



MIRRABOOKA

Investments Limited

A.B.N 31 085 290 928

**APPENDIX 4E STATEMENT
FOR THE YEAR ENDING 30 JUNE 2009**

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PRELIMINARY RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2009 with the corresponding period being the year ended 30 June 2008.

These preliminary results are based on financial statements that are in the process of being audited.

Results for announcement to the market

- Operating profit after tax was \$8.4 million, 1.2% up from the previous corresponding period.
- Net operating profit per share was 6.75 cents, down 2.6% from 6.93 cents the previous corresponding period.
- Net Loss attributable to members (including capital gains) was \$6.75 million, down 123% from the previous corresponding period. This includes an 'impairment' revaluation charge of \$15.5 million (after tax). Excluding this, the net profit would have been \$8.7 million.
- Revenue from operating activities (excluding realised capital gains on investments) was \$9.7 million, 9.4% down from the previous corresponding period.
- The interim dividend for the 2009 financial year was 3.5 cents per share, fully franked, and it was paid to shareholders on 13 February 2009.
- The final dividend of 6.5 cents per share fully franked, the same as last year, will be paid on 7 August 2009 to shareholders on the register on 23 July 2009. Shares are expected to trade ex-dividend from 17 July 2009.
- A portion of the final dividend is sourced from capital gains, on which the Company has paid tax. The amount of pre-tax attributable gain, known as an "LIC gain", is 4.6 cents. This gain enables some shareholders to claim a tax deduction in their tax return. Further details will be on the dividend statements.
- The Company's Dividend Reinvestment Plan is in operation for the final dividend, under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares is based on the average selling price of shares traded on the Australian Securities Exchange in the five days from the day the shares begin trading on an ex-dividend basis. No discount applies. The last day for the receipt of an election notice for participation in the plan is 23 July 2009.
- Net asset backing per share before the provision for deferred tax on the unrealised gains in the Company's investment portfolio as at 30 June 2009 was \$1.50 (before allowing for the final dividend), down from \$1.98 at the end of the previous corresponding period (also before allowing for the final dividend).



MIRRABOOKA BEGINS TO INVEST CASH AS CONFIDENCE RETURNS

MEDIA RELEASE - FULL YEAR RESULT TO 30 JUNE 2009

13 July 2009

The combined small to mid cap sector fell 27.8% over the year whereas Mirrabooka's portfolio decline was a smaller 19.4%. This significant difference reflects the careful approach we have taken to managing the portfolio during these difficult times and the underlying quality of stocks held.

Mirrabooka held a relatively high level of cash throughout the year, although as we became more confident about the outlook we started to selectively put some money back into the market. At year end cash represented 13.1% of the total portfolio.

Mirrabooka believes current prices adequately reflect the economic recovery so we are not actively in the market on a day to day basis. Going forward, remaining cash will allow Mirrabooka to participate in attractively priced new issues which have been recently a feature of the market or in further investments in stocks that we feel match our investment criteria.

Another feature of the market environment was also the decline in dividends paid as companies sought to strengthen their balance sheets and adjust to subdued business conditions. This impacted the overall income of Mirrabooka, although this decline was able to be offset by increased income from call writing option activities as market volatility remained high. As a result the key underlying measure of profit, Net Operating Profit, was up marginally to \$8.4 million from \$8.3 million last year.

The final dividend has been maintained at 6.5 cents per share.

Note that under the Accounting Standards the large fall in share market prices below the cost base of some stocks in Mirrabooka's portfolio has required Directors to take an after tax charge of \$15.5 million to the accounting Profit after Tax for "impairment". As a result, the AIFRS Profit after Tax because of these unrealised "losses" was a loss of \$6.8 million. All of Mirrabooka's investments are revalued continuously to market value in our accounts. This "impairment" charge reflects the negative changes in market value of certain stocks below their original cost. It does not change the value of Mirrabooka's portfolio or its net asset backing.

This is Mirrabooka's tenth year of operation so it is encouraging to see that the long term approach we take to investing is proving resilient even through one of the toughest of market downturns. Mirrabooka's ten year portfolio return performance is 8.9% per annum versus the combined small to mid cap indices of 6.9% per annum. Grossing up for the benefit of franking credits Mirrabooka's return is 10.7% compared to the benchmark return of 7.9%.

