

25

Years
of successful
investing



MIRRABOOKA
Investments Limited



Finding Opportunities in Small and Medium-Sized Companies

Appendix 4E Statement for the Full-Year Ending 30 June 2024

Contents

- Results for Announcement to the Market
- Media Release
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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 2024 with the prior corresponding period being the year ended 30 June 2023.

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 \$10.7 million, down 5.1% from \$11.3 million in the previous corresponding period.
- > Net profit per share was 5.56 cents, down from 5.92 cents per share in the previous corresponding period.
- > Revenue from operating activities was \$12.1 million, up 3.2% on the previous corresponding period.
- > The final dividend of 6.5 cents per share fully franked, the same as last year, and a special dividend of 2.5 cents per share (also fully franked), will be paid on 16 August 2024 to shareholders on the register on 31 July 2024. Shares are expected to trade ex-dividend from 30 July 2024. There is no foreign conduit income included in the dividends.
- > The interim dividend for the 2024 financial year was 4.0 cents per share fully franked (3.5 cents last year). It was paid to shareholders on 19 February 2024.
- > Total dividends for the year are 13.0 cents per share, fully franked. Last year total dividends were 14.5 cents per share, which included a 4.5 cent special dividend.
- > The entire 6.5 cents of the final dividend and the 2.5 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 12.9 cents. This enables some shareholders to claim a tax deduction in their tax return. Further details will be on the dividend statements.
- > A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available. The price for both will be set at a **nil 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 1 August 2024. 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 2024 was \$3.18 (before allowing for any dividend), up from \$2.91 at the end of the previous corresponding period (also before allowing for any dividend).
- > The Company will be providing an update on these results via a webcast for shareholders on Tuesday 23 July at 3.30pm (AEST). Details are on the website mirra.com.au.
- > The 2024 AGM will be held at 1.30pm on Thursday 3 October. Further details on location and how to participate will be sent to shareholders.

Portfolio Outperforms, Special Dividend of 2.5 Cents Per Share to Celebrate 25 Years of Successful Investing

Full Year Report to 30 June 2024

Mirrabooka was founded in April 1999 as an investor in small and mid-cap companies seeking to provide attractive income and capital growth over the medium to long. The portfolio has outperformed benchmarks and delivered a 12.4% per annum return including the benefit of franking credits (to April 2024) over its 25-year history.

Full Year Profit was \$10.7 million, slightly down from \$11.3 million in the corresponding period last year. There was a decline in the contribution from the Trading Portfolio, delivering \$1.3 million this year, versus the large contribution of \$3.4 million last year. This was somewhat offset by the strong income contribution from the option portfolio which was \$2.5 million versus \$1.3 million last year.

Sales through the period produced realised gains after tax of \$30.8 million. In the corresponding period last year realised gains after tax were \$16.6 million.

The final dividend was maintained at 6.5 cents per share fully franked. A special fully franked dividend of 2.5 cents per share has also been declared following the strong realised capital gains for this and previous years. This brings total dividends for the year to 13.0 cents per share, fully franked. Last year total dividends were 14.5 cents per share, which included a 4.5 cent special dividend.

The 12-month portfolio return for Mirrabooka including franking to 30 June 2024 was 17.4%. The combined S&P/ASX Mid Cap 50 and Small Ordinaries Accumulation benchmark return over the corresponding period, including franking, was 8.7%. This outperformance was driven by the strong performance across a number of holdings in the portfolio with the strongest contributors being Gentrack, a relatively recent addition to the portfolio, and long-term holdings Macquarie Technology Group, Temple & Webster, Netwealth Group, ARB Corporation and HUB 24.

Long-term performance for Mirrabooka also remains very positive. Over 10 years to 30 June 2024 Mirrabooka's return was 11.6% per annum, versus 9.7% per annum for the benchmark. Both figures include the full benefit of franking distributed with dividends. Mirrabooka's returns are also quoted after costs.

Portfolio return (including the full benefit of franking and after costs) – per annum to 30 June 2024



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

Market and Portfolio Commentary

In its 25th financial year, Mirrabooka delivered further portfolio outperformance, adding to strong returns and outperformance since its inception in 1999.

