Appendix 4E Statement for the Full-Year ending 30 June 2021

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Contents

These documents comprise the preliminary final report given to ASX under listing rule 4.3A

This announcement was authorised for release by the Board of Mirrabooka Investments Limited ABN 31 085 290 928

MIRRABOOKA Investments Limited

Finding opportunities in small and medium-sized companies

PRELIMINARY RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2021 with the corresponding period being the year ended 30 June 2020.

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

Results for announcement to the market

- Net Profit attributable to members was $6.4 million, up 0.7% on the previous corresponding period.

- Net profit per share was 3.86 cents, down 2.5% on the previous corresponding period (due to the increase in the number of shares).

- Revenue from operating activities was $7.1 million, 8.9% down on the previous corresponding period.

- The interim dividend for the 2021 financial year was 3.5 cents per share fully franked (the same as last year). It was paid to shareholders on 16 February 2021.

- The final dividend of 6.5 cents per ordinary share fully franked, the same as last year (3.25 cents for holders of the MIRNA shares, also fully franked), will be paid on 17 August 2021 to shareholders on the register on 29 July 2021. Shares are expected to trade ex-dividend from 28 July 2021, when MIRNA shares will automatically convert to MIR ordinary shares. There is no conduit foreign income component of the dividend.

- In addition a special dividend of 2 cents fully franked will also be paid to MIR ordinary shareholders on the same dates (and with the same record date and ex-dividend date) as the final dividend. The equivalent amount for the MIRNA shares is 1 cent. There is also no conduit foreign income component of the special dividend.

- Total dividend for the year for an MIR ordinary share is therefore 12 cents, up from 10 cents last year.

- The entire 6.5 cents of the final dividend and the 2 cents special dividend is sourced from capital gains, on which the Company has paid or will pay tax. The amount of the pre-tax attributable gain, known as an "LIC capital gain", attached to this dividend is 12.14 cents. This enables some shareholders to claim a tax deduction in their tax return. Further details will be on the dividend statements. The pre-tax attributable gain, or "LIC capital gain" for holders of the MIRNA shares will be 6.07 cents per share.

- A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available, the price for both of which will be set at a **2.5% discount** to the Volume Weighted Average Price of the Company's shares traded on the ASX and Chi-X automated trading systems over the five trading days after the shares trade ex-dividend. Notices of participation in the DRP & the DSSP need to be received by the share registry by 5 pm (AEST) on 30 July 2021. All shares issued under the DRP and DSSP will rank equally with existing shares.

- 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 2021 was $3.47 (before allowing for any dividend), up from $2.42 at the end of the previous corresponding period (also before allowing for any dividend).

- The 2021 AGM will be held at 1.30 PM on Tuesday 5th October. Further details on location and how to participate will be sent to shareholders.

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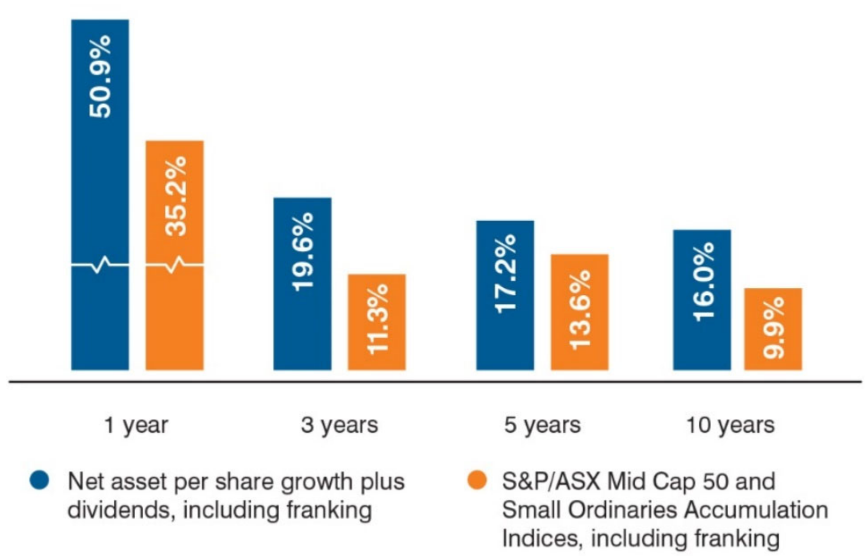
MIRRABOOKA
Investments Limited

Mirrabooka outperforms, portfolio up 50%

Full Year Report to 30 June 2021

- **Mirrabooka is a medium to long term investor in small and mid-cap companies.**
- **The 12-month portfolio return for Mirrabooka including franking of 50.9%, was well ahead of the combined Small and Mid Cap 50 benchmark return over the corresponding period, including franking, of 35.2%. The outperformance over both the short and long term is a very pleasing result, and further highlights the resilience of our investment approach.**
- **The Full Year Profit was $6.4 million, in line with the result last year. The fall in the contribution from investment income as companies reduced or suspended dividend payments was offset by an improved contribution from the Trading Portfolio.**
- **Adjustments made to the portfolio though the period, reflecting the increased valuation risk in several holdings following very strong recent performance, produced realised gains after tax of $29.3 million. In the corresponding period last year realised gains after tax were $5.2 million.**
- **The Company maintained the final dividend at 6.5 cents per share fully franked. A special fully franked dividend of 2.0 cents per share has also been declared following the strong realised capital gains for the year. This brings total dividends for the year to 12.0 cents per share, fully franked versus 10 cents per share fully franked last year. Shares issued under the share purchase plan in February 2021 are entitled to fifty percent of the total final dividend, which is 4.25 cents per share fully franked.**

Portfolio return (including the full benefit of franking) – per annum to 30 June 2021



Figures assume an investor can take full advantage of the franking credits.
Past performance is not indicative of future performance.