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MAJOR CHANGES TO THE INVESTMENT PORTFOLIO

Acquisitions (Above \$1 million)

Company Name	Total Cost \$m
Alumina	6.0
OneSteel	3.4
Australian Infrastructure Fund	2.4
Crane Group	2.2
Iluka Resources	2.2
Australian Agricultural Company	2.1
Gunns	1.9
Seek	1.8
West Australian Newspapers	1.7
PanAust	1.5
Cedar Woods Properties	1.5
Oil Search	1.2
IRESS Market Technology	1.2
GrainCorp	1.1
PrimeAg Australia	1.1
Incitec Pivot	1.1
Fleetwood Corporation	1.1
Perpetual	1.0
Equity Trustees	1.0
Total	35.5

Disposals (Above \$1 million)

Company Name	Total Proceeds \$m
Origin Energy	10.8
Queensland Gas Company	6.6
Computershare	4.0
Cabcharge Australia	3.6
ConnectEast Group	3.6
Boart Longyear	2.7
Programmed Maintenance Services	2.2
Lion Selection	2.0
Pro Medicus	1.3
Total	36.8

TOP INVESTMENTS AS AT 30 JUNE 2009

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 30 June 2009

	Total Value \$ million
1 * Nufarm	8.3
2 * Oil Search	7.6
3 Healthscope	7.0
4 IRESS Market Technology	6.6
5 * Alumina	5.9
6 Tox Free Solutions	5.9
7 Australian Infrastructure Fund	5.4
8 * Coca-Cola Amatil	5.3
9 Campbell Brothers	4.9
10 OneSteel	4.9
11 Iluka Resources	4.3
12 Fleetwood Corporation	4.3
13 Tassal Group	4.0
14 * James Hardie Industries NV	4.0
15 * Toll Holdings	3.9
16 Bradken	3.8
17 Peet	3.8
18 Equity Trustees	3.6
19 Crane Group	3.3
20 ASG Group	3.3
	<hr/> 100.0 <hr/>
As % of Total Portfolio (excludes Cash and Bank Bills)	60.7%

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

FINANCIAL STATEMENTS

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$'000	2008 \$'000
Dividends and distributions		7,682	9,473
Revenue from deposits and bank bills		1,773	1,208
Other revenue		247	27
Total revenue		9,702	10,708
Income from options written		1,197	628
Net gains/(losses) on trading portfolio		7	(693)
Income from operating activities before net gains on investments		10,906	10,643
Finance costs		(20)	(37)
Administration expenses		(1,642)	(2,270)
Operating profit before income tax expense and net gains on investments	5	9,244	8,336
Income tax expense*	6	(863)	(56)
Net operating profit before net gains on investments		8,381	8,280
Net gains/(losses) on investments			
Net gains on Ordinary Securities sold from the investment portfolio		763	34,372
Net gains/(losses) on open options positions		176	(481)
Tax expense on above*	6	(581)	(13,081)
AASB 139 'impairment' revaluation charge on investment portfolio	4	(22,135)	-
Tax credit on AASB 139 'impairment' revaluation charge*		6,641	-
		(15,136)	20,810
Profit/(Loss) for the year	4	(6,755)	29,090
		Cents	Cents
Basic earnings per share		(5.44)	24.34

This Income Statement should be read in conjunction with the accompanying notes.

Information on earnings per share, including Net Operating Profit before net gains on investment & options written portfolios per share, can be found in Note 23

	2009 \$000	2008 \$000
* Total tax expense (including credit on 'impairment' revaluation charge)	(5,197)	13,137

BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009 \$'000	2008 \$'000
Current assets			
Cash	7	24,741	39,239
Receivables	8	432	4,686
Trading portfolio	9	-	650
Total current assets		25,173	44,575
Non-current assets			
Investment portfolio	10	164,809	215,011
Deferred tax assets	11	95	345
Total non-current assets		164,904	215,356
Total assets		190,077	259,931
Current liabilities			
Payables	12	1,973	2,200
Tax payable		1,181	12,075
Options written portfolio	13	121	925
Total current liabilities		3,275	15,200
Non-current liabilities			
Deferred tax liabilities - investment portfolio	14	656	17,214
Total non-current liabilities		656	17,214
Total liabilities		3,931	32,414
Net Assets		186,146	227,517
Shareholders' equity			
Share Capital	15	131,965	131,198
Revaluation Reserve	16	8,185	31,392
Impairment Revaluation Charge Reserve	17	(15,494)	-
Realised Capital Gains Reserve	18	48,037	55,643
Retained Profits	19	13,453	9,284
Total shareholders' equity		186,146	227,517

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$'000	2008 \$'000
Total equity at the beginning of the year		227,517	264,535
Dividends paid	22	(12,176)	(11,703)
Shares issued under Dividend Reinvestment Plan	15	771	1,436
Shares issued under the 1-for-7 Rights Issue	15	-	12,606
Other share capital adjustments	15	(4)	(183)
Total transactions with share-holders		(11,409)	2,156
Revaluation of investment portfolio		(55,052)	(100,932)
Provision for tax on unrealised gains		16,351	32,668
Transfer to income statement for AASB 139 'impairment' revaluation charge		22,135	-
Tax credit on AASB 139 'impairment' revaluation charge		(6,641)	-
Net unrealised gains/(losses) recognised directly in equity	16	(23,207)	(68,264)
Profit/(Loss) for the year		(6,755)	29,090
Total recognised income/(loss) (including unrealised gains/(losses)) & expense for the year		(29,962)	(39,174)
Total equity at the end of the financial year		186,146	227,517