Mirrabooka's portfolio return including franking of 17.4% for the 12 months to 30 June 2024 was underpinned by valuable contributions from a number of core portfolio holdings. Gentrack (a software provider to the utilities sector) continued with its exceptionally strong recent performance, returning over 130% in the last 12 months and over 500% since our first purchase in May 2022. Other strong contributions came from Macquarie Technology Group, Temple & Webster, Netwealth, ARB Corporation and HUB 24.

The return from Mirrabooka's benchmark (combined S&P/ASX Mid Cap 50 and Small Ordinaries Indices) was significantly lower, delivering 8.7%, including franking. Of note was the negative impact of falling resource stocks in both indices, particularly those in the lithium market, which had boomed in the years prior. Mirrabooka has remained consistently underweight in these cyclical areas of the market and remains so even after purchasing lithium producer IGO Limited during the financial year.

The delivery of another strong year of performance sees Mirrabooka again outperforming its benchmark over all timeframes.

We take particular encouragement from the outperformance that we have delivered since inception in April 1999. Mirrabooka's 25-year return to April 2024 of 12.4% per annum including franking has well exceeded both the S&P/ASX Mid Cap 50 and Small Ordinaries benchmark at 8.4% per annum including franking, as well as the broader S&P/ASX 200 Index at 9.7% per annum including franking.

Portfolio Adjustments

While our primary focus remains on monitoring fundamental progress of our stocks, we continue to view the broader share market backdrop with some caution. We are mindful that the valuations of the type of quality businesses that best fit our investment process remain higher than long-term averages.

Portfolio activity therefore saw us reducing our positions in several larger core portfolio holdings to manage the risk of elevated valuations. This saw us realise significant capital gains of \$30.8 million after tax, enabling us to declare another special dividend, as well as further bolstering the franking account to support future dividends.

The most significant reductions in holdings due to elevated valuations were in Reece, Netwealth Group, JB Hi-Fi, CAR Group and REA Group.

The sale of call options also remained a stronger than typical feature in Mirrabooka's portfolio activity. This also reflected our perception of valuation risk across several significant portfolio holdings throughout the year. This allowed us to successfully capture option premium from counterparties prepared to position for further strength in the share prices of these companies.

The most material complete disposals of holdings occurred in Santos and Computershare, both companies that graduated to the S&P/ASX 50 Leaders Index during our period of ownership.

Buying activity generally focused on finding new positions for the portfolio, where we saw sufficient quality to meet our investment framework but better medium to long-term value than many existing portfolio holdings.

The most material new portfolio additions were in lithium miner IGO Limited, neighbourhood shopping centre trust Region Group, transport company Lindsay Australia and radiopharmaceuticals business, Telix Pharmaceuticals. Of these, IGO Limited has materially underperformed since our purchase – in a rapidly declining lithium pricing environment we bought too early but remain comfortable with IGOs position as a part-owner in the lowest cost lithium mine in the world. Conversely, Telix Pharmaceuticals has performed very strongly as its strong position in the large US prostate imaging market and its pipeline of potential therapeutic products have been further enhanced.

We most materially added to our existing position in IDP Education over the year.

Various government actions to reduce migration, including numbers of international students, have continued to pressure its profits across each of its large destination markets in both student placements and English language testing. This has negatively impacted its share price, providing a value opportunity with a view to these significant headwinds easing in the medium term. Our investment conviction takes particular note of the critical role of these students in the funding model of the sector in each market and the strengthening market position of IDP Education.

Outlook

We continue to view the near to medium-term investment outlook through a somewhat mixed lens.

We have high confidence in our core portfolio holdings, with the underpinnings of these quality businesses setting them up to successfully navigate potentially volatile future global economic conditions.

The key economic variables driving potential volatility continue to include the outlook for global inflation and interest rates and the flow-on effect on consumer spending. The added significant variable, that is now coming sharply into view, is the outcome and subsequent policy direction from the elections across major developed markets that are occurring in the next 12 months or have occurred more recently.

