MIRRABOOKA INVESTMENTS LIMITED

ABN 31 085 290 928

APPENDIX 4D STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

CONTENTS

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half-year ended 31 December 2004 with the previous corresponding period being the half-year ended 31 December 2003.

Results for announcement to the market

- Revenue from ordinary activities was $4.45 million, 57.0% up from the previous corresponding period.

- Profit from ordinary activities after tax was $3.42 million, 64.3% up from the previous corresponding period.

- Net profit attributable to members was $3.42 million, 64.3% up from the previous corresponding period.

- The final dividend for the 2004 financial year was 3 cents per share, fully franked, and it was paid to shareholders on 18 August 2004.

- The interim dividend of 2.5 cents per share fully franked, up from 2 cents per share in the prior corresponding period, will be paid on 23 March 2005 to ordinary shareholders on the register on 9 March 2005.

- Net asset backing as at 31 December 2004 was $1.64, up from $1.31 at the end of the previous corresponding period.

MEDIA RELEASE – HALF YEAR RESULT

24 February 2005

MIRRABOOKA LIFTS PROFIT 64% AS MID AND SMALL CAP SECTORS MAINTAIN STRONG MOMENTUM

Mirrabooka Investments Limited announced today its financial results for the half year to 31 December 2004 with profit up 64.3% to $3.42 million, compared with last year's interim profit of $2.08 million.

Directors have declared an interim dividend of 2.5 cents per share fully franked, an increase of 0.5 cents on last year's interim dividend of 2.0 cents per share, payable on the 23rd of March 2005.

The Chairman, Mr Terry Campbell commented, "We are very pleased with the performance of Mirrabooka. The Company has produced an accumulated return, measured by growth in net asset backing plus dividends paid, of 23.2% over the six months to December 2004.

The small to mid cap sectors have continued to enjoy their stellar run which has now been evident for over 2 years. Over the six months to 31 December 2004, growth has been across a number of areas with particularly strong performance in information technology and consumer discretionary sectors.

During this period we continued to look for underlying value but this has become challenging as the sector has grown very strongly. In this regard, we have been active in rebalancing the portfolio by lowering or exiting exposures in some companies either because prices in our opinion have run well ahead of valuations or where there has been a negative change to a company's earnings outlook. Experience has shown us when these downgrades occur it is often better to move quickly.

In this market there has been a strong flow of capital raisings and Mirrabooka has selectively participated in some, the largest investments being Healthscope and Diversified Utility and Energy Trust. In addition, we have also been adding holdings in well managed companies in attractive long term growth sectors such as technology services with purchases in Oakton and IRESS and in logistics with a position in Toll Holdings.

The portfolio at 31 December 2004 stood at $190.9 million including a cash position of $9 million, and access to undrawn facilities of $10 million.

The economic growth outlook in Australia appears promising albeit at a slower pace than enjoyed over the past 12 months. In particular, the household sector has been a significant source of growth. However, with the outlook for inflation clouded by pressures in employment and raw material costs and therefore some uncertainty surrounding interest rates, we may see a further slow down in spending as households seek to further reduce debt levels against a background of a subdued housing market. On a more positive note, company balance sheets are generally strong and we would expect continued growth in business investment.

We think it is unlikely that the small to mid cap sectors will continue to enjoy their strong out performance, especially given a number of the companies in these sectors are reliant on growth in the domestic market. Outlook comments of companies over this reporting season will be important to earnings expectations and therefore share prices.

In such an environment we will continue to actively monitor the portfolio and make the appropriate changes to rebalance the portfolio around our core holdings as different investment opportunities arise."

