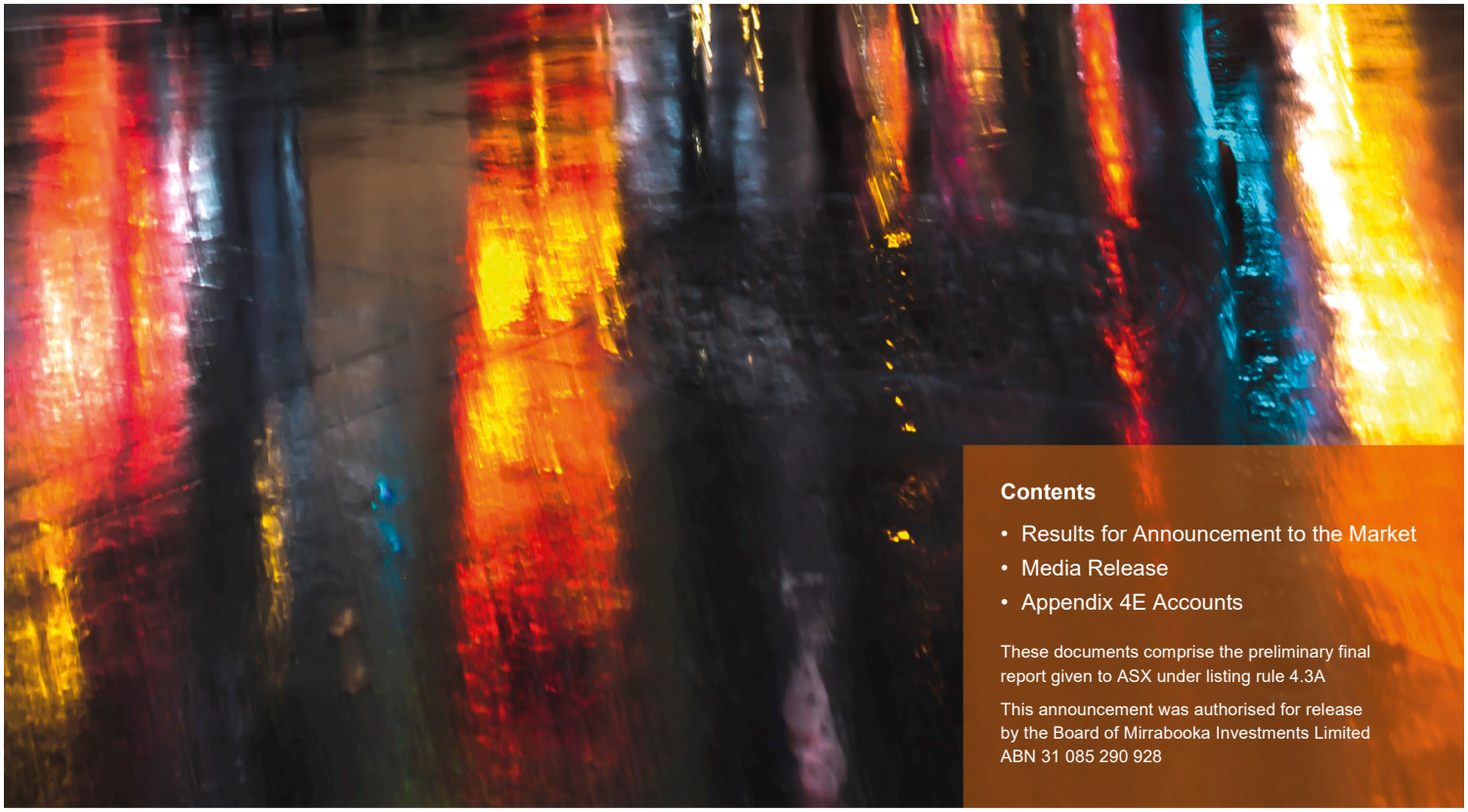
MIRRABOOKA
Investments Limited

Appendix 4E Statement for the Full Year Ending 30 June 2022



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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

Results for Announcement to the Market

The reporting period is the year ended 30 June 2022 with the prior corresponding period being the year ended 30 June 2021.