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$'000 INFLOWS/ (OUTFLOWS)	2008 \$'000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities			
Sales from trading portfolio		2,752	2,170
Purchases for trading portfolio		(2,095)	(364)
Proceeds from entering into options in options written portfolio		691	1,645
Payment to settle options in options written portfolio		(122)	(802)
Interest received		1,712	1,222
Dividends and distributions received		6,110	8,023
		<u>9,048</u>	<u>11,894</u>
Other receipts		247	27
Administration expenses		(1,699)	(2,486)
Finance costs paid		(20)	(44)
Income taxes paid		(282)	(1,090)
Net cash inflow/(outflow) from operating activities	27	<u>7,294</u>	<u>8,301</u>
Cash flows from investing activities			
Sales from investment portfolio		50,507	86,318
Purchases for investment portfolio		(48,751)	(56,646)
Tax paid on Capital Gains		(11,962)	(6,356)
Net cash inflow/(outflow) from investing activities		<u>(10,206)</u>	<u>23,316</u>
Cash flows from financing activities			
Share issues		-	12,606
Repayment of borrowings		(150)	-
Receipts from borrowings		-	150
Share issue transaction costs		(4)	(183)
Dividends paid		(11,432)	(10,242)
Net cash inflow/(outflow) from financing activities		<u>(11,586)</u>	<u>2,331</u>
Net increase/(decrease) in cash held		(14,498)	33,948
Cash at the beginning of the financial-year		39,239	5,291
Cash at the end of the financial-year	7	<u>24,741</u>	<u>39,239</u>

This Cash Flow Statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of significant accounting 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 Interpretations and the *Corporations Act 2001*.

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
Market Value	Fair Value for Actively Traded Securities
Cash	Cash and Cash Equivalents
Share Capital	Contributed Equity

This financial report has been prepared in accordance with AIFRS (Australian Equivalents to International Financial Reporting Standards).

Compliance with AIFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

The Company has not applied any Australian Accounting Standards or AASB interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2009 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt the inoperative standards at the date at which their adoption becomes mandatory.

a) Basis of accounting

The financial statements are prepared using the valuation methods described below for holdings of securities, including options. 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 discrete portfolios of securities, the investment portfolio, the trading portfolio and the options written portfolio. The purchase and the sale of securities are accounted for at the date of trade.

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

The trading portfolio comprises securities held for short term trading purposes. As at 30 June 2009, there were no securities in the trading portfolio.

The options written portfolio contains exchange traded options contracts that are entered into as described in Note 13.

Ordinary securities within the investment portfolio are classified as 'assets available for sale', whereas securities that contain a derivative element (eg Convertible Notes) and the trading portfolio are classified as 'assets measured at fair value through the Income Statement'.

(ii) Valuation of investment portfolio

Securities, including listed and unlisted shares, and notes, are initially brought to account at market value, which is the cost of acquisition including transaction costs, and are revalued to market values continuously. Increments and decrements on Ordinary Securities are taken to

the Revaluation Reserve.

Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Revaluation Reserve to the Income Statement.

Increments and decrements on the value of the securities that contain a derivative element (known as 'Hybrids') are taken directly through the Income Statement.

(iii) Valuation of trading portfolio

Securities, including listed and unlisted shares, notes and options, are initially brought to account at market value, which is the cost of acquisition, or proceeds in the case of options, and are revalued to market values continuously.

Increments and decrements on the value of securities in the trading portfolio are taken directly through the Income Statement.

(iv) 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 through the Income Statement.

(v) 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 carrying value of the shares.

The realised gain or loss on options written is not recognised until the option expires, is exercised or is closed out. All unrealised gains or losses which represent movements in the Market Value of the options are recognised through the Income Statement.

c) Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to any unused tax losses. Deferred tax assets and liabilities are offset as all current and deferred taxes relate to the Australian Taxation Office, and can legally be settled on a net basis.

A tax provision is made for the unrealised gain or loss on securities valued at fair value through the Income Statement – i.e. Hybrids, options written and the trading portfolio.

A provision has to be made for any taxes that could arise on disposal of securities in the investment portfolio, even though 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.

d) Cash flows

For the purpose of the cash flow statement, 'cash' includes cash, deposits held at call, investment grade promissory notes and discounted bills of exchange.

e) Bills of exchange

Bills of exchange and investment grade promissory notes, which have been purchased in the

market at a discount to face value, are carried at an amount representing amortised cost using the effective interest rate method, and the amortised interest is accounted for as interest received.

f) Fair value of financial assets and liabilities

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

The fair value for assets that are actively traded on market is defined by AASB 139 as 'last bid price'.

g) Directors' retirement allowances

The Company recognises as 'amounts payable' Directors' retirement allowances that have been crystallised. No further amounts will be expensed as retirement allowances.

h) Impairment of assets in the Investment Portfolio

When the market value of a stock that is held in the investment portfolio is below its cost, it is reviewed for impairment. *AASB 139 – Financial Instruments : Recognition and Measurement* states that impairment has occurred if there has been a 'loss event or events' that have an impact on the future cash flows of the financial asset that can be reliably estimated.

