



**MIRRABOOKA**  
*Investments Limited*

29 August 2018

The Manager  
ASX Market Announcements  
Australian Securities Exchange  
Exchange Centre  
Level 4  
20 Bridge Street  
Sydney NSW 2000

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**Electronic Lodgement**

**Mirrabooka Investments Limited  
Statutory Annual Report, Annual Shareholder Review,  
Notice of Meeting and Proxy Form**

Dear Sir / Madam

Please find attached the 2018 Statutory Annual Report, Annual Shareholder Review, Notice of Meeting and Proxy form being sent to shareholders.

Yours faithfully

Matthew Rowe  
Company Secretary



MIRRABOOKA  
*Investments Limited*

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**Annual  
Report  
2018**

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Finding  
opportunities  
in small and  
medium-sized  
companies



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Mirrabooka is a listed investment company specialising in investing in small and medium-sized companies located within Australia and New Zealand. Our general definition of small and medium-sized companies is those companies which fall outside the S&P/ASX 50 Leaders Index.

## Year in Summary

### Profit for the Year

**\$10.4m**

Up 36.9% from 2017

### Total Shareholder Return

**4.9%**

Share price plus dividend

### Fully Franked Dividend

6.5¢ Final	12¢	Total
2¢ Special		
3.5¢ Interim		

14 cents total in 2017

### Management Expense Ratio

**0.60%**

0.62% in 2017

### Total Portfolio Return

**17.3%** Including Franking\*

Combined S&P/ASX Mid 50 and Small Ordinaries Accumulation Index including franking\* +20.4%

### Total Portfolio

**\$410.0m**

Including cash at 30 June

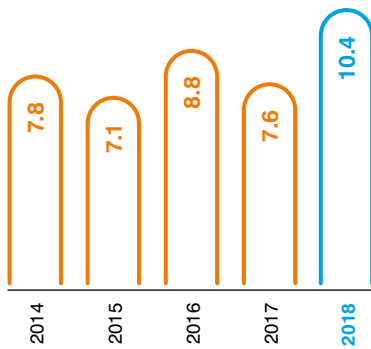
\$379.2 million in 2017

\* Assumes a shareholder can take full advantage of the franking credits.

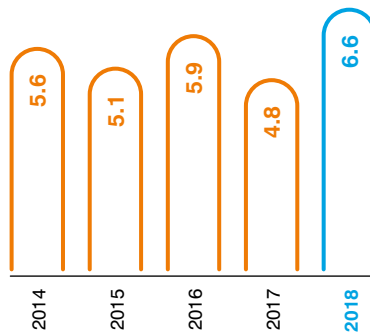
# DIRECTORS' REPORT

## 5 Year Summary

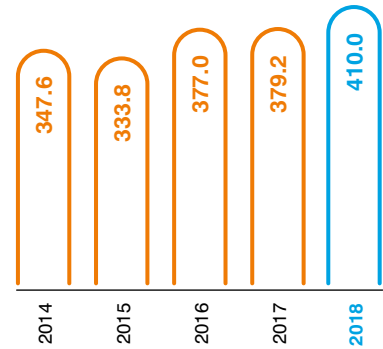
Profit After Tax (\$ Million)



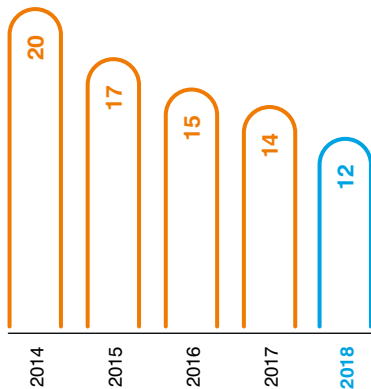
Net Profit Per Share (Cents)



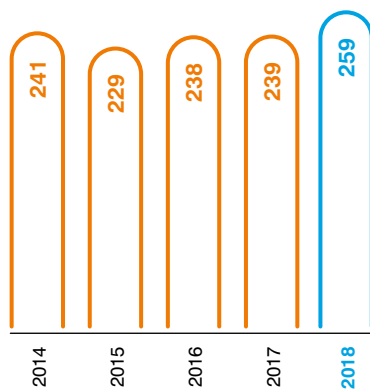
Investments at Market Value (\$ Million)<sup>(a)</sup>



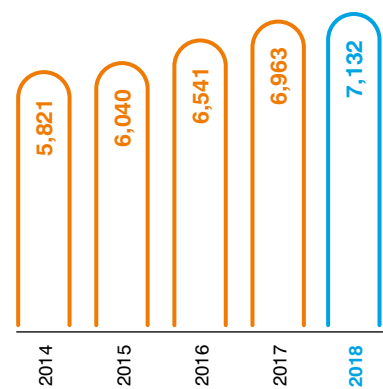
Total Dividends Per Share (Cents)<sup>(b)</sup>



Net Asset Backing Per Share (Cents)<sup>(c)</sup>



Number of Shareholders (30 June)



### Notes

(a) Includes cash.