This report is based on financial statements that are in the process of being audited.

Results for Announcement to the Market

- Net Profit attributable to members was $6.7 million, up 4.4% on the previous corresponding period.
- Net profit per share was 3.8 cents, down 2.6% on the previous corresponding period (due to the increase in the number of shares).
- Revenue from operating activities was $10.3 million, up 45.5% on the previous corresponding period.
- The interim dividend for the 2022 financial year was 3.5 cents per share fully franked (the same as last year). It was paid to shareholders on 17 February 2022.
- The final dividend of 6.5 cents per ordinary share fully franked, the same as last year (3.25 cents for holders of the MIRNB shares, also fully franked), will be paid on 17 August 2022 to shareholders on the register on 28 July 2022. Shares are expected to trade ex-dividend from 27 July 2022, when MIRNB 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 MIRNB 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, in line with last year.
- The entire 6.5 cents of the final dividend and the 2 cents special dividend are 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 MIRNB 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 will be set at a **5% discount** to the Volume Weighted Average Price of the Company’s shares traded on the ASX and Cboe automated trading systems over the five trading days after the shares trade ex-dividend. Notices of participation in the DRP and the DSSP need to be received by the share registry by 5 pm (AEST) on 29 July 2022. 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 2022 was $2.62 (before allowing for any dividend), down from $3.47 at the end of the previous corresponding period (also before allowing for any dividend).
- The 2022 AGM will be held at 1.30pm on Thursday 13 October. Further details on location and how to participate will be sent to shareholders.

Mirrabooka delivers a special dividend
Full Year Report to 30 June 2022

Mirrabooka is an investor in small and mid-cap companies seeking to provide attractive income and capital growth over the medium to long term to shareholders at a low cost.

Full Year Profit was $6.7 million, up from $6.4 million in the corresponding period last year. The increase in profit was due primarily to an increased contribution from investment income as many companies increased or reinstated dividends, following reductions made during the COVID-19 pandemic.

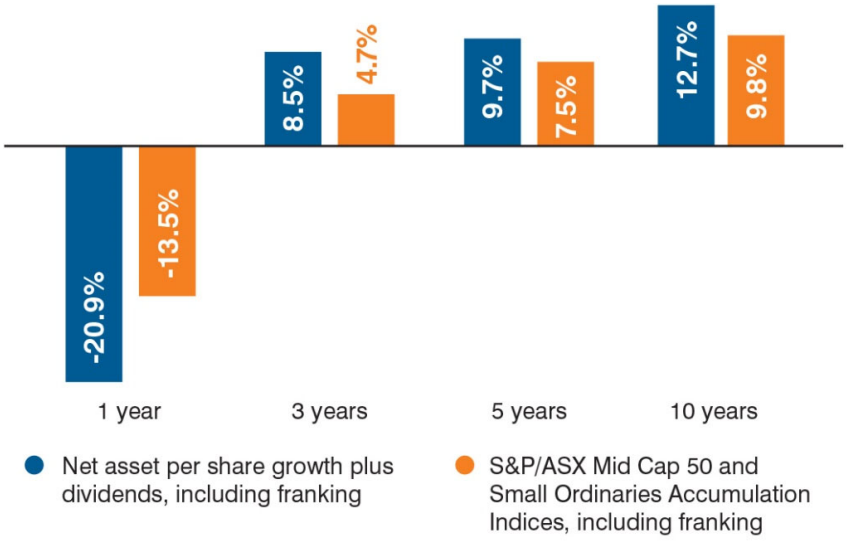
Adjustments made to the portfolio through the period, reflecting the increased valuation risk in several holdings following very strong share price performance, produced realised gains after tax of $36.4 million. In the corresponding period last year realised gains after tax were $29.3 million.

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 the same as last year where a 2.0 cent special dividend was also paid. Shares issued under the share purchase plan in April 2022 are entitled to fifty percent of the total final dividends, which is 4.25 cents per share fully franked.