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Market and Portfolio Returns

Despite the ongoing presence of the COVID-19 pandemic and its impact on society and businesses over the financial year, the market produced very significant returns as investors continued to respond to very low interest rates and better than expected company profit results.

Mirrabooka delivered a return of 50.9% for the 12 months to 30 June 2021, including the benefit of franking, driven by both the strength and consistency of returns across many large holdings in the portfolio. Large portfolio holdings that experienced a return of greater than 90% for the year included ARB Corporation, Objective Corporation, Reece, Mainfreight, HUB24, Pinnacle Investment Management Group, Netwealth, AP Eagers and ALS. These are all long-standing positions in the portfolio and the performance is a testament to our patient approach of investing in quality companies for the long term.

The Combined Small Ordinaries and Mid Cap 50 benchmark which Mirrabooka compares itself with returned 35.2%, which is still a very strong outcome given the periods of uncertainty in economic conditions through the financial year.

Over the 10 years to 30 June 2021 Mirrabooka has returned 16.0% per annum, including the benefit of franking, whereas its benchmark has returned 9.9% per annum, including franking. For an investor reinvesting both dividends and the full benefit of franking credits, $10,000 invested in the Mirrabooka portfolio 10 years ago would be worth $40,411, 72% higher than the $20,570 outcome for an equivalent investment in the benchmark small and mid-cap indices.

Portfolio Changes

Positive equity market sentiment, increased profit growth expectations and, in some cases, inclusion in market indices have been forces that have combined with strong business performance in driving many of our holdings to all time high share prices. This has led to several instances where we saw heightened valuation risk associated with these holdings. In this context, a number of positions were trimmed, with the largest reductions being in Objective Corporation, Reece and HUB24. The other material sales were the partial disposal of Qube Holdings and the complete disposal of Brickworks.

Funds from these sales and the successful share purchase plan in February 2021 were deployed across a number of companies where opportunities looked more attractive at the time. This included NIB Holdings, Corporate Travel Management (both of which are new to the portfolio this year), FINEOS Corporation and Iress. A feature of the market in the second half of the financial year was the re-emergence of the IPO market and capital raisings. In this regard, Mirrabooka participated in the IPO of PEXA Group, which was the largest addition to the portfolio for the year. While the pricing reflected the strong market conditions, the company appears well positioned as a long-term investment. The other high-profile IPO that Mirrabooka participated in was Nuix. However, this position was sold relatively quickly without loss following signs that it would not meet our initial expectations.

Opportunities to Invest

As evidenced through the financial year, despite markets reaching new highs, good investment opportunities can present themselves as some stocks temporarily fall out of favour against the background of more speculative parts of the market attracting more interest.

In this context, the cash position at 30 June of $27.8 million, or 4.5% of the portfolio, provides flexibility moving into the new financial year should there be any adjustments in what we see as a generally fully priced market.

Please direct any enquiries to:

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14 July 2021

MAJOR CHANGES TO THE INVESTMENT PORTFOLIO

Acquisitions	Cost $'000
PEXA Group (participation in IPO)	9,000
FINEOS Corporation (includes participation in placement @$4.26 per share)	7,702
NIB Holdings	6,153
Corporate Travel Management	5,753
Iress	5,677

Sales	Proceeds $'000
Objective Corporation	12,932
Qube Holdings	7,952
Reece	7,409
Brickworks#	5,632
HUB24	4,593

#Complete disposals from the portfolio.

New Companies Added to the Portfolio

PEXA Group
NIB Holdings
Corporate Travel Management
Superloop
Nanosonics
Domino's Pizza Enterprises
Select Harvests
IDP Education
Lark Distilling Company
PSC Insurance Group
Bike Exchange

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TOP INVESTMENTS AS AT 30 JUNE 2021

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 30 June 2021

		Total Value $ million	% of Portfolio
1	Mainfreight	35.8	6.1%
2	ARB Corporation	30.3	5.1%
3	Macquarie Telecom Group	24.5	4.1%
4	Reece	21.5	3.6%
5	IRESS	19.9	3.4%
6	Breville Group	17.9	3.0%
7	Netwealth Group	16.8	2.9%
8	AUB Group	15.9	2.7%
9	Objective Corporation	15.6	2.6%
10	James Hardie Industries	15.4	2.6%
11 *	Carsales.com	14.8	2.5%
12	Pinnacle Investment Management Group	14.7	2.5%
13	ResMed	14.3	2.4%
14	Seek	14.2	2.4%
15	NEXTDC	14.0	2.4%
16	ALS	13.0	2.2%
17	FINEOS Corporation	12.3	2.1%
18	Fisher & Paykel Healthcare Corporation	12.0	2.0%
19	Ansell	11.9	2.0%
20	Invocare	11.8	2.0%
		346.5	
	As % of Total Portfolio Value (excludes Cash)	58.7%	

