



**MIRRABOOKA**

*Investments Limited*

A.B.N 31 085 290 928

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**APPENDIX 4E STATEMENT  
FOR THE YEAR ENDING 30 JUNE 2006**

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- Results for announcement to the market
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# PRELIMINARY RESULTS FOR ANNOUNCEMENT TO THE MARKET

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The reporting period is the year ended 30 June 2006 with the corresponding period being the year ended 30 June 2005. The previous corresponding period figures have been adjusted as required under the new Accounting Standards that the Company adopted on 1 July 2005.

These preliminary results are based on unaudited financial statements.

## Results for announcement to the market

- Net profit (including realised capital gains on investments) was \$20.4 million, 16.8% up from the previous corresponding period.
- Operating profit after tax was \$7.3 million, 12.2% up from the previous corresponding period.
- Net operating profit per share was 6.27 cents, up 12.2% from 5.59 cents the previous corresponding period.
- Revenue from operating activities (excluding realised capital gains on investments) was \$9.1 million, 12.9% up from the previous corresponding period.
- The interim dividend for the 2006 financial year was 3.0 cents per share, fully franked, and it was paid to shareholders on 16 March 2006.
- The final dividend of 4 cents per share fully franked, up from last year's final dividend of 3.5 cents, will be paid on 23 August 2006 to ordinary shareholders on the register on 9 August 2006. Shares are expected to trade ex-dividend from 2 August 2006.
- The final dividend includes an attributable 2 cents of Listed Investment Company (LIC) gain. This gain enables some shareholders to claim a tax deduction in their tax return. Further details will be on the dividend statements.
- A Dividend Reinvestment Plan (DRP) has been introduced. Notice of participation in the DRP needs to be received by the Share Registry by 9 August 2006. Shareholders who elect to participate in the DRP will be able to purchase shares at a 2.5% discount to the average volume weighted price of shares traded in the 5 trading days after the shares go ex-dividend.
- Net asset backing as at 30 June 2006 was \$1.94, up from \$1.72 at the end of the previous corresponding period.

## **MEDIA RELEASE – FULL YEAR RESULT**

12 July 2006

### **CAUTION LEADS TO HIGHER DIVIDENDS**

Mirrabooka Investments Limited today announced its unaudited financial results for the full year to 30 June 2006 utilising the Australian equivalents to International Financial Reporting Standards (“AIFRS”).

Under AIFRS, the reported profit after tax of the Company for the twelve months to 30 June 2006 was \$20.40 million. This figure includes after-tax profits on the sale of securities from the investment account which are required to be included as profit under these new standards.

Operating profit after tax, which excludes capital gains increased to \$7.28 million or 12.2% over the equivalent number of \$6.49 million last year. It is the Board’s view that this number is more reflective of the investment and trading income from the Company’s portfolios.

These results are subject to audit.

### **SUMMARY OF RESULTS**

- AIFRS Reported Profit after tax was \$20.40 million (last year \$17.46 million), up 16.8%. This includes realised gains on the sale of investments.
- Operating Profit after tax which excludes realised gains on the investment portfolio was \$7.28 million (last year \$6.49 million), up 12.2%.
- Earnings per share based on Operating Profit were 6.27 cents, an increase of 12.2% over 5.59 cents last year.
- A fully franked final dividend of 4.0 cents per share will be paid on 23 August 2006, which is an increase of 0.5 cents per share over the final dividend last year. This brings total dividends for the year to 7.0 cents per share, an increase of 1 cent or 16.7% on total dividends last financial year. A Listed Investment Company capital gain of 2.0 cents per share is attached to the final dividend.
- The Board has introduced a dividend reinvestment plan for the Company at a discount of 2.5% to the ex dividend market price, as defined by the Plan.
- Total portfolio return during the twelve months to 30 June 2006 (change in net asset backing per share plus dividends) was an increase of 16.4%. Before expenses and tax provided on realised capital gains the twelve month return is 20.9%.
- Total shareholder return measured by change in share price plus dividends over the twelve months to 30 June 2006 was up 26.5%.
- Management expense ratio on an annualised basis was 0.87%.
- Net asset backing at 30 June 2006 was \$1.94 (before allowing for the 4.0 cent final dividend). The Company’s share price at 11 July was \$1.81 per share.