Notwithstanding this backdrop we will continue to hunt for value-adding investment opportunities. With the quality of the current portfolio in strong shape, the hurdle for new opportunities remains high, as we look to ensure that we don't stray into reducing the portfolio's quality in search of short-term value.

Over the longer term, we remain confident in Mirrabooka's ability to continue to deliver for shareholders. Our ability to uncover exceptionally high returning emerging company investment opportunities in recent years, as well as the consistent profit growth delivered by our longest standing holdings, provides us with confidence in our investment process, as does our track record of 25 years of strong portfolio performance.

Please direct any enquiries to:

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18 July 2024

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Major Transactions in the Investment Portfolio

Acquisitions	Cost (\$m)
IGO	8.7
IDP Education	7.7
Region Group	7.4
Lindsay Australia	5.6
Telix Pharmaceuticals	5.5

Disposals*	Proceeds (\$m)
Reece	8.8
Netwealth Group	8.4
JB Hi-Fi	7.9
CAR Group	7.2
REA Group	6.7

*Partially because of the exercise of call options.

New Companies Added to the Investment Portfolio

IGO
 Region Group
 Lindsay Australia
 Telix Pharmaceuticals
 Janison Education Group
 Siteminder
 Index
 Dexus Convenience Retail
 Life 360
 Aroa Biosurgery
 Carindale Property Trust
 Genetic Signatures
 Sigma Healthcare

Top 20 Investments at 30 June 2024

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 28 June 2024

		Total Value \$ Million	% of the Portfolio
1	Macquarie Technology Group	38.3	6.2%
2	ARB Corporation	22.8	3.7%
3	Gentrack Group	22.5	3.6%
4	Mainfreight	20.3	3.3%
5	CAR Group	20.1	3.3%
6	IDP Education	17.1	2.8%
7	EQT Holdings	17.0	2.8%
8	ALS	16.9	2.7%
9	Breville Group	16.7	2.7%
10	Temple & Webster Group	16.5	2.7%
11	ResMed	16.5	2.7%
12	Pinnacle Investment Management Group	14.4	2.3%
13	PSC Insurance Group	13.9	2.3%
14	Netwealth Group*	12.6	2.0%
15	IPD Group	12.6	2.0%
16	PEXA Group	11.6	1.9%
17	EVT	11.5	1.9%
18	REA Group*	11.3	1.8%
19	HUB24*	11.2	1.8%
20	Fisher & Paykel Healthcare Corporation*	11.1	1.8%
Total		334.9	

As percentage of total portfolio value (excludes cash) **54.3%**

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

Portfolio Performance to 30 June 2024

Performance Measures to 30 June 2024	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
Portfolio Return – Net Asset Backing Return Including Dividends Reinvested	15.0%	1.3%	10.2%	8.9%
<i>Combined S&P/ASX Mid 50 and Small Ordinaries Accumulation Index</i>	8.0%	1.7%	6.6%	8.8%
Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*	17.4%	3.1%	12.1%	11.6%
<i>Combined S&P/ASX Mid 50 and Small Ordinaries Accumulation Index*</i>	8.7%	2.4%	7.3%	9.7%

* 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.

Past performance is not indicative of future performance.

Mirrabooka Investments Limited

Annual Financial Statements

30 June 2024

Financial statements

Income Statement for the Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Dividends and distributions	<u>A3</u>	11,562	11,218
Revenue from deposits and bank bills		568	527
Other revenue		-	5
Total revenue		12,130	11,750
Net gains on trading portfolio		1,321	3,406
Income from options written portfolio		2,459	1,292
Income from operating activities		15,910	16,448
Borrowing expenses		(107)	(90)
Administration expenses	<u>B1</u>	(3,287)	(3,202)
Profit for the year before income tax		12,516	13,156
Income tax expense	<u>B2, E2</u>	(1,787)	(1,846)
Profit for the year		10,729	11,310
		Cents	Cents
Basic earnings per share	<u>A5</u>	5.56	5.92

