valued at the lower of carrying value and market value in aggregate. Depending on the size of the Trading Portfolio this change may result in increased volatility in reported results.

At balance date the amount by which the market value of the trading portfolio exceeded its carrying value was \$0, and the reversal of previous unrealised gains would have resulted in a loss for the year of \$106,000.

b) Income tax impact of measuring trading portfolio at market value

Under AIFRS, the Company will be required to recognise an additional tax asset or liability reflecting the deferred tax effect of measuring the trading portfolio at market value as described in (a) above. The additional deferred tax liability or asset on the trading portfolio will be reflected in income tax expense.

At balance date this would require recognition of an additional deferred tax liability of \$0. The reversal of previous years unrealised gains through the Profit and Loss Statement would have resulted in an income tax credit of \$31,800.

c) Realised gains of investment portfolio included in Net Profit

Under AIFRS, the net realised gains of the investment portfolio (net of tax) will be included in Net Profit rather than treated as a direct equity adjustment. Net unrealised gains on securities in the investment portfolio will continue to be recognised through the Asset Revaluation Reserve. Consequently, the Asset Realisation Reserve will cease to exist.

The net realised gains (after tax) of \$9.6 million are already disclosed in the Profit and Loss Statement, but will now appear as part of Net Profit.

d) Recognition of deferred capital gains tax on investment portfolio

Under AIFRS, the Company must recognise an additional deferred tax liability amount for the capital gains tax payable on unrealised gains in the investment portfolio (apart from hybrid and convertible securities) as disclosed in Note 8. This additional deferred tax liability is offset against the unrealised gains on the investment portfolio recognised in the Asset Revaluation Reserve of the Company.

At balance date this would require recognition of an additional deferred tax liability of \$21.6 million with a corresponding reduction in the Asset Revaluation Reserve. During the year the charge to the Asset Revaluation Reserve would have been \$11.0 million.

e) Hybrids & Convertible Securities

Under AIFRS, the Company must either :

- remove the embedded derivative component of a hybrid security, account for this at fair value through the Profit and Loss Statement and fair value the remaining 'bond' part of the security through the Revaluation Reserve, or
- account for the entire asset at market value through the Profit and Loss Statement.

The Company has elected to do the latter. This would result in a reclassification of \$5.4 million from the Revaluation Reserve to Retained Earnings.

During the year, this would have had the effect of reclassifying unrealised gains of \$1.9 million from direct equity adjustments to Net Profit.

f) Recognition of deferred capital gains tax on unrealised gains on Hybrids and Convertible Securities

Under AIFRS, the Company must account for deferred capital gains tax on the unrealised gain on hybrids and convertible securities that form part of the investment portfolio, as they are being measured at fair value through the Profit and Loss Statement. At balance date this would require recognition of an additional tax deferred liability of \$1.6 million with a corresponding charge to Retained Earnings. The effect on the Profit and Loss Statement for the year would have been an income tax expense of \$0.6 million.

g) Unrealised Gains or Losses on Options Written Portfolio included in Net Profit

Under AIFRS, the unrealised gains and losses of the options written portfolio will be included in Net Profit. At present they are recognised against the unrealised gains and losses of the investment portfolio in the Asset Revaluation Reserve.

At balance date there was \$5,000 unrealised loss on the options written portfolio that would be reclassified from the Revaluation Reserve to the Profit and Loss Statement. There were no options in the Options Written portfolio in the previous financial year.

h) Income Tax Impact of Options Written Portfolio Accounting

Under AIFRS, the Company must recognise the deferred tax amount of the unrealised gains and losses of the options written portfolio, with the amount recognised being included in tax expense.

At balance date this would result in an increased deferred tax liability and a recognition of a corresponding tax credit of \$2,000 in Net Profit.