## **Chairman's Comments**

The Chairman, Mr Terry Campbell commented, "During the year we have been particularly vigilant given the ongoing strength in the market. We have been managing the portfolio by reducing positions in some companies where valuation risks in our opinion looked extreme. We also reduced certain holdings which had become large relative to the overall size of Mirrabooka's portfolio to alleviate concentration risk. As a result, even though the Company undertook new investment opportunities and increased holdings in selected companies, the Company also carried a high level of cash through the year. Interestingly enough the recent market correction over the past six weeks is now seeing some value re-emerge and gives us more investment opportunities going into this new financial year.

The small to mid cap market continued its strong run throughout the year with the combined index rising 26.4% over the period. This is the third consecutive year that this segment of the market has delivered in excess of 25% growth which has led us to be cautious over the past year. The small to mid cap sector of the market is inherently more volatile given the specialised nature of many of the companies that are part of this sector and their much higher sensitivity to competitive forces. As a result, we have been concerned that valuations had reached a level where the risks inherent in some of these companies were not being appropriately reflected in their respective share prices.

The Company produced net realised gains in the portfolio of \$13.3 million primarily because of the sale of some shares in Healthscope as the Company reduced its large overweight exposure in the portfolio particularly following that Company's rights issue in October 2005, and also the takeovers of Foodland, National Foods and Patrick Corporation.

Underlying income generated from Mirrabooka's investment portfolio through dividends and other income increased 16.9% reflecting our bias toward companies with track records that indicate increasing dividends over time. This positioning of the portfolio tends to avoid the more speculative areas of the market".

## **Portfolio Performance**

Mirrabooka's portfolio grew 16.4% over the twelve months to 30 June 2006. The performance of Mirrabooka's portfolio is after expenses and tax provided on realised capital gains whereas the small and mid cap indices do not reflect such charges in their performance figures. Adding these back into Mirrabooka's portfolio performance, the twelve month return is 20.9%.

The combined small to mid cap index grew 26.4% over the same period. However, a large element of this index growth has been driven by what we would regard as the more risky part of the market, particularly the single purpose commodity companies. This is not an area that Mirrabooka typically invests in given the more speculative nature of the returns in this segment of the market.

Total portfolio (including cash and bank bills) at 30 June 2006 was \$230.9 million, including cash of \$18.2 million.

## **Dividend and Introduction of Dividend Reinvestment Plan.**

We were pleased to be able to increase the final dividend to 4 cents per share bringing total dividends to 7.0 cents per share an increase of 16.7% for the year. Also included with the final dividend is 2 cent LIC gain which can be utilised by some shareholders to claim a tax deduction on their tax return. The Board has also decided to introduce a dividend reinvestment plan to allow shareholders to further invest in the Company. Details will be sent to shareholders shortly but a 2.5% discount applies to the Plan for the final dividend.

## Outlook

In looking forward, despite the recent level of equity market volatility, we believe the outlook for the Australian economy remains sound. Whilst we expect some upward pressure on interest rates through the persistence of inflation pressures as a result of strong energy prices, labour and other input costs there is nothing to suggest at this point that the benefits the Australian economy has enjoyed from the strong external sector are about to disappear. In particular, the outlook for our major trading partners remains very strong, with China and Japan expected to exhibit good economic growth over the medium term.

Against this background we believe the recent pull back in the market has been healthy. Some of the more speculative momentum of the market has been checked and we are starting to see some value re emerge in selected areas. With \$18 million in cash and the proceeds of the dividend reinvestment plan to reinvest Mirrabooka is well placed to take advantage of any attractive investment opportunities that fit with the Company's investment aims.