The 12-month portfolio return for Mirrabooka including franking to 30 June 2022 was negative 20.9%. The combined S&P/ASX Small and Mid Cap 50 Accumulation benchmark return over the corresponding period, including franking, was negative 13.5%. With the rise in interest rates over the second half of the financial year and the onset of significant geopolitical events there was a large divergence in sector performance during this period. This saw relatively good performance from the Small and Mid Cap 50 Resources Accumulation Index, which was only down only 1.8% over the 12-month period. The Small and Mid Cap 50 Industrials Accumulation Index, which is the main focus of Mirrabooka's investment activities, was down 17.7% over the period.

Importantly long-term performance for Mirrabooka remains very positive. Over 10 years to 30 June 2022 Mirrabooka's return is 12.7% per annum, versus 9.8% per annum for the benchmark. Both figures include the full benefit of franking with Mirrabooka's returns after costs.

Portfolio return (including the full benefit of franking and after costs) – per annum to 30 June 2022



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

Market and Portfolio Commentary

The 2022 financial year saw two distinct halves in financial markets.

In the first half to 31 December 2021, the post COVID-19 pandemic recovery continued apace, with interest rates held at historic lows and strong economic demand seeing asset prices, including Mirrabooka's portfolio, continuing to rally to new price highs.

Given ongoing supply constraints resulting from various COVID-19 disruptions, these buoyant economic conditions created a backdrop of building inflationary pressure across global economies. The outbreak of war in Ukraine provided a further sharp inflationary catalyst. As a result, interest rate expectations quickly increased, as central banks were seen to be behind the curve in containing inflation.

These settings saw a significant fall in global equity markets from early 2022, largely driven by a retracement of valuation multiples, as market participants quickly increased the interest rates used in valuing their investments.

Mirrabooka's investment approach is typically to buy businesses with the intention to hold for the long term, creating a lower turnover style than many other institutional investors.

The recalibration of valuation multiples in 2022 has negatively impacted the pricing of many higher-quality and higher-growth investments that our investments are more aligned with, more so than many cyclical areas of the market which have done relatively well. This particularly includes resources and energy stocks which have outperformed handsomely in the 2022 calendar year and where Mirrabooka has a relatively low portfolio weighting.

As a result, Mirrabooka's portfolio for the year to 30 June 2022 returned negative 20.9%, underperforming the negative 13.5% delivered by the combined S&P/ASX Small and Mid Cap 50 benchmark over the corresponding period. These figures include the benefit of franking credits.

The three-year relative performance of Mirrabooka provides useful context to this recent market volatility. Mirrabooka's portfolio has returned a healthy 8.5% per annum, outperforming the benchmark return of 4.7% per annum. These figures include the benefit of franking credits.

We believe our medium to long-term returns provide reinforcement of our investment approach, given the fundamental delivery of good operating performance of the companies that we have invested in over these timeframes.

Portfolio Adjustments

Computershare and Worley were new holdings that we bought well through the period, having been two of the strongest performing stocks on the ASX since our purchase during the financial year.

JB Hi-Fi was also an addition to the portfolio, which we are comfortable will be a solid long-term holding for the portfolio.

We participated in two smaller company IPOs, IPD Group which has performed well and Chrysos Corporation which has seen a meaningful share price fall since IPO. We believe both remain interesting companies for the long term, that fit with our investment process as small, earlier stage investments.

The market selloff during the year also saw us add most materially to existing positions in Dominos Pizza Enterprises, Nanosonics, Peet, REA Group, Temple and Webster, IRESS and Corporate Travel Management.

Many of these have since sold off further, highlighting the challenge of identifying share price lows in a falling market. Our process in these situations remains consistent. We continue to assess the relative long term prospects of each investment opportunity and look to add to positions as prices fall, where our long term conviction remains strong.

Much of our selling over the year reflected our concerns about extreme pricing across a number of our highly rated growth stocks.

We exited Xero on this basis, as well as reducing positions in Seek, Objective Corporation, ARB Corporation and Reece at very high prices that have since fallen materially. These sales were the largest contributors to the significant realised capital gain of $36.4 million that was recorded for the financial year.