Summary of Impact of Adopting AIFRS

Profit and Loss Statement for the Year Ended 30 June 2005

	As per Profit & Loss \$'000	Adjustment \$'000		AIFRS \$'000
Revenue from investment portfolio	7,214			7,214
Income from trading portfolio	699	(106)	a)	593
Revenue from Deposits & Bank Bills	792			792
Other income	27			27
Total income from ordinary activities	8,732	(106)		8,626
Administration & borrowing expenses	(1,677)			(1,677)
Operating profit	7,055	(106)		6,949
Income tax expense	(495)	32	b)	(463)
Net operating profit	6,560	(74)		6,486
Realised gains on Ordinary Securities in investment portfolio	-	12,468	c)	12,468
Realised gains on Other Securities in investment portfolio	-	(846)	c)	(846)
Unrealised gains on Other Securities in investment portfolio	-	1,943	e)	1,943
Unrealised losses on options written portfolio	-	(5)	g)	(5)
Tax on unrealised losses on options written portfolio	-	2	h)	2
Tax on gains in investment portfolio	-	(2,588)	c)& f)	(2,588)
Net Profit	6,560	10,900		17,460
Direct adjustments against equity				
Realised gains/(losses) on investment portfolio (net of tax)	9,618	(9,618)		-
Unrealised gains/(losses) on investment portfolio	32,939	(12,938)	d)& e)	20,001 #
Total valuation adjustments recognised directly in equity	42,557	(22,556)		20,001
Net profit plus direct equity adjustments	49,117	(11,656)		37,461

Net of deferred capital gains tax on investment portfolio.

Balance Sheet

	As per Balance Sheet		Adjustment		As per AIFRS	
	30/06/05 \$'000	30/06/04 \$'000	30/06/05 \$'000	30/06/04 \$'000	30/06/05 \$'000	30/06/04 \$'000
Trading portfolio a)	1,185	1,045	-	106	1,185	1,151
Future income tax benefit	146	133			146	133
Investment Portfolio c) & e)	181,630	144,344			181,630	144,344
Other assets	23,250	13,877			23,250	13,877
Total assets	206,211	159,399	-	106	206,211	159,505
Deferred tax liability b),d) f) & h)	-	-	(23,166)	(11,616)	23,166	11,616
Other liabilities	5,925	1,846			5,925	1,846
Total liabilities	5,925	1,846	(23,166)	(11,616)	29,091	13,462
Net assets	200,286	157,553	(23,166)	(11,510)	177,120	146,043
Shareholders' equity						
Share Capital	115,845	115,845			115,845	115,845
Reserves	80,610	39,272	(38,229)	(16,893)	42,381	22,379
Retained Earnings	3,831	2,436	15,063	5,383	18,894	7,819
Total shareholders' equity	200,286	157,553	(23,166)	(11,510)	177,120	146,043

DIRECTORS' DECLARATION

In the Directors' opinion:

- 1) the financial statements and notes set out on pages 8 to 27 are in accordance with the Corporations Act 2001 including :
 - a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) giving a true and fair view of the Company's financial position as at 30 June 2005 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
- 2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer regarding the financial statements in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2005. The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer and to the best of their knowledge, the financial records of the Company have been properly maintained, that the financial statements comply with accounting standards and that they give a true and fair view.

Terry Campbell
Chairman

Melbourne
28 July 2005

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ABN 52 780 433 757

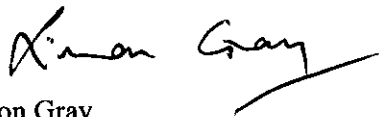
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Auditors' Independence Declaration

As lead auditor for the audit of Mirrabooka Investments Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Mirrabooka Investments Limited during the period.



Simon Gray
Partner
PricewaterhouseCoopers

Melbourne
28 July 2005

Independent audit report to the members of Mirrabooka Investments Limited

Audit opinion

In our opinion, the financial report of Mirrabooka Investments Limited:

- gives a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Mirrabooka Investments Limited as at 30 June 2005, and of its performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, profit and loss statement, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Mirrabooka Investments Limited ("the Company"), for the year ended 30 June 2005.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

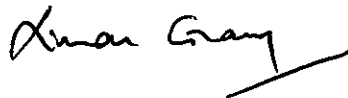
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers
Chartered Accountants



Simon Gray
Partner

Melbourne
28 July 2005