Please direct any enquiries to:

Ross Barker  
Managing Director  
(03) 9924 0380

Geoff Driver  
General Manager  
(03) 9679 1659

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## TOP INVESTMENTS AS AT 30 JUNE 2006

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*Includes investments held in both the Investment and Trading Portfolios*

			<b>Total Value \$ million</b>
1	TCL	Transurban Group	10.7
2	NUF	Nufarm	8.6
3	BOL	BOOM Logistics	8.0
4	TOL	Toll Holdings	7.4
5	PPC	Peet & Company	6.6
6	BAX	Baxter Group	6.5
7	APNG	APN 7.25% convertible note	6.2
8	HSP	Healthscope	5.6
9	CPU	Computershare	5.5
10	CEU	ConnectEast Group	5.2
11	ROC	Roc Oil Company	5.1
12	MMS	McMillan Shakespeare	5.0
13	ORG	Origin Energy	4.7
14	PRG	Programmed Maintenance Services	4.6
15	ALN	Alinta	4.6
16	DVC	DCA Group	4.5
17	OSH	Oil Search	4.1
18	IPL	Incitec Pivot	4.0
19	SHV	Select Harvests	3.9
20	CPB	Campbell Brothers	3.6
			<hr/> <b>114.3</b> <hr/>

As % of Total Portfolio Value  
(excludes Cash and Bank Bills)

53.7%

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
Dividends and distributions		8,025	7,225
Revenue from deposits and bank bills		1,035	792
Other revenue		20	24
Total revenue		9,080	8,041
Income from options written		153	3
Net gains on trading portfolio		849	582
Income from operating activities before net gains on investments		10,082	8,626
Finance costs		(20)	(17)
Administration expenses		(1,928)	(1,660)
Operating profit before income tax expense and net gains on investments	1	8,134	6,949
Income tax expense*	2	(857)	(463)
Net operating profit before net gains on investments		7,277	6,486
Net gains on investments			
Net gains on Ordinary Securities sold from the investment portfolio		19,199	15,074
Net losses on Other Securities		(211)	(1,508)
Net losses on open options positions		(29)	(5)
Tax expense on above*	2	(5,834)	(2,587)
		13,125	10,974
Profit for the year		20,402	17,460
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		17.58	15.04
Diluted earning per share		17.58	15.04

**Information on earnings per share, including net operating profit before net gains on investments, can be found in Note 16.**

	2006 \$000	2005 \$000
* Total tax expense	6,691	3,050

*This Preliminary Income Statement has not been audited*

## BALANCE SHEET AS AT 30 JUNE 2006

	Note	2006 \$'000	2005 \$'000
<b>Current assets</b>			
Cash	3	18,218	22,403
Receivables	4	2,292	846
Trading portfolio	5	1,135	1,185
<b>Total current assets</b>		<b>21,645</b>	<b>24,434</b>
<b>Non-current assets</b>			
Investment portfolio	6	211,687	181,630
Deferred tax assets	7	236	52
<b>Total non-current assets</b>		<b>211,923</b>	<b>181,682</b>
<b>Total assets</b>		<b>233,568</b>	<b>206,116</b>
<b>Current liabilities</b>			
Payables	8	1,661	3,386
Tax payable		6,799	2,395
Options written portfolio	9	150	48
<b>Total current liabilities</b>		<b>8,610</b>	<b>5,829</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities - investment portfolio	10	26,791	23,167
<b>Total non-current liabilities</b>		<b>26,791</b>	<b>23,167</b>
<b>Total liabilities</b>		<b>35,401</b>	<b>28,996</b>
<b>Net Assets</b>		<b>198,167</b>	<b>177,120</b>
<b>Shareholders' equity</b>			
Share Capital	11	115,838	115,845
Revaluation Reserve	12	50,577	42,381
Realised Capital Gains Reserve	13	23,988	11,271
Retained Profits	14	7,764	7,623
<b>Total shareholders' equity</b>		<b>198,167</b>	<b>177,120</b>

*This Preliminary Balance Sheet has not been audited*

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

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	Note	2006 \$'000	2005 \$'000
<b>Total equity at the beginning of the year</b>		<b>177,120</b>	<b>146,043</b>
Dividends paid	15	(7,544)	(6,384)
Other Share Capital Adjustments	11	(7)	-
<b>Total transactions with equity holders in their capacity as equity holders</b>		<b>(7,551)</b>	<b>(6,384)</b>
Revaluation of investment portfolio		11,882	31,003
Provision for tax on unrealised gains		(3,686)	(11,002)
Net unrealised gains recognised directly in equity	12	8,196	20,001
Profit for the year		20,402	17,460
<b>Total recognised income (including unrealised gains) &amp; expense for the year</b>		<b>28,598</b>	<b>37,461</b>
<b>Total equity at the end of the financial year</b>		<b>198,167</b>	<b>177,120</b>