SUMMARY OF RESULTS

- Profit after tax was $3.42 million (last half year $2.08 million), up 64.3%.
- Earnings per share were 2.95 cents, an increase of 43.2% over 2.06[1] cents last half year.
- A fully franked interim dividend of 2.5 cents per share will be paid on 23 March 2005, which is an increase of 0.5 cents per share over the interim dividend last year.
- Total portfolio return during the six months to December 2004 (change in net asset backing per share plus dividend) was an increase of 23.2%. The S&P/ASX Mid 50's Accumulation Index was up 30.5% for the year, while the S&P/ASX Small Ordinaries Accumulation Index was up 21.0% for the year.
- Total shareholder return measured by change in share price plus dividends over the six months to December 2004 was up 19.0%. The share price moved from a discount to net asset backing of 8.8% at 30 June 2004 to a discount of 12.1% at 31 December 2004.
- Management expense ratio on an annualised basis was 0.87%.
- Net asset backing at 31 December 2004 was $1.64 (before allowing for the 2.5 cent interim dividend). At 31 January 2005 the net asset backing was $1.74 also before allowing for the interim dividend
- Total portfolio (including cash and bank bills) at 31 December 2004 was $190.9 million.

[1] Diluted earnings per share adjusted for the new ordinary shares issued in the 1 for 4 rights issue of September 2003.

Profit Performance

The six months to 31December 2004 were very favorable for the Company as evidenced by the particularly strong price movements in the sectors in which Mirrabooka invests. Reported profit was up by 64.3% to $3.42 million and earnings per share increased by 43.2% compared with the six months to December 2003.

The primary contributors to the strong rise in profit were a significant increase in dividends received on the investment portfolio, up $1.34 million of which $0.63 million was from a special distribution from Macquarie Infrastructure Group, and interest on deposits, up $0.12 million. The Company also generated $0.16 million from its trading portfolio, with contribution coming from selected call option strategies and through the sale of some smaller holdings in this account.

Comments on the Market and Investment Approach

The continuing feature of the market was the prices of the mid caps and smaller companies generally experienced significant outperformance against the larger companies. For example, the S&P/ASX Mid 50's Accumulation Index rose over 30% and the S&P/ASX Small Ordinaries Index rose 21% in the six months to 31 December 2004. In contrast, the S&P/ASX 50 Leaders Accumulation Index increased 15% over the same period.

The sustained growth in Australia and continued positive consumer confidence, despite a slowing in the housing market, has provided a very robust environment for companies operating in the small to mid cap sector. Earnings growth has been strong and in many instances dividend returns have increased. Outside of the 50 Leaders Price Index, there were strong rises in the consumer discretionary sector, up 29.6%, consumer staples sector, up 27.5% and industrial sector, up 27.1% over the six months to December 2004. In addition to these gains, the information technology sector produced a very robust return over the same period of 35.6% as companies continued there re investment in technology and information management capabilities.

Conditions for commodities have been buoyant with strong demand and price pressures evident in the energy and commodity sectors. The price indexes for energy and material stocks outside of the 50 leaders grew 24.0% and 24.4% respectively during the six months to 31 December 2004.

In such a strong market there has been a number of capital raisings and new company floats during the period, which in most part have been very well received by investors. In addition, we have also seen a marked pick up in corporate activity as companies look to merge with or take over others to take advantage of robust equity prices and to achieve further scale to drive returns.

In this environment, net asset backing rose from $1.36 at 30 June 2004 to $1.64 at year end. After allowing for dividends the total return based on net asset backing and dividends for the six months was 23.2%.

Investment Portfolio

Over the period the Company has been active in re balancing the portfolio, as valuations for a number of companies in the small to mid cap sector reached levels that appeared heavily reliant on robust earning expectations. In this context, Mirrabooka has been focussing on reducing positions in companies where uncertainty has emerged surrounding the outlook for earnings.

Whilst there has been a realisation of some positions, Mirrabooka has also participated in selected capital raisings and new company floats. We have looked to accumulate holdings in well managed companies offering attractive long term growth prospects and offer either good value or which provide good income returns.

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), HHG PLC (investment management), Symex Holdings (oleo products) and Iress (information systems). During the period under review, major disposal of holdings occurred in Pacifica Group, Foodland Associated, AV Jennings Homes, Patrick Corporation and PaperlinX.