* Indicates that options were outstanding against part of the holding

PORTFOLIO PERFORMANCE TO 30 JUNE 2021

PERFORMANCE MEASURES AT 30 JUNE 2021	1 YEAR	3 YEARS %PA	5 YEARS %PA	10 YEARS %PA
PORTFOLIO RETURN – NET ASSET BACKING RETURN INCLUDING DIVIDENDS REINVESTED	***48.6%***	***16.8%***	***14.4%***	***13.1%***
COMBINED S&P/ASX MID 50'S AND SMALL ORDINARIES ACCUMULATION INDEX	*34.4%*	*10.4%*	*12.6%*	*8.9%*
*PORTFOLIO RETURN – NET ASSET BACKING GROSS RETURN INCLUDING DIVIDENDS REINVESTED**	***50.9%***	***19.6%***	***17.2%***	***16.0%***
*COMBINED S&P/ASX MID 50'S AND SMALL ORDINARIES GROSS ACCUMULATION INDEX**	35.2%	11.3%	13.6%	9.9%

***Incorporates the benefit of franking credits for those who can fully utilise them.**

Note: Rebalancing of the portfolio to manage risk is an important part of Mirrabooka's investment approach. The tax paid on realised gains can impact relative performance figures against the Index which does not have such imposts. The inclusion of the benefit of franking credits from the tax paid and distributed to shareholders in the dividend is one way of overcoming this distortion.

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Mirrabooka Investments Ltd

Annual Financial Statements

30 June 2021

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Financial statements

Income Statement for the Year Ended 30 June 2021

	Note	2021 $'000	2020 $'000
Dividends and distributions	A3	7,026	7,530
Revenue from deposits and bank bills		18	209
Other revenue		60	60
Total revenue		**7,104**	**7,799**
Net gains on trading portfolio		2,368	1,824
Income from options written portfolio		378	(75)
Income from operating activities		**9,850**	**9,548**
Borrowing expenses		(118)	(122)
Administration expenses	B1	(2,519)	(2,452)
Profit for the year before income tax		**7,213**	**6,974**
Income tax expense	B2, E2	(773)	(581)
Profit for the year		**6,440**	**6,393**
		Cents	**Cents**
Basic earnings per share	A5	3.86	3.96

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

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Statement of Comprehensive Income for the Year Ended 30 June 2021

	Year to 30 June 2021			Year to 30 June 2020		
	Revenue[1]	**Capital[1]**	**Total**	Revenue[1]	Capital[1]	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Profit for the year	**6,440**	**-**	**6,440**	**6,393**	**-**	**6,393**
Other Comprehensive Income						
Gains for the period on securities	-	195,486	**195,486**	-	15,533	**15,533**
Tax on above	-	(58,643)	**(58,643)**	-	(4,669)	**(4,669)**
Total Other Comprehensive Income	-	**136,843**	**136,843**	-	**10,864**	**10,864**
Total Comprehensive Income	**6,440**	**136,843**	**143,283**	**6,393**	**10,864**	**17,257**

[1] 'Capital' includes realised or unrealised gains or losses on securities in the investment portfolio, and the relevant taxation charge/credit. Income in the form of distributions and dividends is recorded as 'Revenue'. All other items, including expenses, are included in 'Profit for the year', which is categorised under 'Revenue'.

None of the items included in Other Comprehensive Income will be recycled through the Income Statement.

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

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Balance Sheet as at 30 June 2021

	Note	2021 $'000	2020 $'000
Current assets			
Cash	D1	27,826	20,207
Receivables		362	620
Trading portfolio		3,650	-
Total current assets		**31,838**	**20,827**
Non-current assets			
Deferred tax assets	E2	6	20
Investment portfolio	A2	586,598	372,370
Total non-current assets		**586,604**	**372,390**
Total assets		**618,442**	**393,217**
Current liabilities			
Payables		181	268
Tax payable		10,465	1,518
Options Sold		41	49
Total current liabilities		**10,687**	**1,835**
Non-current liabilities			
Deferred tax liabilities – investment portfolio	B2	89,985	42,286
Total non-current liabilities		**89,985**	**42,286**
Total liabilities		**100,672**	**44,121**
Net Assets		**517,770**	**349,096**
Shareholders' equity			
Share capital	A1, D5	250,948	209,466
Revaluation reserve	A1, D2	191,540	84,032
Realised capital gains reserve	A1, D3	49,018	35,774
Retained profits	A1, D4	26,264	19,824
Total shareholders' equity		**517,770**	**349,096**