Thirteen stocks were exited from the portfolio, many of which had performed well for us historically, but where we had reduced our conviction, including Qube Holdings, NIB Holdings, Atlas Arteria and Tassal. As is generally the case in emerging company investing, there were others that were sold as our expectations were not being met, including Lark Distilling Co. and Superloop.

Outlook

Lead economic indicators have increasingly been suggesting a significant slowing in global economic growth, due to the abrupt shift in monetary policy settings and increase in cost of living pressures on consumers.

In this environment, we expect higher quality-companies more able to drive their growth independently from the economic cycle to begin to perform more in line with their business performance. In recent times, their share price performance has been driven more by valuation factors. This shift would be supportive of the Mirrabooka investment approach, on a relative basis.

The outlook for the overall equity market looks volatile. As markets were supported for too long by interest rates that were too low, there is the potential for the market to overshoot below fair value, as conditions are sharply recalibrating.

This volatility can provide opportunity for a longer-term investor like Mirrabooka. We have a cash balance of $27.4 million ready for further opportunities that may emerge and continue to assess the outlook on a fundamental long-term basis, in what is a very dynamic environment.

Please direct any enquiries to:

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13 July 2022

Major Transactions in the Investment Portfolio

Acquisitions	Cost ($'000)
JB Hi-Fi	10,778
Domino's Pizza Enterprises	8,596
Nanosonics	7,528
Carsales.com	6,578
Peet	6,544
REA Group	6,543

Disposals	Proceeds ($'000)
Xero*	11,410
NIB Holdings*	9,403
Atlas Arteria*	9,394
Lark Distilling Co.*	8,621
Qube Holdings*	7,925

*Complete disposal from the portfolio.

New Companies Added to the Portfolio

JB Hi-Fi

Computershare

Santos (Oil Search merger)

Worley

Chrysos Corporation

Bapcor

IPD Group

Gentrak Group

The Environmental Group

Top 20 Investments at 30 June 2022

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 30 June 2022

		Total Value $ Million	% of the Portfolio
1	Mainfreight	28.1	5.8%
2	Macquarie Telecom Group	25.9	5.4%
3	IRESS	22.1	4.6%
4	ARB Corporation	18.4	3.8%
5	Carsales.com	16.1	3.3%
6	Netwealth Group	14.6	3.0%
7	ResMed	13.4	2.8%
8	ALS	12.7	2.6%
9	Reece	12.4	2.6%
10	REA Group	11.3	2.3%
11	Auckland International Airport	11.3	2.3%
12	EQT Holdings	11.2	2.3%
13	James Hardie Industries	10.8	2.2%
14	Breville Group	10.8	2.2%
15	PEXA Group	10.4	2.1%
16	Corporate Travel Management	10.0	2.1%
17	InvoCare	9.9	2.1%
18	Computershare*	9.7	2.0%
19	Fisher & Paykel Healthcare Corporation	9.7	2.0%
20	Pinnacle Investment Management Group	9.6	2.0%
Total		**278.5**	

As percentage of total portfolio value (excludes cash) **57.6%**

* Indicates that options were outstanding against part of the holding.

Portfolio Performance to 30 June 2022

Performance Measures to 30 June 2022	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
Portfolio Return – Net Asset Backing Return Including Dividends Reinvested	-22.0%	6.9%	7.3%	9.9%
Combined S&P/ASX Mid 50's and Small Ordinaries Accumulation Index	-14.1%	4.0%	6.7%	8.9%
Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*	-20.9%	8.5%	9.7%	12.7%
*Combined S&P/ASX Mid 50's and Small Ordinaries Accumulation Index**	-13.5%	4.7%	7.5%	9.8%