The total portfolio at 31 December 2004 was $190.9 million, including cash and bank bills of $9.0 million. In comparison the total portfolio and equivalent cash position at 30 June 2004 were $157.5 million and $12.0 million respectively.

Outlook

In Australia, relatively low interest rates and a benign outlook for inflation have underpinned the strength of economic conditions. Consumer confidence has remained high despite a slowing in the housing sector and credit growth whilst falling appears to quite resilient. Continuation of such broadly positive settings does not appear to be under immediate threat although it is clearly dependent of the response of policy makers to any emergence of inflation that may come about because of pressures in the employment market or through higher raw material costs. If interest rates rises are needed to increase over and above expected levels to quell any inflationary outbreak or to ensure more orderly growth outcomes then markets are likely to adjust accordingly

The emergence of such pressures are likely to also have implications for earnings margins and growth prospects for a number of companies operating in the small to mid cap sector of the market.

We will monitor these trends but will mange the portfolio having regard to the medium to long term objectives of the Company. We expect a continued flow of new opportunities coming to the market from capital raisings and other corporate activity, and with current valuations we may see some correction in share prices. The company currently has $9 million in cash available plus access to additional lines of credit to take advantage of any opportunities that may arise.

Please direct any enquiries to:

Ross Barker	Geoff Driver
Managing Director	General Manager
(03) 9924 0380	(03) 9679 1659

MIRRABOOKA INVESTMENTS LIMITED

TOP 20 INVESTMENTS AS AT 31 DECEMBER 2004

Valued at closing prices at 31 DECEMBER 2004

			Total Value $ million	Notes
1	HSP	Healthscope	12.4	
2	NUF	Nufarm	9.0	
3	HLY	Hills Motorway Group	7.3	
4	MAP	Macquarie Airports	6.3	
5	APNG	APN News & Media 7.25% conv. note	6.3	
6	BAX	Baxter Group	6.0	
7	CEY	Centennial Coal Company	5.3	
8	PRKPA	Patrick Corporation 6% converting preference shares	5.3	
9	GNS	Gunns	4.7	
10	PRG	Programmed Maintenance Services	4.3	
11	CPU	Computershare	4.3	
12	ILU	Iluka Resources	4.2	
13	ALN	Alinta	4.1	
14	TCL	Transurban Group	4.0	
15	DVC	DCA Group	3.8	(a)
16	ORG	Origin Energy	3.8	
17	NFD	National Foods	3.5	
18	BOL	BOOM Logistics	3.3	
19	SHV	Select Harvests	2.9	
20	AIX	Australian Infrastructure Fund	2.9	
			103.8	
		As % of Investment Portfolio ($181.8m) (excludes Cash and Bank Bills)	57.1%	

Notes:

(a) Includes $0.2 million of DVC company options

MIRRABOOKA INVESTMENTS LIMITED

ABN 31 085 290 928

HALF-YEAR REPORT

31 DECEMBER 2004

COMPANY PARTICULARS

Mirrabooka Investments Limited ("MIR")
ABN 31 085 290 928

Directors:	Terrence A. Campbell, Chairman Ross E. Barker, Managing Director David Evans Russell J. Fynmore AO Geoff A. Tomlinson	
Secretary:	Geoff Driver	
Auditor:	PricewaterhouseCoopers, Chartered Accountants	
Country of incorporation:	Australia	
Registered office:	Level 20 101 Collins Street Melbourne, Victoria 3000	
Contact Details:	Mail Address: Telephone Facsimile: Email: Internet address:	GPO Box 2114S, Melbourne, Victoria 3001 (03) 9650 9911 (03) 9650 9100 invest@mirra.com.au www.mirra.com.au
	For enquiries regarding net asset backing (as advised each month to the Australian Stock Exchange):	
	Telephone:	1800 780 784 (toll free)
Share Registrar:	ASX Perpetual Registrars Limited	
	Mail Address:	PO Box 1736, Melbourne, Victoria 3001 4/333 Collins Street, Melbourne, Victoria 3000
	Shareholder enquiry line:	1300 554 474 +613 9615 9947 (from overseas)
	Facsimile: Email: Internet:	(03) 9615 9900 registrars@asxperpetual.com.au www.asxperpetual.com.au
Share Registrar	For all enquiries about shareholdings and related matters, please contact the share registrar as above.	
Stock Exchange Code:	MIR Ordinary shares	