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

Statement of Changes in Equity for the Year Ended 30 June 2021

Year Ended 30 June 2021

	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains Reserve $'000	Retained Profits $'000	Total $'000
Total equity at the beginning of the year		**209,466**	**84,032**	**35,774**	**19,824**	**349,096**
Dividends paid	A4	-	-	(16,091)	-	**(16,091)**
Shares issued under Dividend Reinvestment Plan	D5	2,682	-	-	-	**2,682**
Shares issued under Share Purchase Plan	D5	38,879	-	-	-	**38,879**
Other share capital adjustments		(79)	-	-	-	**(79)**
Total transactions with shareholders		**41,482**	**-**	**(16,091)**	**-**	**25,391**
Profit for the year		-	-	-	6,440	**6,440**
Other Comprehensive Income (net of tax)						
Net gains for the period		-	136,843	-	-	**136,843**
Other Comprehensive Income for the year		-	136,843	-	-	**136,843**
Transfer to Realised Capital Gains of cumulative gains on investments sold		-	(29,335)	29,335	-	**-**
Total equity at the end of the year		**250,948**	**191,540**	**49,018**	**26,264**	**517,770**

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

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Statement of Changes in Equity for the Year Ended 30 June 2021 (continued)

Year Ended 30 June 2020

	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains Reserve $'000	Retained Profits $'000	Total $'000
Total equity at the beginning of the year		**206,602**	**78,332**	**43,474**	**16,640**	**345,048**
Dividends paid	A4	-	-	(12,864)	(3,209)	**(16,073)**
Shares issued under Dividend Reinvestment Plan	D5	2,879	-	-	-	**2,879**
Other share capital adjustments		(15)	-	-	-	**(15)**
Total transactions with shareholders		**2,864**	**-**	**(12,864)**	**(3,209)**	**(13,209)**
Profit for the year		-	-	-	6,393	**6,393**
Other Comprehensive Income (net of tax)						
Net gains for the period		-	10,864	-	-	**10,864**
Other Comprehensive Income for the year		-	10,864	-	-	**10,864**
Transfer to Realised Capital Gains of cumulative gains on investments sold		-	(5,164)	5,164	-	**-**
Total equity at the end of the year		**209,466**	**84,032**	**35,774**	**19,824**	**349,096**

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

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Cash Flow Statement for the Year Ended 30 June 2021

	Note	2021 $'000 Inflows/ (Outflows)	2020 $'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		4,593	5,648
Purchases for trading portfolio		(12,532)	(5,903)
Interest received		18	209
Proceeds from entering into options in options written portfolio		482	1,597
Payment to close out options in options written portfolio		(114)	(2,252)
Dividends and distributions received		6,088	6,988
		(1,465)	6,287
Other receipts		60	60
Administration expenses		(2,604)	(2,452)
Borrowing expenses		(118)	(122)
Income taxes paid		(1,075)	(574)
Net cash inflow/(outflow) from operating activities	E1	**(5,202)**	**3,199**
Cash flows from investing activities			
Sales from investment portfolio		88,549	124,280
Purchases for investment portfolio		(99,568)	(114,758)
Tax paid on capital gains		(1,551)	(9,760)
Net cash inflow/(outflow) from investing activities		**(12,570)**	**(238)**
Cash flows from financing activities			
Share issue under SPP		38,879	-
Share issue costs		(79)	(15)
Dividends paid		(13,409)	(13,192)
Net cash inflow/(outflow) from financing activities		**25,391**	**(13,207)**
Net increase/(decrease) in cash held		7,619	(10,246)
Cash at the beginning of the year		20,207	30,453
Cash at the end of the year	D1	**27,826**	**20,207**

For the purpose of the cash flow statement, 'cash' includes cash and deposits held at call.

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

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Notes to the financial statements

A Understanding Mirrabooka's financial performance

A1 How Mirrabooka manages its capital

Mirrabooka's objective is to provide shareholders with attractive investment returns through a stream of fully-franked dividends and capital growth.

Mirrabooka recognises that its capital will fluctuate with market conditions. In order to manage those fluctuations, the Board may adjust the amount of dividends paid, issue new shares, buy back the Company's shares or sell assets to settle any debt.

Mirrabooka's capital consists of its shareholders' equity plus any net borrowings. A summary of the balances in equity is provided below:

	2021	**2020**
	$'000	**$'000**
Share capital	250,948	209,466
Revaluation reserve	191,540	84,032
Realised capital gains reserve	49,018	35,774
Retained profits	26,264	19,824
	517,770	**349,096**

Refer to notes D2-D5 for a reconciliation of movement for each equity account from period to period.

A2 Investments held and how they are measured

Mirrabooka has three portfolios of securities: the investment portfolio, the options written portfolio and the trading portfolio. Details of all holdings (except for the specific option holdings) as at the end of the reporting period can be found at the end of the Annual Report.

The investment portfolio holds securities which the Company intends to retain on a long-term basis. The options written portfolio and trading portfolio are held for short-term trading only and are relatively small in size when utilised. The Board has therefore focused the information below on the investment portfolio.

The balance and composition of the investment portfolio was:

	2021 $'000	2020 $'000
Equity instruments (at market value)	586,598	372,370
	586,598	**372,370**

All options written by the Company and open at year end are call options. If all options were exercised, this would lead to the sale of $2.0 million worth of securities at an agreed price – the 'exposure' (2020: $1.0 million).

$11.0 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2020: $9.9 million). These shares are lodged with ASX Clear under the terms of ASX Clear 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.