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

Statement of Comprehensive Income for the Year Ended 30 June 2024

	Year to 30 June 2024			Year to 30 June 2023		
	Revenue ¹ \$'000	Capital ¹ \$'000	Total \$'000	Revenue ¹ \$'000	Capital ¹ \$'000	Total \$'000
Profit for the year	10,729	-	10,729	11,310	-	11,310
Other Comprehensive Income						
Gains/(losses) for the period on securities	-	80,350	80,350	-	72,909	72,909
Tax on above	-	(24,046)	(24,046)	-	(21,873)	(21,873)
Total Other Comprehensive Income	-	56,304	56,304	-	51,036	51,036
Total Comprehensive Income	10,729	56,304	67,033	11,310	51,036	62,346

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 2024

	Note	2024 \$'000	2023 \$'000
Current assets			
Cash	<u>D1</u>	8,388	23,330
Receivables		714	470
Trading portfolio		3,297	10,442
Total current assets		12,399	34,242
Non-current assets			
Investment portfolio	<u>A2</u>	613,955	533,707
Total non-current assets		613,955	533,707
Total assets		626,354	567,949
Current liabilities			
Payables		13	2,562
Tax payable		11,306	6,469
Options Sold		212	1,097
Total current liabilities		11,531	10,128
Non-current liabilities			
Deferred tax liabilities – investment portfolio	<u>B2</u>	67,047	52,870
Deferred tax liabilities - other	<u>E2</u>	7	532
Total non-current liabilities		67,054	53,402
Total liabilities		78,585	63,530
Net Assets		547,769	504,419
Shareholders' equity			
Share capital	<u>A1, D5</u>	304,894	300,148
Revaluation reserve	<u>A1, D2</u>	125,857	100,338
Realised capital gains reserve	<u>A1, D3</u>	61,989	59,633
Retained profits	<u>A1, D4</u>	55,029	44,300
Total shareholders' equity		547,769	504,419

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

Statement of Changes in Equity for the Year Ended 30 June 2024

Year Ended 30 June 2024

	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		300,148	100,338	59,633	44,300	504,419
Dividends paid	<u>A4</u>	-	-	(28,429)	-	(28,429)
Shares issued under Dividend Reinvestment Plan	<u>D5</u>	4,767	-	-	-	4,767
Other share capital adjustments		(21)	-	-	-	(21)
Total transactions with shareholders		4,746	-	(28,429)	-	(23,683)
Profit for the year		-	-	-	10,729	10,729
Other Comprehensive Income (net of tax)						
Net gains for the period		-	56,304	-	-	56,304
Other Comprehensive Income for the year		-	56,304	-	-	56,304
Transfer to Realised Capital Gains of cumulative gains on investments sold		-	(30,785)	30,785	-	-
Total equity at the end of the year		304,894	125,857	61,989	55,029	547,769

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 2024 (continued)

Year Ended 30 June 2023

	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		296,309	65,900	65,026	32,990	460,225
Dividends paid	<u>A4</u>	-	-	(21,991)	-	(21,991)
Shares issued under Dividend Reinvestment Plan	<u>D5</u>	3,856	-	-	-	3,856
Other share capital adjustments		(17)	-	-	-	(17)
Total transactions with shareholders		3,839	-	(21,991)	-	(18,152)
Profit for the year		-	-	-	11,310	11,310
Other Comprehensive Income (net of tax)						
Net gains for the period		-	51,036	-	-	51,036
Other Comprehensive Income for the year		-	51,036	-	-	51,036
Transfer to Realised Capital Gains of cumulative gains on investments sold		-	(16,598)	16,598	-	-
Total equity at the end of the year		300,148	100,338	59,633	44,300	504,419