*** 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.

Mirrabooka Investments Limited

Annual Financial Statements

30 June 2022

Financial statements

Income Statement for the Year Ended 30 June 2022

	Note	2022 $'000	2021 $'000
Dividends and distributions	A3	10,320	7,026
Revenue from deposits and bank bills		7	18
Other revenue		9	60
Total revenue		**10,336**	**7,104**
Net gains/(losses) on trading portfolio		(951)	2,368
Income from options written portfolio		765	378
Income from operating activities		**10,150**	**9,850**
Borrowing expenses		(95)	(118)
Administration expenses	B1	(2,821)	(2,519)
Profit for the year before income tax		**7,234**	**7,213**
Income tax expense	B2, E2	(508)	(773)
Profit for the year		**6,726**	**6,440**
		Cents	**Cents**
Basic earnings per share	A5	3.76	3.86

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

Statement of Comprehensive Income for the Year Ended 30 June 2022

	Year to 30 June 2022			Year to 30 June 2021		
	Revenue[1]	**Capital[1]**	**Total**	Revenue[1]	Capital[1]	Total
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Profit for the year	**6,726**	**-**	**6,726**	**6,440**	**-**	**6,440**
Other Comprehensive Income						
Gains/(losses) for the period on securities	-	(128,026)	**(128,026)**	-	195,486	**195,486**
Tax on above	-	38,747	**38,747**	-	(58,643)	**(58,643)**
Total Other Comprehensive Income	-	**(89,279)**	**(89,279)**	-	**136,843**	**136,843**
Total Comprehensive Income	**6,726**	**(89,279)**	**(82,553)**	**6,440**	**136,843**	**143,283**

[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.

Balance Sheet as at 30 June 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash	D1	27,396	27,826
Receivables		2,839	362
Trading portfolio		5,470	3,650
Total current assets		**35,705**	**31,838**
Non-current assets			
Deferred tax assets	E2	94	6
Investment portfolio	A2	477,615	586,598
Total non-current assets		**477,709**	**586,604**
Total assets		**513,414**	**618,442**
Current liabilities			
Payables		2,185	181
Tax payable		13,885	10,465
Options Sold		33	41
Total current liabilities		**16,103**	**10,687**
Non-current liabilities			
Deferred tax liabilities – investment portfolio	B2	37,086	89,985
Total non-current liabilities		**37,086**	**89,985**
Total liabilities		**53,189**	**100,672**
Net Assets		**460,225**	**517,770**
Shareholders' equity			
Share capital	A1, D5	296,309	250,948
Revaluation reserve	A1, D2	65,900	191,540
Realised capital gains reserve	A1, D3	65,026	49,018
Retained profits	A1, D4	32,990	26,264
Total shareholders' equity		**460,225**	**517,770**

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

Statement of Changes in Equity for the Year Ended 30 June 2022

Year Ended 30 June 2022

	Note	Share Capital	Revaluation Reserve	Realised Capital Gains Reserve	Retained Profits	Total
		$'000	$'000	$'000	$'000	$'000
Total equity at the beginning of the year		**250,948**	**191,540**	**49,018**	**26,264**	**517,770**
Dividends paid	A4	-	-	(20,353)	-	**(20,353)**
Shares issued under Dividend Reinvestment Plan	D5	3,347	-	-	-	**3,347**
Shares issued under Share Purchase Plan	D5	42,101	-	-	-	**42,101**
Other share capital adjustments		(87)	-	-	-	**(87)**
Total transactions with shareholders		**45,361**	**-**	**(20,353)**	**-**	**25,008**
Profit for the year		-	-	-	6,726	**6,726**
Other Comprehensive Income (net of tax)						
Net losses for the period		-	(89,279)	-	-	**(89,279)**
Other Comprehensive Income for the year		-	(89,279)	-	-	**(89,279)**
Transfer to Realised Capital Gains of cumulative gains on investments sold		-	(36,361)	36,361	-	**-**
Total equity at the end of the year		**296,309**	**65,900**	**65,026**	**32,990**	**460,225**

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

Statement of Changes in Equity for the Year Ended 30 June 2022 (continued)

Year Ended 30 June 2021

	Note	Share Capital	Revaluation Reserve	Realised Capital Gains Reserve	Retained Profits	Total
		$'000	$'000	$'000	$'000	$'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.