*This Preliminary Statement of Changes in Equity has not been audited*

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 \$'000 INFLOWS/ (OUTFLOWS)	2005 \$'000 INFLOWS/ (OUTFLOWS)
<b>Cash flows from operating activities</b>			
Sales from trading portfolio		6,112	5,034
Purchases for trading portfolio		(5,413)	(4,284)
Proceeds from entering into options in options written portfolio		227	79
Payment to settle options in options written portfolio		(1)	(33)
Interest received		1,525	1,200
Dividends and distributions received		<u>6,475</u>	<u>6,204</u>
		8,925	8,200
Other receipts		20	24
Administration expenses		(1,975)	(1,611)
Finance costs paid		(20)	(17)
Income taxes paid		<u>(2,528)</u>	<u>(1,210)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>17</b>	<b><u>4,422</u></b>	<b><u>5,386</u></b>
<b>Cash flows from investing activities</b>			
Sales from investment portfolio		41,086	48,846
Purchases for investment portfolio		<u>(42,142)</u>	<u>(37,484)</u>
<b>Net cash inflow/(outflow) from investing activities</b>		<b><u>(1,056)</u></b>	<b><u>11,362</u></b>
<b>Cash flows from financing activities</b>			
Payment for shares bought back		(7)	-
Dividends paid		<u>(7,544)</u>	<u>(6,384)</u>
<b>Net cash inflow/(outflow) from financing activities</b>		<b><u>(7,551)</u></b>	<b><u>(6,384)</u></b>
Net increase/(decrease) in cash held		(4,185)	10,364
Cash at the beginning of the financial-year		<u>22,403</u>	<u>12,039</u>
<b>Cash at the end of the financial-year</b>	<b>3</b>	<b><u>18,218</u></b>	<b><u>22,403</u></b>

*This Preliminary Cash Flow Statement has not been audited.*

## NOTES TO THE FINANCIAL STATEMENTS

*These Notes have not been audited.*

<b>1. Operating profit before income tax expense and net gains on investments</b>	<b>2006 \$'000</b>	<b>2005 \$'000</b>
Dividends and distributions		
• securities held in investment portfolio	7,540	6,777
• securities held in trading portfolio	20	11
	<u>7,560</u>	<u>6,788</u>
Interest income		
• securities held in investment portfolio	465	437
• deposits and income from bank bills	1,035	792
	<u>1,500</u>	<u>1,229</u>
Net gains/(losses) and write downs		
• net gains from trading portfolio sales	855	688
• realised gains on options written portfolio	153	3
• unrealised losses in trading portfolio	(6)	(106)
	<u>1,002</u>	<u>585</u>
Other income	20	24
Operating income	<u>10,082</u>	<u>8,626</u>
Finance costs	(20)	(17)
Administration Fees paid to Australian Foundation Investment Company (AFIC)	(248)	(202)
Other administration expenses	(1,680)	(1,458)
	<u>8,134</u>	<u>6,949</u>
<b>Operating profit before income tax expense and net gains on investments</b>	<b>8,134</b>	<b>6,949</b>

The outsourcing arrangement with AFIC is reviewed annually, and is currently set at 0.1% of the average net assets

## 2. Tax expense

### (a) Reconciliation of tax expense to prima facie tax payable

<b>Operating profit before income tax expense and net gains on investments</b>	<b>8,134</b>	<b>6,949</b>
Tax at the Australian tax rate of 30% (2005 – 30%)	2,440	2,085
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
• Tax offset for franked dividends	(1,334)	(1,226)
• Non-taxable distributions	(154)	(332)
• Sundry items	(24)	(14)
	<u>928</u>	<u>513</u>
Over provision in prior years	(71)	(50)
Income tax expense on operating profit	<u>857</u>	<u>463</u>