When 'impairment' is held to have occurred, the amount of the loss that has been taken through the Revaluation Reserve is reversed and instead is taken through the Income Statement. Any subsequent increase in the market value of a stock thus impaired does not go through the Income Statement, however, but will be accounted for through the Revaluation Reserve whilst any further decrease will continue to be accounted for through the Income Statement.

The Investment Committee regularly reviews the stocks in the Investment Portfolio, and where it believes that such an event has occurred or is likely to occur, will normally seek to exit the position. Should that position not be exited by the balance sheet date, an impairment charge may be taken to the Income Statement as described above.

The Company is a long-term investor, and does not regard short-term or cyclical movements in the share-price of its investments as evidence of impairment. However, the relevant Accounting Standard also states that a "significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment." The Company's approach to this and the resultant charge are set out in Note 4.

i) 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. Critical Accounting Estimates and Judgements

The preparation of financial reports in conformity with AIFRS requires the use of certain critical accounting estimates. This report requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB112 *Income Taxes* deferred tax liabilities have been recognised for Capital Gains Tax (CGT) on the unrealised gain in the Investment portfolio at current tax rates. As the Directors do not intend to dispose of the portfolio, this tax

liability may not be crystallised at the amount disclosed in Note 14. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

The issue of whether any of the Company's investments are impaired is also a matter requiring judgement. Refer to Note 4 for the Company's approach in relation to this and the resulting charge.

Apart from this, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

3. Financial Reporting by segments

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

4. Profit excluding impairment

The accounts include an after-tax impairment charge of \$15.5 million for the year.

This charge is based on an interpretation of *AASB 139 – Financial Instruments : Recognition and Measurement* that takes as its starting point that, subject to other evidence to the contrary and judgement, an investment is impaired if it has been below its accounting cost for a minimum of 15 months or if the market value of the investment is more than 35% below its accounting cost.

Mirrabooka is an investment company that has invested on behalf of its shareholders for over 10 years. It takes a long-term view of investments, and does not believe that share prices in a cyclical downturn (or indeed upturn) necessarily reflect the long-term fair value of the underlying businesses and assets that it invests in.

If, in the Directors' opinion, an investment has become impaired from an investment viewpoint due to significant changes to that particular holding, that investment would normally be divested from the Portfolio. Any such 'impairment' charge would therefore be reflected as a realised loss within the net gains or losses on investments sold from the investment portfolio.

The Directors believe that the interpretation of the standard used in the financial statements, and its application, does not reflect the long-term nature of the Company's investment activities.

In addition, there is no current intention to sell any of the assets in the investment portfolio, and the Directors do not consider that there is sufficient or reliable evidence to indicate that at some point in the medium to long term, any investments currently held will not recover their cost.

Therefore, in the Directors' view, to take a 'realised' loss on an investment that the Directors have no current intention of selling does not accurately reflect the performance of the Company during the financial year.

It should be noted that any impairment charge that is taken on equity investments held by the Company cannot, under current Accounting Standards, be reversed back through the Income Statement when the market price recovers, but must be revalued through the Balance Sheet. The impairment charge is thus permanent until such time as the asset is sold.

Shareholders should note that all investments are continuously marked-to-market. Any unrealised impairment charge taken on investments that are not disposed of by the Company therefore has no impact on the Net Tangible Assets or shareholders' equity.

Directors note that the International Accounting Standard 39/AASB 139 which relates to the issue of impairment is being revised with effect from before the end of the current calendar year. This may lead to changes in the way that fair value movements on the Company's investments are recorded. The Company will monitor developments and make the necessary announcements once the new standard is finalised.

The Directors have presented below an alternative presentation of the Company's performance which, in their view, more clearly presents the actual performance of the Company :

	Alternate Treatment		Statutory Accounts	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Net operating profit before net gains on investments	8,381	8,280	8,381	8,280
Net gains/(losses) on investments				
Net gains on Ordinary Securities sold from the investment portfolio	763	34,372	763	34,372
Unrealised gains/(losses) on options written	176	(481)	176	(481)
Tax expense on net gains on investments	(581)	(13,081)	(581)	(13,081)
AASB 139 "impairment" revaluation charge	-	-	(22,135)	-
Tax credit on "impairment" revaluation charge	-	-	6,641	-
	358	20,810	(15,136)	20,810
Profit/(loss) for the year	8,739	29,090	(6,755)	29,090