Cash Flow Statement for the Year Ended 30 June 2022

	Note	2022 $'000 Inflows/ (Outflows)	2021 $'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		7,446	4,593
Purchases for trading portfolio		(18,351)	(12,532)
Interest received		7	18
Proceeds from entering into options in options written portfolio		1,111	482
Payment to close out options in options written portfolio		(355)	(114)
Dividends and distributions received		9,279	6,088
		(863)	(1,465)
Other receipts		9	60
Administration expenses		(2,821)	(2,604)
Borrowing expenses		(95)	(118)
Income taxes paid		(162)	(1,075)
Net cash inflow/(outflow) from operating activities	E1	**(3,932)**	**(5,202)**
Cash flows from investing activities			
Sales from investment portfolio		134,866	88,549
Purchases for investment portfolio		(145,428)	(99,568)
Tax paid on capital gains		(10,944)	(1,551)
Net cash inflow/(outflow) from investing activities		**(21,506)**	**(12,570)**
Cash flows from financing activities			
Share issue under SPP		42,101	38,879
Share issue costs		(87)	(79)
Dividends paid		(17,006)	(13,409)
Net cash inflow/(outflow) from financing activities		**25,008**	**25,391**
Net increase/(decrease) in cash held		(430)	7,619
Cash at the beginning of the year		27,826	20,207
Cash at the end of the year	D1	**27,396**	**27,826**

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.

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:

	2022	**2021**
	$'000	**$'000**
Share capital	296,309	250,948
Revaluation reserve	65,900	191,540
Realised capital gains reserve	65,026	49,018
Retained profits	32,990	26,264
	460,225	**517,770**

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:

	2022 $'000	2021 $'000
Equity instruments (at market value)	477,615	586,598
	477,615	**586,598**

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 $2.2 million worth of securities at an agreed price – the 'exposure' (2021: $2.0 million).

$7.0 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2021: $11.0 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 which is Level 3). 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 2022 and 30 June 2021 were as follows:

	30 June 2022	30 June 2021
Net tangible asset backing per share	**$**	**$**
Before tax	**2.62**	**3.47**
After tax	2.42	2.96

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 from the investment portfolio, 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 $138.5 million (2021 : $89.4 million) of equity securities were sold. The cumulative gain on the sale of securities from the investment portfolio was $36.4 million for the period after tax (2021: $29.3 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 2022 is set out below.

	2022 $'000	2021 $'000
Dividends and distributions		
Securities held in investment portfolio at 30 June	8,572	6,420
Investment securities sold during the year	1,543	566
Trading securities sold during the year	205	40
	10,320	7,026

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	2022 $'000	2021 $'000
Net realised gains/(losses) from trading portfolio	(402)	2,463
Realised gains/(losses) on options written portfolio	762	388
Unrealised gains/(losses) from trading portfolio	(549)	(95)
Unrealised gains/(losses) from options written portfolio	3	(10)
	(186)	2,746

A4 Dividends paid

The dividends paid and payable for the year ended 30 June 2022 are shown below:

	2022 $'000	2021 $'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2021 of 6.5 cents fully franked and a special dividend of 2 cents fully franked paid on 17 August 2021 (3.25 cents and 1 cent for the MIRNA shares) (2021: 6.5 cents fully franked paid on 17 August 2020).	14,251	10,447
Interim dividend for the year ended 30 June 2022 of 3.5 cents per share fully franked paid 17 February 2022 (2021: 3.5 cents fully franked paid 16 February 2021)	6,102	5,644
	20,353	16,091
Dividends paid in cash	17,006	13,409
Dividends reinvested in shares	3,347	2,682
	20,353	16,091
(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	32,131	23,551
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(6,672)	(6,153)
Net available	25,459	17,398
These franking account balances would allow Mirrabooka to frank additional dividend payments (at a franking rate of 30%) up to an amount of:	59,404	40,595

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 cents special dividend, also fully franked (3.25 cents and 1 cent respectively for holders of the MIRNB shares). The aggregate amount of the final and special dividends for the year to 30 June 2022 to be paid on 17 August 2022, but not recognised as a liability at the end of the financial year is:

	15,567

(d) Listed Investment Company capital gain account	2022 $'000	2021 $'000
Balance of the Listed Investment Company (LIC) capital gain account	52,403	39,738
This equates to an attributable amount of	74,861	56,769

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. $22.2 million of the attributable amount will be paid out as part of the final and special dividends on 17 August 2022.