How investments are shown in the financial statements

The accounting standards set out the following hierarchy for fair value measurement:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset or liabilities that are not based on observable market data

All financial instruments held by Mirrabooka are classified as Level 1 (other than an immaterial amount of call options and the Company's investment in Marketplacer and Pexa which are Level 2, the latter of which did not start trading until 1 July). Their fair values are initially measured at the costs of acquisition and then remeasured based on quoted market prices at the end of the reporting period.

Net tangible asset backing per share

The Board regularly reviews the net asset backing per share both before and after provision for deferred tax on the unrealised gains in Mirrabooka's long-term investment portfolio. Deferred tax is calculated as set out in note B2. The relevant amounts as at 30 June 2021 and 30 June 2020 were as follows:

	30 June 2021	30 June 2020
Net tangible asset backing per share	**$**	**$**
Before tax	**3.47**	**2.42**
After tax	2.96	2.16

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Equity investments

The shares in the investment portfolio are designated under the accounting standards as financial assets measured at fair value through 'other comprehensive income' ("OCI"), because they are equity instruments held for long-term capital growth and dividend income, rather than to make a profit from their sale. This means that changes in the value of these shares during the reporting period are included in OCI in the statement of comprehensive income. The cumulative change in value of the shares over time is then recorded in the Revaluation Reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realised capital gains reserve.

Options

Options are classified as financial assets or liabilities at fair value through profit and loss and usually have an expiry date within twelve months from the date that they are sold. Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value.

Securities sold and how they are measured

Where securities are sold, any difference between the sale price and the cost is transferred from the Revaluation Reserve to the Realised capital gains reserve and the amounts noted in the Statement of Changes in Equity. This means the Company is able to identify the realised gains out of which it can pay a 'Listed Investment Company' (LIC) gain as part of the dividend.

During the period $89.4 million (2020 : $123.9 million) of equity securities were sold. The cumulative gain on the sale of securities from the investment portfolio was $29.3 million for the period after tax (2020: $5.2 million). This has been transferred from the revaluation reserve to the realised capital gains reserve (See Statement of Changes in Equity). These sales were accounted for at the date of trade.

A3 Operating income

Dividend income

The total dividends and distributions received from Mirrabooka's investments in 2021 is set out below.

	2021 $'000	2020 $'000
Dividends and distributions		
Securities held in investment portfolio at 30 June	6,420	5,939
Investment securities sold during the year	566	1,591
Trading securities sold during the year	40	-
	7,026	7,530

Dividends and distributions from listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Dividends from unlisted securities are recognised as income when they are received. Capital returns on ordinary shares are treated as an adjustment to the carrying value of the shares.

Trading income

Net gains (before tax) on the trading and options portfolios are set out below.

Net gains	2021 $'000	2020 $'000
Net realised gains/(losses) from trading portfolio	2,463	1,824
Realised gains/(losses) on options written portfolio	388	(52)
Unrealised gains/(losses) from trading portfolio	(95)	-
Unrealised gains/(losses) from options written portfolio	(10)	(23)
	2,746	1,749

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A4 Dividends paid

The dividends paid and payable for the year ended 30 June 2021 are shown below:

	2021 $'000	2020 $'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2020 of 6.5 cents fully franked paid on 17 August 2020 (2020: 6.5 cents fully franked paid on 12 August 2019).	10,447	10,430
Interim dividend for the year ended 30 June 2021 of 3.5 cents per share fully franked paid 16 February 2021 (2020: 3.5 cents fully franked paid 14 February 2020)	5,644	5,643
	16,091	16,073
Dividends paid in cash	13,409	13,194
Dividends reinvested in shares	2,682	2,879
	16,091	16,073
(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	23,551	16,972
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(6,153)	(4,502)
Net available	17,398	12,470
These franking account balances would allow Mirrabooka to frank additional dividend payments (at a franking rate of 30%) up to an amount of:	40,595	29,097

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

(c) Dividends declared after balance date

Since the end of the year Directors have declared a final dividend of 6.5 cents per share fully franked at 30% and a 2 cent special dividend, also fully franked (3.25 cents and 1 cent respectively for holders of the MIRNA shares). The aggregate amount of the final and special dividends for the year to 30 June 2021 to be paid on 17 August 2021, but not recognised as a liability at the end of the financial year is:	14,358

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(d) Listed Investment Company capital gain account	2021 $'000	2020 $'000
Balance of the Listed Investment Company (LIC) capital gain account	39,738	34,209
This equates to an attributable amount of	56,769	48,870

Distributed LIC capital gains may entitle certain shareholders to a deduction in their tax return, as set out in the dividend statement. LIC capital gains available for distribution are dependent on the disposal of investment portfolio holdings that qualify for LIC capital gains, or the receipt of LIC distributions from LIC securities held in the portfolios. $20.5 million of the attributable amount will be paid out as part of the final and special dividends on 17 August 2021.

A5 Earnings per share

The table below shows the earnings per share based on the profit for the year:

Basic Earnings per share	**2021 Number**	**2020 Number**
Weighted average number of ordinary shares used as the denominator	166,721,584	161,283,107
	$'000	**$'000**
Profit for the year	6,440	6,393
	Cents	**Cents**
Basic earnings per share	3.86	3.96

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.