5. Operating profit before income tax expense and net gains on investments	2009 \$'000	2008 \$'000
Dividends and distributions		
• securities held in investment portfolio	7,666	9,454
• securities held in trading portfolio	16	19
	<u>7,682</u>	<u>9,473</u>
Interest income		
• securities held in investment portfolio	-	-
• deposits and income from cash investments	1,773	1,208
	<u>1,773</u>	<u>1,208</u>
Net gains/(losses) and write downs		
• net gains/(losses) from trading portfolio sales	7	(693)
• realised gains on options written portfolio	1,197	628
• unrealised losses in trading portfolio	-	-
	<u>1,204</u>	<u>(65)</u>
Other income	247	27
Operating income	<u>10,906</u>	<u>10,643</u>

	2009 \$'000	2008 \$'000
Finance costs	(20)	(37)
Administration Fees paid to Australian Investment Company Services Ltd (AICS)	(844)	(928)
Other administration expenses	(798)	(1,342)
Operating profit before income tax expense and net gains on investments	9,244	8,336

Further information relating to remuneration of auditors is set out in Note 26, Directors and Executives in Note 24. The outsourcing arrangement with AICS is currently set at 0.475% of the portfolio value (excluding cash).

6. Tax expense	2009 \$'000	2008 \$'000
(a) Reconciliation of income tax expense to prima facie tax payable		
Operating profit before income tax expense and net gains on investments	9,244	8,336
Tax at the Australian tax rate of 30% (2008 – 30%)	2,773	2,501
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :		
Tax offset for franked dividends	(1,603)	(1,914)
Sundry items	82	22
	1,252	609
Under (over) provision in prior years	(389)	(553)
Income tax expense on operating profit	863	56
Net Gains on investments	939	33,891
Tax at the Australian tax rate of 30% (2008 – 30%)	282	10,167
Accounting gains rolled-over for taxation purposes	-	-
Under (over) provision in previous years	39	816
Impact of parcel selection for capital gains purposes and deferred tax distributions	260	2,098
Income tax expense on capital gains	581	13,081
Tax credit on AASB 139 'impairment' revaluation charge	(6,641)	-
Total tax expense/(credit)	(5,197)	13,137
(b) Tax expense composition		
Charge for tax payable relating to the current year	1,751	12,526
Under (over) provision in prior years	(350)	263
Increase/(decrease) in deferred tax liabilities – investment portfolio	(207)	487
Tax credit on AASB 139 'impairment' revaluation charge	(6,641)	-
(Increase)/decrease in deferred tax assets	250	(139)
	(5,197)	13,137
(c) Amounts recognised directly in equity		
Increase (decrease) in deferred tax liabilities relating to capital gains tax on the movement in unrealised gains on Ordinary Securities in the investment portfolio	(16,351)	(32,668)
	(16,351)	(32,668)

	2009 \$'000	2008 \$'000
7. Current assets – cash		
Cash at bank and in hand	21	12
Fixed Term Deposits	24,720	39,227
	<u>24,741</u>	<u>39,239</u>

Cash investments yielded an average interest rate of 5.2% (2008: 7.3%).

(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.

Cash investments are made with Australia's "Big 4" retail banks (2008 : with Goldman Sachs JBWere's Australian \$ Cash Reserves Fund rated AAAM by S&P and Aaa/MR1+ by Moody's)

(b) Standby arrangements and credit facilities

During the year, the Company decided not to extend its debt facilities. Previously, the Company was party to agreements under which the Commonwealth Bank of Australia had extended a cash advance facility to the Company.

	2009 \$'000	2008 \$'000
Cash Advance Facility	-	10,000
Amount drawn down	-	-
Undrawn facilities	<u>-</u>	<u>10,000</u>

The above borrowings were unsecured. Facilities were not drawn down during the year.

8. Current assets – receivables

	2009 \$'000	2008 \$'000
Dividends and distributions receivable	363	1,002
Interest receivable/pre-paid	67	6
Outstanding settlements – investment portfolio	-	3,676
Prepayments	2	2
	<u>432</u>	<u>4,686</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.

9. Current assets – trading portfolio

Listed securities at market value		
- shares and trust units	-	650
	<u>-</u>	<u>650</u>

The above, which is designated as "assets available for trading", plus the hybrids in the investment portfolio, which are designated as 'assets measured at fair value through the income statement' total \$Nil (2008: \$0.7 million)

Credit risk exposure

Credit risk exposures of 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.

10. Non-current assets – investment portfolio	2009	2008
	\$'000	\$'000
Listed securities		
- shares at market value	164,809	214,965
Unlisted securities at fair value	-	46
	<u>164,809</u>	<u>215,011</u>

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

Credit risk exposures of 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.

Excluding the hybrids, the total which is designated as “assets available for sale”, is \$164.8 million (2008: \$215 million)

11. 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, as described in Note 1(c).

The key components are:

	2009	2008
	\$'000	\$'000
(a) The difference in the value of the Trading portfolio for tax and accounting purposes	-	-
(b) Tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out	89	133
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	95	107
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(36)	(39)
(e) Provision for tax on unrealised gains or losses on the options written portfolio	(53)	144
	<u>95</u>	<u>345</u>

Movements:

Opening balance at 1 July	345	206
Credited/(charged) to Income statement	(250)	139
	<u>95</u>	<u>345</u>

The net DTA 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 DTA likely to be reversed within the next 12 months is \$67,000 (2008: \$163,000). This relates primarily to items described in notes (a), (b), (d) & (e) above.