DIRECTORS' REPORT

This report in relation to the half-year to 31 December 2004 is presented by the Directors of Mirrabooka Investments Limited ('the Company') in accordance with a resolution of Directors.

Directors

The following persons were directors of the Company during the half-year and up to the date of this report:

T.A. Campbell
R.E. Barker
D.Evans
R.J. Fynmore AO
G.A. Tomlinson

Review of the Company's operations and results

Overview

Mirrabooka's principal activity is investment in small to medium size companies listed on the Australian and New Zealand Stock Exchanges. There have been no changes in the nature of the Company's activities during the period. Operations began on 22 April 1999.

Performance Indicators and Outcomes

The six months to 31 December 2004 were very favorable for the Company as evidenced by the particularly strong price movements in the sectors in which Mirrabooka invests. Reported profit was up by 64.3% to $3.4 million and earnings per share increased by 43.2% compared with the six months to December 2003.

The primary contributors to the strong rise in profit were a significant increase in dividends received on the investment portfolio, up $1.34 million of which $0.63 million was from a special distribution from Macquarie Infrastructure Group, and interest on deposits, up $0.12 million. The Company also generated $0.16 million from its trading portfolio, with contribution coming from selected call option strategies and through the sale of some smaller holdings in this account.

The continuing feature of the market was the prices of the mid caps and smaller companies generally experienced significant outperformance against the larger companies. For example, the S&P/ASX Mid 50's Accumulation Index rose over 30% and the S&P/ASX Small Ordinaries Index rose 21% in the six months to 31 December 2004. In contrast, the S&P/ASX 50 Leaders Accumulation Index increased 15.0% over the same period.

In this environment, net asset backing rose from $1.36 at 30 June 2004 to $1.64 at year end. After allowing for dividends the total return based on net asset backing and dividends for the six months was 23.2%.

Directors have declared an interim dividend of 2.5 cents per share fully franked, an increase of 0.5 cents on last years interim dividend of 2.0 cents per share, payable on 23 March 2005.

Auditor's independence declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Rounding of amounts to nearest thousand dollars

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Unless specifically stated otherwise, amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

T.A. Campbell
Chairman
Melbourne
24 February 2005

PROFIT AND LOSS STATEMENT

For the half-year ended 31 December 2004	Notes	Half-year 2004 $'000	Half-year 2003 $'000
Income from investment portfolio		3,920	2,567
Income from options written portfolio		-	37
Income from trading portfolio		157	-
Income from deposits and bank bills		350	231
Other income		24	-
Total income from ordinary activities	**3**	**4,451**	**2,835**
Borrowing and related expenses		(5)	(37)
Administration expenses		(765)	(685)
Profit from ordinary activities before income tax expense		**3,681**	**2,113**
Income tax expense		**(260)**	**(31)**
Net profit		**3,421**	**2,082**
Direct adjustments against equity			
Realised gains/(losses) on investment portfolio (net of tax)		3,197	1,263
Unrealised gains/(losses) on investment portfolio		29,162	18,071
Total valuation adjustments recognised directly in equity		**32,359**	**19,334**
Net profit plus direct equity adjustments		**35,780**	**21,416**
		Cents	Cents
Basic earnings per share – Ordinary shares	**9**	2.95	2.38
Diluted earnings per share – Ordinary shares		2.95	2.06