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B Costs, Tax and Risk

B1 Management Costs

The total management expenses for the period are as follows:

	2021 $'000	2020 $'000
Administration fees paid to AICS	(1,467)	(1,454)
Other administration expenses	(1,052)	(998)
	(2,519)	(2,452)

Administration fees paid to AICS

Australian Investment Company Services Limited ("AICS") undertakes the day-to-day administration of Mirrabooka's investments and its operations, including financial reporting.

Other administration expenses

A major component of other administration expenses is Directors' remuneration. This has been summarised below:

	Short Term Benefits $	Post-Employment Benefits $	Total $
2021			
Directors	450,934	42,836	493,770
2020			
Directors	410,959	39,041	450,000

Mirrabooka recognises Directors' retirement allowances that have been crystallised as 'amounts payable'. There are no further retirement allowances that will need to be expensed.

B2 Tax

Mirrabooka's tax position, and how it accounts for tax, is explained here. Detailed reconciliations of tax accounting to the financial statements can be found in note E2.

The income tax expense for the period is the tax payable on this financial year's taxable income, adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences and for any unused tax losses. Deferred tax assets and liabilities (except for those related to the unrealised gains or losses in the investment portfolio) are offset, as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis. Deferred tax balances are calculated at the rate of 30% (2020 : 30%).

A provision has been made for taxes on any unrealised gains or losses on securities valued at fair value through the Income Statement – i.e. the trading portfolio, puttable instruments, convertible notes that are classified as debt and the options written portfolio.

A provision also has to be made for any taxes that could arise on sale of securities in the investment portfolio, even though there is no intention to dispose of them. Where Mirrabooka disposes of such securities, tax is calculated according to the particular parcels allocated to the sale for tax purposes, offset against any capital losses carried forward.

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Tax expense

The income tax expense for the period is shown below:

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

	2021 $'000	2020 $'000
Net profit before income tax expense	**7,213**	**6,974**
Tax at the Australian tax rate of 30% (2020 – 30%)	2,164	2,092
Tax offset for franked dividends received	(1,452)	(1,395)
Tax effect of sundry items taxable but not included in income or not taxable in the current year	88	(81)
	800	**616**
Over provision in prior years	(27)	(35)
Total tax expense	**773**	**581**

Deferred tax liabilities – investment portfolio

The accounting standards require us to recognise a deferred tax liability for the potential capital gains tax on the unrealised gain in the investment portfolio. This amount is shown in the Balance Sheet. However, the Board does not intend to sell the investment portfolio, so this tax liability is unlikely to arise at this amount. Any sale of securities would also be affected by any changes in capital gains tax legislation or tax rate applicable to such gains when they are sold. The rate used at 30 June 2021 is 30% (30 June 2020 : 30%).

	2021 $'000	2020 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	**89,985**	**42,286**
Opening balance at 1 July	42,286	39,168
Tax on realised gains (at 30%)	(10,944)	(1,551)
Charged to OCI for ordinary securities on gains or losses for the period	58,643	4,669
	89,985	**42,286**

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B3 Risk

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

As a Listed Investment Company that invests in tradeable securities, Mirrabooka 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 will fluctuate.

A general fall in market prices of 5% and 10%, if spread equally over all assets in the investment portfolio, would have led to a reduction in Mirrabooka's comprehensive income of $20.5 million and $41.1 million respectively, at a tax rate of 30% (2020 : $13.0 million & $26.1 million).

A general fall in market prices of 5% and 10%, if spread equally over the liabilities in the options portfolio, would be immaterial (2020 : immaterial).

A general fall in market prices of 5% and 10%, if spread equally over the assets in the trading portfolio, would have led to a reduction in net profit of $128,000 and $255,500, at a tax rate of 30% (2020 : nil).

Mirrabooka seeks to reduce 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 and risk can be managed by reducing exposure where necessary. Mirrabooka does not have a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

Mirrabooka's total investment exposure by sector is as below:

	2021	**2020**
Energy	1.13%	2.52%
Materials	4.32%	6.52%
Industrials	21.66%	24.33%
Consumer Discretionary	15.89%	11.47%
Consumer Staples	2.64%	1.93%
Healthcare	8.00%	7.70%
Financials	14.01%	10.59%
Real Estate	2.30%	0.80%
Info Technology & Telecoms	25.55%	28.99%
Cash	4.50%	5.15%

There were two investments representing over 5% of the investment portfolio at 30 June 2021 – Mainfreight (6.1%) and ARB Corporation (5.1%) (2020: 1 : Macquarie Telecom – 5.5%)

Mirrabooka is not currently materially exposed to interest rate risk as the majority of its cash investments are in an over-night 'at call' account invested in cash management trusts which invest predominantly in securities with an A1+ rating which are for fixed rates for short-term duration. Mirrabooka is also not directly exposed to material currency risk as most of its investments are quoted in Australian dollars.

The writing of call options provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. Options are only written against securities that are held in the trading or investment portfolio.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Mirrabooka is exposed to credit risk from cash, receivables, securities in the

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trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue. The risk in relation to each of these items is set out below.