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net gains on investments (before tax)</b>	<b>18,959</b>	<b>13,561</b>
Tax at the Australian tax rate of 30% (2005 – 30%)	5,688	4,068
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Accounting gains rolled-over for taxation purposes	(257)	(1,554)
Impact of parcel selection for capital gains purposes & deferred tax distributions	403	73
Tax expense on capital gains	<u><b>5,834</b></u>	<u><b>2,587</b></u>
<b>Total tax expense</b>	<u><u><b>6,691</b></u></u>	<u><u><b>3,050</b></u></u>
<b>(b) Tax expense composition</b>		
Charge for tax payable relating to the current year	7,008	3,488
Under (over) provision in prior years	(71)	(50)
Increase (decrease) in deferred tax liabilities – investment portfolio	(62)	(453)
Decrease (increase) in deferred tax assets	(184)	65
	<u><b>6,691</b></u>	<u><b>3,050</b></u>
<b>(c) Amounts recognised directly in equity</b>		
Increase (decrease) in deferred tax liabilities relating to capital gains on the increase in unrealised gains on Ordinary Securities in the investment portfolio	<u>3,686</u>	<u>11,002</u>
	<u><b>3,686</b></u>	<u><b>11,002</b></u>
<b>3. Current assets – cash</b>		
Cash at bank and in hand	(4)	46
Deposits at call	3,314	2,510
Discounted bills of exchange	14,908	19,847
	<u><b>18,218</b></u>	<u><b>22,403</b></u>
<b>4. Current assets – receivables</b>		
Dividends and distributions receivable	1,239	778
Interest receivable/pre-paid	38	63
Outstanding settlements – Investment portfolio	1,006	-
Prepayments	9	5
	<u><b>2,292</b></u>	<u><b>846</b></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.

<b>5. Current assets – trading portfolio</b>	<b>2006 \$'000</b>	<b>2005 \$'000</b>
Listed securities at market value		
- shares and trust units	1,135	1,185
	<u>1,135</u>	<u>1,185</u>

#### **6. Non-current assets – investment portfolio**

Listed securities		
- shares at market value	203,813	172,705
- converting and convertible notes and other interest bearing securities at market value	7,775	8,826
Unlisted securities at fair value	99	99
	<u>211,687</u>	<u>181,630</u>

The fair value of unlisted securities is determined by Directors based upon independent advice.

#### **7. Non-current assets – Deferred tax**

The Company's deferred tax assets ("DTA") arise from timing differences in the recognition of items for taxation and accounting purposes.

The key components are:

(a) The difference in the value of the Trading portfolio for tax and accounting purposes as described in accounting policy	13	-
(b) Tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out	37	13
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	195	133
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(17)	(95)
(e) Provision for tax on unrealised gains or losses on the options written portfolio	8	1
	<u>236</u>	<u>52</u>

#### **Movements:**

Opening balance at 1 July	52	117
(Credited)/charged to Income statement	184	(65)
	<u>236</u>	<u>52</u>

#### **8. Current liabilities - payables**

Outstanding settlements – investment portfolio	995	2,475
Outstanding settlements – trading portfolio	-	200
Directors' retirement allowances	357	444
Other payables	309	267
	<u>1,661</u>	<u>3,386</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.

Movement on amount payable for Directors retirement benefits during the year :	<b>2006</b> <b>\$'000</b>	<b>2005</b> <b>\$'000</b>
Opening balance	444	444
Amount paid during year	(87)	-
	<u><b>357</b></u>	<u><b>444</b></u>

## 9. Options written portfolio

As at balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of \$4.77 million (2005: \$1.55 million).

## 10. Deferred tax liabilities – investment portfolio

Deferred tax liabilities on unrealised gains in the investment portfolio	<u><b>26,791</b></u>	<u><b>23,167</b></u>
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### Movements:

Opening balance at 1 July	23,167	12,618
(Credited)/charged to income statement for securities that contain a derivative element (eg Convertible Notes)	(62)	(453)
(Credited)/charged to equity for ordinary securities	3,686	11,002
	<u><b>26,791</b></u>	<u><b>23,167</b></u>

## 11. Shareholders' equity – share capital

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

Date	Details	Notes	Number of shares '000	Price \$	Paid-up Capital \$'000
1/07/2004	Balance		116,066		115,845
30/06/2005	Balance		116,066		115,845
Various	Buy-backs	i	(4)	1.75	(7)
30/06/2006	Balance		<u><b>116,062</b></u>		<u><b>115,838</b></u>

i) The Company introduced an on-market Buy-Back Program in the financial year ending 30 June 2006. During the 2006 financial year the Company had bought back 4,000 shares (2005: Nil shares) at an average price of \$1.75 (2005:N/A).