12. Current liabilities - payables	2009	2008
	\$'000	\$'000
Outstanding settlements – investment portfolio	1,645	1,665
Outstanding settlements – trading portfolio	-	-
Director retirement benefits	270	270
Other payables	58	265
	<u>1,973</u>	<u>2,200</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 :

Opening balance	270	357
Amount paid during year	-	(87)
	<u>270</u>	<u>270</u>

13. Options written portfolio

The Company enters into option contracts in the options written portfolio for the purpose of enhancing 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 shares at an agreed price if the taker exercises the option. Options are valued at a theoretical price which is obtained via an independent third-party data provider.

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 \$6.74 million (2008: \$5.55 million).

These contracts are exchange-traded options and are entered into within the constraints and controls imposed by the Australian Securities 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.

\$2.18 million of shares are held by the Australian Clearing House (ACH) as collateral for sold exchange-traded option positions written by the Company (2008: \$8.94 million). These shares are held by ACH under the terms of ACH Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

14. Deferred tax liabilities – investment portfolio	2009	2008
	\$'000	\$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	<u>656</u>	<u>17,214</u>
Movements:		
Opening balance at 1 July	17,214	49,395
(Credited) to Income Statement for securities that contain a derivative element (eg Convertible Notes)	(207)	(24)
Charged to Income Statement for scrip-for-scrip rollover	-	511
Charged to equity for ordinary securities	(16,351)	(32,668)
	<u>656</u>	<u>17,214</u>

Refer Note 2 for further detail on the nature of the deferred tax liabilities on the investment portfolio.

15. 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
1/07/2007	Balance		116,829		117,339
2/08/2007	Dividend Reinvestment Plan	i	576	2.49	1,436
29/02/2008	1-for-7 Rights Issue	ii	6,465	1.95	12,606
	Cost of share issues		-		(183)
30/06/2008	Balance		<u>123,870</u>		<u>131,198</u>
13/02/2009	Dividend Reinvestment Plan	i	584	1.32	771
	Cost of share issues		-		(4)
30/06/2009	Balance		<u>124,454</u>		<u>131,965</u>

- i. The DRP was suspended for the year ended 30 June 2008 due to the 1-for-7 rights issue. The Pricing of the new DRP shares for the dividend paid on 13 February 2009 was based on the average selling price of shares traded on the Australian Stock Exchange in the five days from the day the shares begin trading on an ex-dividend basis.
- ii. The Company had a renounceable 1-for-7 rights issue during the year ended 30 June 2008. Under this issue, shareholders were invited to subscribe for 1 new share for every 7 that they owned. These new shares were entitled to half of the final dividend for the year ended 30 June 2008. 6,464,738 new shares were issued at a price of \$1.95.

16. Revaluation Reserve

	2009 \$'000	2008 \$'000
Opening balance at 1 July	31,392	99,656
Revaluation of investment portfolio	(55,052)	(100,932)
Provision for tax on unrealised gains	16,351	32,668
AASB 139 'impairment' revaluation charge	22,135	-
Tax credit on deemed 'impairment' charge	(6,641)	-
	<u>8,185</u>	<u>31,392</u>

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

17. Impairment Revaluation Charge Reserve

Opening balance at 1 July	-	-
Transfer from Retained Profits	(15,494)	-
	<u>(15,494)</u>	<u>-</u>

This reserve relates to the 'impairment' revaluation that the Group has been required to take through the Income Statement. See Note 4.

18. Realised Capital Gains Reserve

Opening balance at 1 July	55,643	36,975
Dividends paid	(7,841)	(2,453)
Transfer from retained profits	235	21,121
	<u>48,037</u>	<u>55,643</u>

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in accounting policy note 1(b)(ii). As the balance relates to net realised gains it may be distributed as cash dividends at the discretion of Directors.

19. Retained Profits	2009	2008
	\$'000	\$'000
Opening balance at 1 July	9,284	10,565
Dividends paid	(4,335)	(9,250)
Profit/(Loss) for the year	(6,755)	29,090
Transfer to realised capital gains reserve	(235)	(21,121)
Transfer to impairment revaluation charge reserve	15,494	-
	13,453	9,284

The amount of the Retained Profits reserve of \$13.5m is after the transfer out of the AASB 139 'impairment' revaluation charge which has been required under the Accounting Standards to be charged to the Income Statement. Before this transfer, the amount of the reserve would have been a deficit of \$2.0 million.

20. Capital Management

The Company's objectives in managing capital is to continue to provide shareholders with attractive returns through strong capital growth in its portfolios over the medium to long term with the generation of dividend income as a subordinate, but nevertheless important, objective, in accordance with its stated aims.