Cash

All cash investments not held in a transactional account are invested in cash management trusts which invest predominantly in securities with an A1+ rating.

In the unlikely event of a bank default or default on the underlying securities in the cash trust, there is a risk of losing the cash deposits and any accrued unpaid interest.

Receivables

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within two days of the date of a transaction. Receivables are non-interest bearing and unsecured. In the event of a payment default, there is a risk of losing any difference between the price of the securities sold and the price of the recovered securities from the discontinued sale. Receivables also include dividends from securities that have passed the record date for the distribution but have not beed paid as at balance date.

Trading and investment portfolios

Converting and convertible notes or other interest-bearing securities that are not equity securities carry credit risk to the extent of their carrying value. Any loss as a consequence of this risk will be realised in the event of a shortfall on winding-up of the issuing companies.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial liabilities.

Mirrabooka monitors its cash-flow requirements daily. The Investment Committee also monitors the level of contingent payments on a regular basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received, put options that may require Mirrabooka to purchase securities, and facilities that need to be repaid. Mirrabooka ensures that it has either cash or access to short-term borrowing facilities sufficient to meet these contingent payments.

Mirrabooka's inward cash flows depend upon the dividends received. Should these drop by a material amount, Mirrabooka would amend its outward cash flows accordingly. Mirrabooka's major cash outflows are the purchase of securities and dividends paid to shareholders, and both of these can be adjusted by the Board and management. Furthermore, the assets of Mirrabooka are largely in the form of readily tradeable securities which can be sold on-market if necessary.

The table below analyses Mirrabooka's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

30 June 2021	Less than 6 months	6-12 months	Greater than 1 year	Total contractual cash flows	Carrying amount
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Payables	181	-	-	181	181
	181	-	-	181	181
30 June 2020					
Non-derivatives					
Payables	268	-	-	268	268
	268	-	-	268	268

In the case of call options, there are no contractual cash flows as if the option is exercised the contract will be settled in the securities over which the option is written.

C Unrecognised items

C1 Contingencies

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

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Further notes to the financial statements are included here. These are grouped into three sections:

D Balance sheet reconciliations

E Income statement reconciliations

F Further information

D Balance sheet reconciliations

This section provides information about the basis of calculation of line items in the financial statements.

D1 Current assets – cash

	2021 $'000	2020 $'000
Cash at bank and in hand (including on-call)	27,826	20,207
	27,826	20,207

Cash holdings yielded an average floating interest rate of 0.13% (2020: 1.04%). All cash investments are held in a transactional account or an over-night 'at call' account invested in cash management trusts which invest predominantly in securities with an A1+ rating.

The Company also has access to a $10 million liquidity facility with the Commonwealth Bank of Australia. This was renewed on 6th May and has a term of two years. It remains undrawn at balance date.

D2 Revaluation reserve

	2021 $'000	2020 $'000
Opening balance at 1 July	84,032	78,332
Gains/(losses) on investment portfolio		
- Equity Instruments	195,486	15,533
Provision for tax on above	(58,643)	(4,669)
Cumulative taxable realised (gains)/losses (net of tax)	(29,335)	(5,164)
	191,540	**84,032**

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy note A2.

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D3 Realised capital gains reserve

	2021 $'000	2020 $'000
Opening balance at 1 July	35,774	43,474
Dividends paid	(16,091)	(12,864)
Cumulative taxable realised gains for period through OCI (net of tax)	29,335	5,164
	49,018	**35,774**

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in A2

D4 Retained profits

	2021 $'000	2020 $'000
Opening balance at 1 July	19,824	16,640
Dividends paid	-	(3,209)
Profit for the year	6,440	6,393
	26,264	**19,824**

This reserve relates to past profits.

D5 Share capital

Date	Details	Notes	Number of shares '000	Issue price $	Paid-up Capital $'000
1/7/2019	Balance		**160,465**		**206,602**
12/8/2019	Dividend Reinvestment Plan	**i**	769	2.50	1,921
14/2/2020	Dividend Reinvestment Plan	**i**	373	2.57	958
Various	Costs of issue		-		(15)
30/6/2020	Balance		**161,607**		**209,466**
17/8/2020	Dividend Reinvestment Plan	**i**	708	2.43	1,723
17/8/2020	Dividend Substitution Share Plan	**ii**	24	2.43	n/a
16/2/2021	Dividend Reinvestment Plan	**i**	301	3.19	959
16/2/2021	Dividend Substitution Share Plan	**ii**	12	3.19	n/a
23/2/2021	Share Purchase Plan	**iii**	12,542	3.10	38,879
Various	Costs of issue		-		(79)
30/6/2021	Balance		**175,194**		**250,948**

i. *Shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares under the Dividend Reinvestment Plan (DRP). The price of the new DRP shares is based on the average selling price of shares traded on the Australian Securities Exchange and Chi-X in the five days after the shares begin trading on an ex-dividend basis.*

ii. *The Company has a Dividend Substitution Share Plan (DSSP) whereby shareholders may elect to forgo a dividend and receive shares instead. Pricing for the DSSP shares is done as per the DRP shares.*

iii. The Company had a Share Purchase Plan ("SPP") during the period. Shareholders could apply for up to $30,000 worth of new securities. Shares were issued at a 5% discount to the 5-day VWAP calculated up to and including the day on which the SPP closed (15 February 2021). New shares issued under the SPP are entitled to 50% of the final dividend due to be paid on 17 August 2021, and will convert into ordinary shares on the ex-dividend date of 28 July 2021.