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

Cash Flow Statement for the Year Ended 30 June 2024

		2024	2023
		\$'000	\$'000
	Note	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		16,397	12,541
Purchases for trading portfolio		(21,021)	(14,106)
Interest received		568	527
Proceeds from entering into options in options written portfolio		2,593	3,905
Payment to close out options in options written portfolio		(1,019)	(1,549)
Dividends and distributions received		10,672	11,029
		<u>8,190</u>	<u>12,347</u>
Other receipts		-	5
Administration expenses		(3,333)	(3,323)
Borrowing expenses		(107)	(90)
Income taxes paid		(889)	(310)
Net cash inflow/(outflow) from operating activities	<u>E1</u>	<u>3,861</u>	<u>8,629</u>
Cash flows from investing activities			
Sales from investment portfolio		124,429	104,655
Purchases for investment portfolio		(113,460)	(85,048)
Tax paid on capital gains		(6,089)	(14,150)
Net cash inflow/(outflow) from investing activities		<u>4,880</u>	<u>5,457</u>
Cash flows from financing activities			
Share issue costs		(21)	(17)
Dividends paid		(23,662)	(18,135)
Net cash inflow/(outflow) from financing activities		<u>(23,683)</u>	<u>(18,152)</u>
Net increase/(decrease) in cash held		(14,942)	(4,066)
Cash at the beginning of the year		23,330	27,396
Cash at the end of the year	<u>D1</u>	<u>8,388</u>	<u>23,330</u>

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:

	2024 \$'000	2023 \$'000
Share capital	304,894	300,148
Revaluation reserve	125,857	100,338
Realised capital gains reserve	61,989	59,633
Retained profits	55,029	44,300
	547,769	504,419

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:

	2024 \$'000	2023 \$'000
<u>Equity instruments (at market value)</u>	613,955	533,707
	613,955	533,707

All options written by the Company and open at year end are call options. If all options were exercised (excluding options in the trading portfolio), this would lead to the sale of \$9.2 million worth of securities at an agreed price – the 'exposure' (2023: \$39.5 million).

\$8.9 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2023: \$8.0 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 which are Level 2 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 2024 and 30 June 2023 were as follows:

	30 June 2024	30 June 2023
Net tangible asset backing per share	\$	\$
Before tax	3.18	2.91
After tax	2.83	2.63

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 \$124.3 million (2023 : \$102.4 million) of equity securities were sold. The cumulative gain on the sale of securities from the investment portfolio was \$30.8 million for the period after tax (2023: \$16.6 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 2024 is set out below.

	2024 \$'000	2023 \$'000
Dividends and distributions		
Securities held in investment portfolio at 30 June	10,130	9,105
Investment securities sold during the year	1,149	1,984
Securities held in trading portfolio at 30 June	-	122
Trading securities sold during the year	283	7
	<u>11,562</u>	<u>11,218</u>

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	2024 \$'000	2023 \$'000
Net realised gains from trading portfolio	1,547	1,853
Realised gains on options written portfolio	2,408	1,379
Unrealised gains/(losses) from trading portfolio	(226)	1,553
Unrealised gains/(losses) from options written portfolio	51	(87)
	<u>3,780</u>	<u>4,698</u>

A4 Dividends paid

The dividends paid and payable for the year ended 30 June 2024 are shown below:

	2024 \$'000	2023 \$'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2023 of 6.5 cents fully franked and a special dividend of 4.5 cents fully franked paid on 17 August 2023 (2023: Final dividend for the year ended 30 June 2022 of 6.5 cents fully franked and a special dividend of 2 cents fully franked paid on 17 August 2022 (3.25 cents and 1 cent for the MIRNB shares))	20,813	15,392
Interim dividend for the year ended 30 June 2024 of 4.0 cents per share fully franked paid 19 February 2024 (2023: 3.5 cents fully franked paid 17 February 2023)	7,616	6,599
	28,429	21,991
Dividends paid in cash	23,662	18,135
Dividends reinvested in shares	4,767	3,856
	28,429	21,991
(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	34,966	32,617
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(7,457)	(9,031)
Net available	27,509	23,586
These franking account balances would allow Mirrabooka to frank additional dividend payments (at a franking rate of 30%) up to an amount of:	64,188	55,034
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 2.5 cents special dividend, also fully franked. The aggregate amount of the final and special dividends for the year to 30 June 2024 to be paid on 16 August 2024, but not recognised as a liability at the end of the financial year is:		
	17,399	

(d) Listed Investment Company capital gain account

	2024	2023
	\$'000	\$'000
Balance of the Listed Investment Company (LIC) capital gain account	39,221	44,621
This equates to an attributable amount of	56,030	63,744

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. \$24.9 million of the attributable amount will be paid out as part of the final and special dividends on 16 August 2024.