A5 Earnings per share

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

Basic Earnings per share	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator	178,934,861	166,721,584
	$'000	**$'000**
Profit for the year	6,726	6,440
	Cents	**Cents**
Basic earnings per share	3.76	3.86

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.

B Costs, Tax and Risk

B1 Management Costs

The total management expenses for the period are as follows:

	2022 $'000	2021 $'000
Administration fees paid to AICS	(1,702)	(1,467)
Other administration expenses	(1,119)	(1,052)
	(2,821)	(2,519)

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 and the provision of key personnel.

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 $
2022			
Directors	427,071	42,706	469,777
2021			
Directors	450,934	42,836	493,770

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% (2021 : 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.

Tax expense

The income tax expense for the period is shown below:

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

	2022 $'000	2021 $'000
Net profit before income tax expense	**7,234**	**7,213**
Tax at the Australian tax rate of 30% (2021 – 30%)	2,170	2,164
Tax offset for franked dividends received	(2,003)	(1,452)
Trading losses treated as capital	340	-
Tax effect of sundry items taxable but not included in income or not taxable in the current year	18	88
	525	**800**
Over provision in prior years	(17)	(27)
Total tax expense	**508**	**773**

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 2022 is 30% (30 June 2021 : 30%).

	2022 $'000	2021 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	**37,086**	**89,985**
Opening balance at 1 July	89,985	42,286
Tax on realised gains (at 30%)	(14,152)	(10,944)
Charged to OCI for ordinary securities on gains or losses for the period	(38,747)	58,643
	37,086	**89,985**

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 $16.7 million and $33.4 million respectively, at a tax rate of 30% (2021 : $20.5 million & $41.1 million).

A general fall in market prices of 5% and 10%, if spread equally over the liabilities in the options portfolio, would be immaterial (2021 : 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 $191,000 and $383,000, at a tax rate of 30% (2021 : $128,000 and $255,500).

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:

	2022	**2021**
Energy	2.66%	1.13%
Materials	3.40%	4.32%
Industrials	18.05%	21.66%
Consumer Discretionary	17.56%	15.89%
Consumer Staples	0.28%	2.64%
Healthcare	9.00%	8.00%
Financials	13.30%	14.01%
Real Estate	3.47%	2.30%
Info Technology & Telecoms	26.91%	25.55%
Cash	5.37%	4.50%

There were two investments representing over 5% of the investment portfolio at 30 June 2022 – Mainfreight (5.8%) and Macquarie Telecom (5.4%) (2021: 2 : Mainfreight (6.1%) and ARB Corporation (5.1%))

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

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 been 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. As at 30 June 2022, no such investments are held (2021 : Nil).

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 2022	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	2,185	-	-	2,185	2,185
	2,185	-	-	2,185	2,185
30 June 2021					
Non-derivatives					
Payables	181	-	-	181	181
	181	-	-	181	181

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.

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

	2022 $'000	2021 $'000
Cash at bank and in hand (including on-call)	27,396	27,826
	27,396	27,826

Cash holdings yielded an average floating interest rate of 0.08% (2021: 0.13%). 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, which expires in May 2023. It remains undrawn at balance date.

D2 Revaluation reserve

	2022 $'000	2021 $'000
Opening balance at 1 July	191,540	84,032
Gains/(losses) on investment portfolio		
- Equity Instruments	(128,026)	195,486
Provision for tax on above	38,747	(58,643)
Cumulative taxable realised (gains)/losses (net of tax)	(36,361)	(29,335)
	65,900	**191,540**

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

D3 Realised capital gains reserve

	2022 $'000	2021 $'000
Opening balance at 1 July	49,018	35,774
Dividends paid	(20,353)	(16,091)
Cumulative taxable realised gains for period through OCI (net of tax)	36,361	29,335
	65,026	**49,018**

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

	2022 $'000	2021 $'000
Opening balance at 1 July	26,264	19,824
Dividends paid	-	-
Profit for the year	6,726	6,440
	32,990	**26,264**

This reserve relates to past profits.