All shares have been fully paid, rank pari passu (except as related to dividends as noted above) and have no par value.

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E Income statement reconciliations

E1 Reconciliation of net cash flows from operating activities to profit

	2021 $'000	2020 $'000
Profit for the year	**6,440**	**6,393**
Net decrease (increase) in trading portfolio	(3,650)	3,000
Sale of stock from trading portfolio to investment portfolio	(7,478)	(5,081)
Increase (decrease) in options written portfolio	(8)	(579)
Dividends received as securities under DRP investments	(246)	(224)
Decrease (increase) in current receivables	258	(177)
Increase (decrease) in deferred tax liabilities	47,713	2,908
- Less (increase) decrease in deferred tax liability on investment portfolio	(47,699)	(3,118)
Increase (decrease) in current payables	(87)	(2)
- Less decrease (increase) in payables for investment portfolio		
Increase (decrease) in provision for tax payable	8,947	(8,129)
- Less CGT provision	(10,944)	(1,552)
- Add taxes paid on capital gains	1,552	9,760
Net cash flows from operating activities	**(5,202)**	**3,199**

E2 Tax reconciliations

Tax expense composition

	2021	2020
Charge for tax payable relating to the current year	786	826
Over provision in prior years	(27)	(35)
(Increase) decrease in deferred tax assets	14	(210)
	773	**581**

Amounts recognised directly through Other Comprehensive Income

	2021	2020
Net increase in deferred tax liabilities relating to capital gains tax on the movement in gains in the investment portfolio	58,643	4,669
	58,643	**4,669**

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

		2021 $'000	2020 $'000
(a)	Tax on unrealised gains or losses in the trading portfolio	29	-
(b)	Tax on unrealised gains/losses in the options written portfolio	3	7
(c)	Provisions and expenses charged to the accounting profit which are not yet tax deductible	52	78
(d)	Interest and dividend income receivable which is not assessable for tax until receipt	(78)	(65)
		6	20
	Movements:		
	Opening asset balance at 1 July	20	(190)
	Credited/(charged) to Income statement	(14)	210
		6	20

Deferred tax assets arise when provisions and expenses have been charged but are not yet tax deductible. These assets are realised when the relevant items become tax deductible, as long as enough taxable income has been generated to claim the assets against, and as long as there are no changes to the tax legislation that affect Mirrabooka's ability to claim the deduction. As noted in B2, deferred tax assets and liabilities have been calculated at a rate of 30% (2020 : 30%).

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F Further information

This section covers information that is not directly related to specific line items in the financial statements, including information about related party transactions and other statutory information.

F1 Related parties

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

F2 Remuneration of auditors

For the year the auditor earned or will earn the following remuneration:

	2021 $	2020 $
PricewaterhouseCoopers		
Audit or review of financial reports	108,892	104,678
<u>Permitted Non-Audit Services</u>		
Taxation compliance services	12,975	12,720
Total remuneration	121,867	117,398

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F3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board, through its sub-committees, has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

Description of segments

The Board makes the strategic resource allocations for Mirrabooka. Mirrabooka has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for Mirrabooka's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and Mirrabooka's performance is evaluated on an overall basis.

Segment information provided to the Board

The internal reporting provided to the Board for Mirrabooka's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards, except that net assets are reviewed both before and after the effects of capital gains tax on investments (as reported in Mirrabooka's Net Tangible Asset announcements to the ASX).

Other segment information

Revenues from external parties are derived from the receipt of dividend, distribution and interest income, and income arising on the trading portfolio and realised income from the options portfolio.

Mirrabooka is domiciled in Australia and most of Mirrabooka's income is derived from Australian entities or entities that maintain a listing in Australia. Mirrabooka has a diversified portfolio of investments, with only one investment comprising more than 10% of Mirrabooka's income, including realised income from the trading and options written portfolios : the gain on 4D Medical through the trading portfolio -12.6% of total revenue (2020: Nil)

F4 Summary of other accounting policies

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. This financial report has been authorised in accordance with a resolution of the Board and is presented in the Australian currency. The directors of Mirrabooka have the power to amend and reissue the financial report.

Mirrabooka 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 & Cash Equivalents
Share Capital	Contributed Equity
Options	Derivatives written over equity instruments that are valued at fair value through Profit or Loss

Mirrabooka complies with International Financial Reporting Standards (IFRS). Mirrabooka is a 'for profit' entity.

Mirrabooka 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 2021 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. Mirrabooka only intends to adopt other inoperative standards at the date at which their adoption becomes mandatory.

Basis of accounting

The financial statements are prepared using the valuation methods described in A2. All other items have been treated in accordance with the historical cost convention.

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 Mirrabooka approximates their carrying value.

Rounding of amounts

Mirrabooka is a company of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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