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

BALANCE SHEET

As at 31 December 2004	Notes	31 Dec 2004 $'000	30 June 2004 $'000
Current assets			
Cash		9,041	12,039
Receivables		1,485	1,838
Trading portfolio	**4**	3,790	1,045
Tax refund		91	-
Total current assets		**14,407**	**14,922**
Non-current assets			
Investment portfolio	**5**	177,458	144,344
Future income tax benefit		194	117
Total non-current assets		**177,652**	**144,461**
Total assets		**192,059**	**159,383**
Current liabilities			
Payables		249	211
Tax payable		1,490	1,175
Options written portfolio	**6**	25	-
Total current liabilities		**1,764**	**1,386**
Non-current liabilities			
Provisions		444	444
Total non-current liabilities		**444**	**444**
Total liabilities		**2,208**	**1,830**
Net assets		**189,851**	**157,553**
Shareholders' equity			
Share Capital		115,845	115,845
Reserves		70,412	39,272
Retained profits	**7**	3,594	2,436
Total shareholders' equity		**189,851**	**157,553**

This Balance Sheet should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2004	Half-year 2004 INFLOWS/ (OUTFLOWS) $'000	Half-year 2003 INFLOWS/ (OUTFLOWS) $'000
Cash flows from operating activities		
Sales from trading portfolio	421	57
Purchases for trading portfolio	(3,020)	(44)
Proceeds from sale of options in options written portfolio	35	-
Interest received	560	438
Dividends and distributions received	2,794	2,111
	790	2,562
Other receipts	24	-
Administration expenses	(725)	(700)
Borrowing and related expenses	(5)	(37)
Income taxes paid	(1,233)	(22)
Net cash inflows/(outflows) from operating activities	**(1,149)**	**1,803**
Cash flows from investing activities		
Sales from investment portfolio	31,261	5,043
Purchases for investment portfolio	(29,628)	(25,000)
Net cash (outflows)/inflows from investing activities	**1,633**	**(19,957)**
Cash flows from financing activities		
Share issues	-	21,799
Dividends paid	(3,482)	(2,629)
Net cash inflows/(outflows) from financing activities	**(3,482)**	**19,170**
Net increase/(decrease) in cash held	(2,998)	1,016
Cash at the beginning of the period	12,039	7,509
Cash at the end of the period	**9,041**	**8,525**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

1. Basis of preparation of half-year financial report

This general purpose half-year financial report has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report should be read in conjunction with the 2004 Annual Report and public announcements made by the Company during the half-year, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting and valuation policies of the Company have not changed from those outlined in the 2004 Annual Report.

The Company has attempted to improve the transparency of its reporting by adopting ‘plain English’ where possible. As a result descriptions in this report may have changed compared to prior year, however in substance the Company’s accounting policies have not changed. 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

2. Segment Information

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

3. Income

Income from ordinary activities is comprised of the following:	Half-year 2004 $'000	Half-year 2003 $'000
Dividends and distributions		
- securities held in investment portfolio	3,701	2,359
- securities held in trading portfolio	10	-
	3,711	**2,359**
Interest income		
- securities held in investment portfolio	219	208
- deposits and income from bank bills	350	231
	569	**439**
Net realised gains/(losses)		
- realised gains/(losses) on trading portfolio	147	-
- realised gains/(losses) on options written portfolio	-	37
	147	**37**
Other income	24	-
	24	**-**
	4,451	**2,835**

4. Current assets– trading portfolio

	31 Dec 2004 $'000	30 June 2004 $'000
Trading portfolio at carrying value:	3,790	1,045
Trading portfolio at market value	4,368	1,151

5. Non current assets – investment portfolio

If the investment portfolio had been sold immediately after balance date a net capital gains tax liability of $20.7 million based upon a tax rate of 30% (31 December 2003: $10.1 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.

6. Current liabilities – options written portfolio

	31 Dec 2004 $'000	30 June 2004 $'000
Exchange traded options written by the Company at market value	25	-

As at balance date the Company had sold put options in the options written portfolio which at the option of the purchaser may require the Company to buy prior to the respective expiry dates certain securities at prices which in aggregate totalled $0.3 million (2003: nil). As at balance date there were unexpired call options which potentially required the Company to deliver securities to the value of $0.4 million (2003: $0.2 million).