A5 Earnings per share

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

Basic Earnings per share	2024	2023
	Number	Number
Weighted average number of ordinary shares used as the denominator	192,869,163	191,145,170
	\$'000	\$'000
Profit for the year	10,729	11,310
	Cents	Cents
Basic earnings per share	5.56	5.92

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:

	2024 \$'000	2023 \$'000
Administration fees paid to AICS	(2,139)	(2,058)
Other administration expenses	(1,148)	(1,144)
	<u>(3,287)</u>	<u>(3,202)</u>

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 \$
2024			
Directors	446,149	49,077	495,226
2023			
Directors	401,890	42,199	444,089

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% (2023 : 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

	2024 \$'000	2023 \$'000
Net profit before income tax expense	12,516	13,156
Tax at the Australian tax rate of 30% (2023 – 30%)	3,755	3,947
Tax offset for franked dividends received	(2,007)	(2,099)
Trading losses treated as capital	58	-
Tax effect of sundry items taxable but not included in income or not taxable in the current year	(19)	(2)
	1,787	1,846
Over provision in prior years	-	-
Total tax expense	1,787	1,846

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 2024 is 30% (30 June 2023 : 30%).

	2024 \$'000	2023 \$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	67,047	52,870
Opening balance at 1 July	52,870	37,086
Tax on realised gains (at 30%)	(9,869)	(6,089)
Charged to OCI for ordinary securities on gains or losses for the period	24,046	21,873
	67,047	52,870

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 \$21.5 million and \$43.0 million respectively, at a tax rate of 30% (2023 : \$18.7 million & \$37.4 million).

A general fall in market prices of 5% and 10%, if spread equally over the liabilities in the options portfolio, would be immaterial (2023 : 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 \$115,000 and \$231,000 at a tax rate of 30% (2023 : \$365,500 and \$731,000).

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:

	2024	2023
Energy	1.19%	1.69%
Materials	4.17%	3.36%
Industrials	19.69%	23.10%
Consumer Discretionary	16.70%	17.93%
Consumer Staples	1.04%	0.07%
Healthcare	8.79%	7.23%
Financials	14.84%	15.72%
Real Estate	5.16%	2.74%
Info Technology & Telecoms	27.08%	24.04%
Cash	1.34%	4.12%

There was one investment representing over 5% of the investment portfolio at 30 June 2024 – Macquarie Technology (6.2%) (2023: One : Macquarie Technology (5.5%))

Mirrabooka is not currently materially exposed to interest rate risk as the majority of its cash investments are in an 'at-call' deposit account. 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 a deposit account with the Commonwealth Bank of Australia.

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 2024, no such investments are held (2023 : 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 2024

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

13

-

-

13

13

13

-

-

13

13

30 June 2023

Non-derivatives

Payables

2,562

-

-

2,562

2,562

2,562

-

-

2,562

2,562

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

	2024 \$'000	2023 \$'000
Cash at bank	8,388	503
Cash Management Trusts	-	22,827
	<u>8,388</u>	<u>23,330</u>

Cash holdings yielded an average floating interest rate of 4.31% (2023: 2.97%). All cash investments are held in a transactional account or a deposit account with the Commonwealth Bank.

The Company also has access to a \$10 million liquidity facility with the Commonwealth Bank of Australia, which expires in May 2025. It remains undrawn at balance date.