The Company recognises that its capital will fluctuate in accordance with market conditions, and may adjust the amount of dividends paid, issue new shares from time to time or sell assets to reduce debt.

The Company's capital consists of its shareholders equity, plus any net borrowings (currently nil). The change in this capital is as noted in notes 15, 16, 17, 18 & 19.

21. Financial Risk Management

AASB 7 – Financial Instruments : Disclosures identifies three types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

Credit risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as noted in Notes 7 a), 8, 9 & 10 with respect to cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are over-due.

Liquidity risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash-flow requirements daily. Furthermore, the Investment Committee monitors the level of contingent payments on a fortnightly basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received, put options that may require the Company to purchase securities and facilities that need to be repaired. The Company ensures that it has either cash or, normally, access to short-term borrowing facilities sufficient to meet these contingent payments. The Company currently has no debt facilities outstanding with third parties.

The Company's inward cash-flows depend upon the level of distributions received. Should these drop by a material amount, the Company would amend its outward cash-flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is manageable by the Board and management.

Furthermore, the assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

Market risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature as a Listed Investment Company that invests, the Company can never be free of market risk as it invests its capital in securities which are not risk free – the market price of these securities can fluctuate.

A general fall in market prices of 5% and 10%, if spread equally over all assets in the investment portfolio would lead to an after-tax reduction in the Company's equity of \$5.8m and \$11.5m respectively.

The Revaluation Reserve at 30 June 2009 was \$8.19m. It would require a fall in the value of the investment portfolio of 7.1% to fully deplete this. In accordance with current Accounting Standards, any further falls in value would continue to be recognised in Equity as unrealised losses, thereby impacting the shareholders' equity of the Company unless such falls were deemed to be an impairment charge in which case they would be reversed out of the Revaluation Reserve and taken through the Income Statement .

The Company seeks to minimise market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Investment Committee, normally fortnightly, and risk can be managed by reducing exposure where necessary. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's investment by sector is as below:

	2009	2008
Energy	5.12%	11.60%
Materials	20.28%	16.09%
Industrials	19.03%	19.92%
Consumer Discretionary	9.38%	7.22%
Consumer Staples	11.01%	7.10%
Health Care	5.73%	5.39%
Financials	4.95%	3.87%
Real Estate	2.56%	3.12%
Info Technology	7.45%	8.59%
Utilities	1.43%	1.65%
Cash	13.06%	15.45%

One security represented over 5% of the investment portfolio at 30 June 2009 – Nufarm which was 5.01% of the portfolio.

The Company is not directly exposed to interest rate risk as all its cash investments and borrowings are short-term for a fixed interest rate. Interest rate risk on Hybrid securities held by the company would be reflected in their market value.

The Company is also not directly exposed to currency risk as all its investments are quoted in Australian dollars.

The writing of put and call options in the options written portfolio (Note 13) is undertaken to enhance income. The writing of call options also provides some protection against a fall in

market prices as it generates income to compensate for a fall in capital values. The Company does not write options where it does not own sufficient securities to meet any call exercises.

Under Accounting Standards, movements in the market value of the trading portfolio are reflected directly through the Income Statement. However, the trading portfolio does not hold more than 10% of the total value of the Company's holdings and is usually at much lower levels than this. As at 30 June 2009, it was 0% of the total invested including cash (2008: 0.8%). This reduces the risk to the Company's earnings of a short-term fall in the value of securities held in the trading portfolio.

The Company has no hedges or hedging instruments.

22. Dividends	2009	2008
	\$'000	\$'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2008 of 6.5 cents fully franked at 30% paid on 8 August 2008 (2008: 6.5 cents fully franked at 30% paid on 2 August 2007).	7,841	7,594
Interim dividend for the year ended 30 June 2009 of 3.5 cents per share fully franked at 30%, paid 13 February 2009 (2008: 3.5 cents fully franked at 30% paid 9 February 2008)	4,335	4,109
	<u>12,176</u>	<u>11,703</u>
(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.	23,335	24,905
Impact on the franking account of dividends determined but not recognised as a liability at the end of the financial year:	(3,467)	(3,361)
Net available	19,868	21,544
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	46,359	50,269
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 determined after balance date		
Since the end of the year Directors have determined a final dividend of 6.5 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 2009 to be paid on 7 August 2009, but not recognised as a liability at the end of the financial year	<u>8,090</u>	
(d) Listed Investment Company capital gain account		
Balance of the Listed Investment Company (LIC) capital gain account	49,067	55,197
This would equate to an attributable amount of	70,096	78,853

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.

23. Earnings per share	2009	2008
Basic Earnings per Share		
	Number	Number
Weighted average number of ordinary shares used as the denominator	124,089,519	119,508,462
	\$'000	\$'000
Profit/(Loss) for the year (after 'impairment' revaluation charge)	(6,755)	29,090
	Cents	Cents
Basic earnings per share	(5.44)	24.34
Basic Net Operating Profit before net gains/losses on investments per share		
	\$'000	\$'000
Net Operating Profit before net gains/losses on investments	8,381	8,280
	Cents	Cents
Basic Net Operating Profit before net gains/losses on investments per share	6.75	6.93

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 investment & options written portfolios per share.