7. Shareholders' equity - retained profits

	2004 $'000
Opening balance	2,436
Net Profit of the Company	3,421
Transfer from asset realisation reserve	1,219
Dividends provided for or paid	(3,482)
Closing balance	3,594

8. Dividends

	Half year 2004 $'000	Half-year 2003 $'000
Dividends provided for or paid during the period	3,482	2,629
Dividends not recognised at period end		
Since the end of the half-year the directors have declared an interim dividend of 2.5 cents per share fully franked at 30%. The aggregate amount of the interim dividend expected to be paid on 23 March 2005 , but not recognised as a liability at the end of the half-year,	2,902	

9. Earnings per Share

	Half-year 2004	Half-year 2003
	Number	**Number**
Weighted average number of ordinary shares used as the denominator	116,065,999	87,629,461
Basic earnings per share		
	$'000	**$'000**
Earnings used in calculating basic earnings per share	3,421	2,082
	Cents	**Cents**
Basic earnings per share	2.95	2.38

The 1 for 4 renounceable rights issue of new shares in the 6 months to 31 December 2003 had a dilutive effect on earnings per share for the period as the shares issued did not participate in the interim dividend.

10. Events subsequent to balance date

Since 31 December 2004 to the date of this report there has been no events of which the directors are aware which have had or may have a material effect on the Company or its financial position.

11. 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.

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

The Australian Accounting Standards Board (AASB) is adopting Australian equivalent 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 is continuing the process of analysing the full impact of the application of AIFRS. Management are overseeing the transition process and reporting periodically to the Audit Committee.

Because the half year and full year financial statements for the year ending 30 June 2006 will contain prior year comparative figures the standards will also have a retrospective application to the prior corresponding period. Some of the changes required by the introduction of AIFRS will therefore result in changes to the opening balances of accounts in the Company's balance sheet as at 1 July 2004 and the other changes will effect the reporting of results for the relevant previous corresponding periods.

We have set out below the nature of the major changes that will effect the Company's financial statements. We have confirmed with our professional advisers that the detailed application of certain aspects of the standards is subject to some uncertainty and that the impact of the new standards cannot be determined definitively until the uncertainty has been resolved. Therefore no quantification of the impact has been provided in the financial statements as they may be subject to amendment and consequently misleading at this time.

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. This change may result in increased volatility in reported results for the trading portfolio.

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.

c) Realised Gains of Investment Portfolio Included in Net Profit

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

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. This additional deferred tax liability is offset against the unrealised gains on the investment portfolio recognised in the Asset Revaluation Reserve of the Company.

e) Unrealised Gains and Losses of 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.

f) 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.

g) Measurement of market value at bid price

Under AIFRS, market value for both the trading and investment portfolio's will be at last bid price as opposed to the current measurement of last sale price at the close of market.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

T.A. Campbell
Chairman
Melbourne
24 February 2005

PRICEWATERHOUSECOOPERS

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Auditors' Independence Declaration

As lead auditor for the review of Mirrabooka Investments Limited for the half-year ended 31 December 2004, 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 review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Simon Gray
Partner
PricewaterhouseCoopers

Melbourne
February 2005

PRICEWATERHOUSECOOPERS

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Independent review report to the members of
Mirrabooka Investments Limited

Statement
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Mirrabooka Investments Limited

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Australian Foundation Investment Company as at 31 December 2004 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the Corporations Act 2001, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review 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, for the half-year ended 31 December 2004.

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.

Review approach
We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. For further explanation of a review, visit our website http://www.pwc.com/au/financialstatementaudit.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* 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 statement on the basis of the review procedures performed, which included:

- inquiries of Company personnel, and
- analytical procedures applied to financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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

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

Independence

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

PricewaterhouseCoopers
Chartered Accountants

Simon Gray — Melbourne
Partner — February 2005