D2 Revaluation reserve

	2024 \$'000	2023 \$'000
Opening balance at 1 July	100,338	65,900
Gains/(losses) on investment portfolio		
- Equity Instruments	80,350	72,909
Provision for tax on above	(24,046)	(21,873)
Cumulative taxable realised (gains)/losses (net of tax)	(30,785)	(16,598)
	<u>125,857</u>	<u>100,338</u>

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

	2024	2023
	\$'000	\$'000
Opening balance at 1 July	59,633	65,026
Dividends paid	(28,429)	(21,991)
Cumulative taxable realised gains for period through OCI (net of tax)	30,785	16,598
	61,989	59,633

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

	2024	2023
	\$'000	\$'000
Opening balance at 1 July	44,300	32,990
Dividends paid	-	-
Profit for the year	10,729	11,310
	55,029	44,300

This reserve relates to past profits.

D5 Share capital

Date	Details	Notes	Number of shares '000	Issue price \$	Paid-up Capital \$'000
1/7/2022	Balance		190,133		296,309
17/8/2022	Dividend Reinvestment Plan	i	909	2.94	2,673
17/8/2022	Dividend Substitution Share Plan	ii	60	2.94	n/a
17/2/2023	Dividend Reinvestment Plan	i	435	2.72	1,183
17/2/2023	Dividend Substitution Share Plan	ii	33	2.72	n/a
Various	Costs of issue		-		(17)
30/6/2023	Balance		191,570		300,148
17/8/2023	Dividend Reinvestment Plan	i	1,218	2.86	3,484
17/8/2023	Dividend Substitution Share Plan	ii	91	2.86	n/a
19/2/2024	Dividend Reinvestment Plan	i	417	3.08	1,283
19/2/2024	Dividend Substitution Share Plan	ii	32	3.08	n/a
Various	Costs of issue		-		(21)
30/6/2024	Balance		193,328		304,894

- 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.*

All shares have been fully paid, rank pari passu and have no par value.

E Income statement reconciliations

E1 Reconciliation of net cash flows from operating activities to profit

	2024	2023
	\$'000	\$'000
Profit for the year	10,729	11,310
Net decrease (increase) in trading portfolio	7,145	(4,972)
Sale of stock from trading portfolio to investment portfolio	(13,091)	-
Increase (decrease) in options sold portfolio	(885)	1,064
Dividends received as securities under DRP investments	(194)	-
Decrease (increase) in current receivables	(244)	2,369
- Less (decrease) increase in receivables for investment portfolio	(82)	(2,291)
Increase (decrease) in deferred tax liabilities	13,652	16,410
- Less (increase) decrease in deferred tax liability on investment portfolio	(14,177)	(15,784)
Increase (decrease) in current payables	(2,549)	377
- Less decrease (increase) in payables for investment portfolio	2,500	(501)
Increase (decrease) in provision for tax payable	4,837	(7,416)
- Less CGT provision	(9,869)	(6,089)
- Add taxes paid on capital gains	6,089	14,152
Net cash flows from operating activities	3,861	8,629

E2 Tax reconciliations

	2024	2023
	\$'000	\$'000
Tax expense composition		
Charge for tax payable relating to the current year	2,312	1,220
Over provision in prior years	-	-
Increase/(decrease) in deferred tax liabilities	(525)	626
	1,787	1,846

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	24,046	21,873
	24,046	21,873

Deferred tax assets & liabilities

The deferred tax balances are attributable to:

	2024	2023
	\$'000	\$'000
(a) Tax on unrealised gains or losses in the trading portfolio	68	(466)
(b) Tax on unrealised gains/losses in the options written portfolio	10	25
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	2	18
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(87)	(109)
	(7)	(532)

Movements:

Opening asset balance at 1 July	(532)	94
Credited/(charged) to Income statement	525	(626)
	(7)	(532)

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% (2023 : 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 (inclusive of GST):

	2024	2023
	\$	\$
PricewaterhouseCoopers		
Audit or review of financial reports	83,204	82,647
<u>Permitted Non-Audit Services</u>		
CGT compliance review	53,240	50,051
Taxation compliance services	14,829	14,196
Total remuneration	<u>151,273</u>	<u>146,894</u>

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 (2023: 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) as issued by the International Accounting Standards Board ("IASB"). 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 2024 ("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.