D5 Share capital

Date	Details	Notes	Number of shares '000	Issue price $	Paid-up Capital $'000
1/7/2020	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**
17/8/2021	Dividend Reinvestment Plan	**i**	622	3.70	2,304
17/8/2021	Dividend Substitution Share Plan	**ii**	29	3.70	n/a
17/2/2022	Dividend Reinvestment Plan	**i**	286	3.64	1,043
17/2/2022	Dividend Substitution Share Plan	**ii**	15	3.64	n/a
11/4/2022	Share Purchase Plan	**iv**	13,987	3.01	42,101
Various	Costs of issue				(87)
30/6/2022	Balance		**190,133**		**296,309**

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 previous 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 were given the code MIRNA and were entitled to 50% of the final dividend be paid on 17 August 2021, and converted into ordinary shares on the ex-dividend date of 28 July 2021.

iv. 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 10% discount to the 5-day VWAP calculated up to and including the day on which the SPP closed (4 April 2022). New shares issued under the SPP were given the code MIRNB and are entitled to 50% of the final dividend due to be paid on 17 August 2022, and will convert into ordinary shares on the ex-dividend date of 27 July 2022.

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

E Income statement reconciliations

E1 Reconciliation of net cash flows from operating activities to profit

	2022 $'000	2021 $'000
Profit for the year	**6,726**	**6,440**
Net decrease (increase) in trading portfolio	(1,820)	(3,650)
Sale of stock from trading portfolio to investment portfolio	(8,854)	(7,478)
Increase (decrease) in options written portfolio	(8)	(8)
Dividends received as securities under DRP investments	-	(246)
Decrease (increase) in current receivables	(2,477)	258
- Less (decrease) increase in receivables for investment portfolio	2,373	-
Increase (decrease) in deferred tax liabilities	(52,987)	47,713
- Less (increase) decrease in deferred tax liability on investment portfolio	52,899	(47,699)
Increase (decrease) in current payables	2,004	(87)
- Less decrease (increase) in payables for investment portfolio	(2,000)	-
Increase (decrease) in provision for tax payable	3,420	8,947
- Less CGT provision	(14,152)	(10,944)
- Add taxes paid on capital gains	10,944	1,552
Net cash flows from operating activities	**(3,932)**	**(5,202)**

E2 Tax reconciliations

	2022 $'000	2021 $'000
Tax expense composition		
Charge for tax payable relating to the current year	613	786
Over provision in prior years	(17)	(27)
(Increase) decrease in deferred tax assets	(88)	14
	508	**773**
Amounts recognised directly through Other Comprehensive Income		
Net increase/(decrease) in deferred tax liabilities relating to capital gains tax on the movement in gains in the investment portfolio	(38,747)	58,643
	(38,747)	**58,643**

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

		2022 $'000	2021 $'000
(a)	Tax on unrealised gains or losses in the trading portfolio	165	29
(b)	Tax on unrealised gains/losses in the options written portfolio	(1)	3
(c)	Provisions and expenses charged to the accounting profit which are not yet tax deductible	53	52
(d)	Interest and dividend income receivable which is not assessable for tax until receipt	(123)	(78)
		94	6

Movements:

Opening asset balance at 1 July	6	20
Credited/(charged) to Income statement	88	(14)
	94	6

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% (2021 : 30%).

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. The only such transactions were in connection with the services provided by AICS (see B1).

F2 Remuneration of auditors

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

	2022 $	2021 $
PricewaterhouseCoopers		
Audit or review of financial reports	110,679	108,892
Permitted Non-Audit Services		
Taxation compliance services	13,564	12,975
Total remuneration	124,243	121,867

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 no investments comprising more than 10% of Mirrabooka's income, including realised income from the trading and options written portfolios (2021: 1- the gain on 4D Medical through the trading portfolio -12.6% of total income)

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 2022 ("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.