<b>12. Revaluation Reserve</b>	<b>2006</b> <b>\$'000</b>	<b>2005</b> <b>\$'000</b>
Opening balance at 1 July	42,381	22,380
Revaluation of investment portfolio	11,882	31,003
Provision for tax on unrealised gains	(3,686)	(11,002)
	<u><b>50,577</b></u>	<u><b>42,381</b></u>

## 13. Realised Capital Gains Reserve

Opening balance at 1 July	11,271	2,872
Dividends paid	(580)	(1,219)
Transfer from retained profits	13,297	9,618
	<u><b>23,988</b></u>	<u><b>11,271</b></u>

<b>14. Retained Profits</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance at 1 July	7,623	4,946
Dividends paid	(6,964)	(5,165)
Profit for the year	20,402	17,460
Transfer to realised capital gains reserve	(13,297)	(9,618)
	<b><u>7,764</u></b>	<b><u>7,623</u></b>

## **15. Dividends**

### **(a) Dividends paid during the year**

Final dividend for the year ended 30 June 2005 of 3.5 cents fully franked at 30% paid on 24 August 2005 (2005: 3.0 cents fully franked at 30% paid on 18 August 2004).	4,062	3,482
Interim dividend for the year ended 30 June 2006 of 3.0 cents per share fully franked at 30%, paid 16 March 2006 (2005: 2.5 cents fully franked at 30% paid 23 March 2005)	3,482	2,902
	<b><u>7,544</u></b>	<b><u>6,384</u></b>

### **(b) Franking credits**

Balance on the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables.	9,153	3,528
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(1,990)	(1,741)
Net available	7,163	1,787
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	16,715	4,170

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 4 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2006 to be paid on 23 August 2006, but not recognised as a liability at the end of the financial year.	4,642	
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### **(d) Listed Investment Company capital gain account**

Balance of the Listed Investment Company (LIC) capital gain account	19,972	6,233
This would equate to an attributable amount of	28,532	8,904

Distributed LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the dividend statement.

LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains or the receipt of LIC distributions from LIC securities held in the portfolios.

<b>16. Earnings per share</b>	<b>2006</b>	<b>2005</b>
<b>Basic Earnings per Share</b>		
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator	116,064,895	116,065,999
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	20,402	17,460
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	17.58	15.04
<b>Basic net operating profit before net gains on investments</b>		
	<b>\$'000</b>	<b>\$'000</b>
Net operating profit before net gains on investments	7,277	6,486
	<b>2006</b>	<b>2005</b>
	<b>Cents</b>	<b>Cents</b>
Basic net operating profit before net gains on investments	6.27	5.59

### Dilution

As there are no options, convertible notes or other dilutive instruments on issue, Diluted Earnings per share is the same as Basic Earnings per Share. This similarly applies to Diluted net operating profit before net gains on investments per share.

<b>17. Reconciliation of net cash flows from operating activities to profit</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	20,402	17,460
- Net decrease (increase) in trading portfolio	50	(34)
- Net capital (gains)/losses on investment portfolio before tax	(18,988)	(13,566)
- Dividends received as securities under DRP investments	(617)	(175)
- Decrease (increase) in current receivables	(1,446)	992
- Less increase (decrease) in receivables for investment portfolio	1,006	(1,429)
- Increase (decrease) in deferred tax liabilities	3,440	11,616
- Less (increase) decrease in deferred tax liability on investment portfolio	(3,624)	(11,002)
- Less (credit)/charge to profit & loss for tax on gains or losses on hybrids	(62)	-
- Increase (decrease) in options written	102	48
- Increase (decrease) in current payables	(1,725)	2,731
- Less decrease (increase) in payables for investment portfolio	1,480	(2,475)
- Increase (decrease) in provision for tax payable	4,404	1,220
Net cash flows from operating activities	<b>4,422</b>	<b>5,386</b>