24. Directors

Persons who were Directors of Mirrabooka Investments Limited for part or all of the financial year ended 30 June 2009 were:

TA Campbell
 RE Barker
 IA Campbell
 D Evans
 DE Meiklejohn

Persons who were executives with the authority for the strategic direction and management of the Company for part or all of the financial year ended 30 June 2009 were

RE Barker – Managing Director
 GN Driver – General Manager – Business Development and Investor Relations
 RM Freeman – Chief Investment Officer
 AJB Porter – Chief Financial Officer
 SE Crook – Company Secretary & General Counsel (resigned 31 December 2008)
 SM Pordage – Company Secretary (commenced 9 February 2009)

Other than the Managing Director whose Directors fees are paid directly to AICS no remuneration is paid to the executives as their services are provided pursuant to an outsourcing arrangement with AICS.

	Short-term benefits \$	Post-employment benefits \$	Total \$
<i>2009</i>			
<i>Non-executive Directors</i>	319,266	28,734	348,000
<i>2008</i>			
<i>Non-executive Directors</i>	300,210	24,633	324,843

Shareholdings

At balance date, shares issued by the Company and held directly, indirectly or beneficially by non-executive directors and executives of the Company, or by entities to which they were related were:

Ordinary Shares (MIR)

	Opening balance	Net changes	Closing balance
TA Campbell	1,902,947	329,514	2,232,461
RE Barker	325,053	46,435	371,488
IA Campbell	24,680	14,327	39,007
D Evans	74,726	3,571	78,297
DE Meiklejohn	100,000	14,285	114,285
RM Freeman	112,799	19,533	132,332
GN Driver	275	-	275

25. Related parties

All transactions with deemed related parties were made on normal commercial terms and conditions and approved by independent Directors.

Director TA Campbell had or has an interest in the following transactions as Director, employee and shareholder of Goldman Sachs JBWere Group Holdings Pty Ltd, Goldman Sachs JBWere Pty Ltd, Goldman Sachs JBWere Services Pty Ltd and Goldman Sachs JBWere Capital Markets Limited.

	2009 \$'000	2008 \$'000
(a) The Company previously invested surplus funds in deposits at call with Goldman Sachs JBWere		
- interest revenue received or receivable	636	1,208
- deposits at call (at balance date)	-	39,227
- overnight borrowing	-	150
(b) The Company obtains investment advice and buys and sells securities through Goldman Sachs JBWere amongst other brokers		
- Brokerage expenses paid or payable	21	51
- Portfolio advice services paid or payable	179	678

D Evans had an interest in the following transaction as Managing Partner of Evans & Partners :

The Company buys and sells securities through Evans & Partners amongst other brokers

- Brokerage expenses paid or payable	12	9
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26. Remuneration of auditors	2009	2008
	\$	\$
During the year the auditor earned the following remuneration:		
PricewaterhouseCoopers		
Audit or review of financial reports	79,813	77,495
<u>Non-Audit Services</u>		
Taxation compliance services*	52,333	12,650
Total remuneration	<u>132,146</u>	<u>90,145</u>

* This includes work undertaken by the Company's auditors in relation to a review of the Company's tax records.

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. It also reviews the cost and scope of other audit related tax compliance services provided by the audit firm to ensure they do not compromise 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 legal requirements regarding audit partner rotation every 5 years.

27. Reconciliation of net cash flows from operating activities to profit	2009	2008
	\$'000	\$'000
Profit/(Loss) for the year	(6,755)	29,090
- Net decrease (increase) in trading portfolio	650	2,029
- Net capital (gains)/losses on investment portfolio before tax	(763)	(34,372)
- AASB 139 'impairment' revaluation charge	15,494	-
- Accounting adjustment for tax on scrip-for-scrip gains	-	511
- Dividends received as securities under DRP investments	(2,185)	(1,831)
- Decrease (increase) in current receivables	4,254	771
- Less increase (decrease) in receivables for investment portfolio	(3,676)	642
- Increase (decrease) in deferred tax liabilities	(16,308)	(32,320)
- Less (increase) decrease in deferred tax liability on investment portfolio	16,558	32,181
- Less (credit)/charge to profit & loss for tax on gains or losses on hybrids	(207)	(24)
- Increase (decrease) in options written	(804)	697
- Increase (decrease) in current payables	(227)	(618)
- Less decrease (increase) in payables for investment portfolio	20	28
- Less decrease (increase) in dividends payable	25	(25)
- Less decrease (increase) in overnight borrowing	150	(150)
- Increase (decrease) in provision for tax payable	(10,894)	5,336
- Add tax paid on capital gains	11,962	6,356
Net cash flows from operating activities	<u>7,294</u>	<u>8,301</u>

28. 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.