(b) All dividends, including special dividends, were fully franked.

(c) Net asset backing per share based on year-end data before the provision for the final dividend. The figures do not include a provision for capital gains tax that would apply if all securities held as non-current investments had been sold at balance date as Directors do not intend to dispose of the portfolio.

## About the Company

Mirrabooka is a listed investment company specialising in investing in small and medium-sized companies located within Australia and New Zealand. Our general definition of small and medium-sized companies is those companies which fall outside the S&P/ASX 50 Leaders Index.

### Investment Aims

The Company aims to provide medium to long-term investment gains through holding core investments in selected small and medium-sized companies and to provide attractive dividend returns to shareholders from these investments.

### Approach to Investing

Mirrabooka invests in companies that have the following characteristics outlined on this page.

Investing in this sector can be subject to greater volatility compared with investing in larger capitalised companies because of the reliance these smaller companies have on single markets, products and/or key individuals. In managing the higher risk that is inherent in the small and mid-cap sector of the market, Mirrabooka approaches management of the portfolio in the following way.

### What We Look For in Companies

Strong industry position

Quality balance sheet

Good management

Good cash generation

✓ Invest in quality companies and growing businesses

✗ Avoid speculative plays and overvaluation

### Approach to Managing the Portfolio

✓ Ensure top 20 holdings do not dominate the portfolio

✓ Take small starting positions and add when there is increased conviction, particularly through any price weakness

✓ Sell when there is an adverse change from original investment case

✓ Reduce when valuations become overstretched

✓ Better management of capital gains and losses through diversification



# Review of Operations and Activities

## Profit and Dividend

Mirrabooka's reported profit was \$10.4 million for the 12 months to 30 June 2018, compared with \$7.6 million last year, due to increased income from investments (includes a special dividend from Tox Free as result of being acquired by Cleanaway Waste Management) and a significantly higher contribution from the trading portfolio.

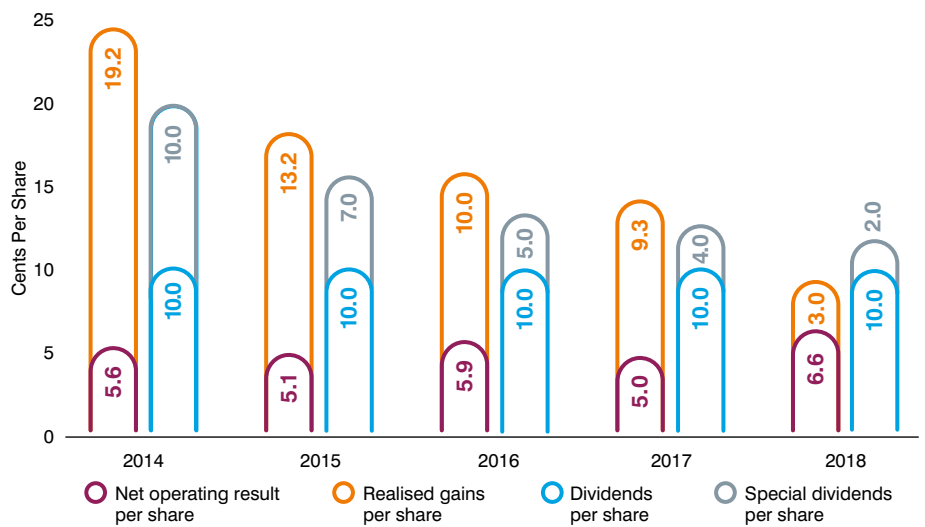
The Company maintained the final dividend at 6.5 cents per share fully franked. A special fully franked dividend of 2 cents per share has also been declared (special dividend last year was 4 cents per share, fully franked). This brings total dividends for the year to 12 cents per share, fully franked versus 14 cents per share fully franked last year. Under current corporate tax legislation, dividends are franked using the company tax rate for 2018–19 of 27.5 per cent.

Part of the final dividend and all of the special dividend are sourced from capital gains (some from prior years), 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 9.66 cents. This enables some shareholders to claim a tax deduction in their tax return.

## Market and Portfolio Returns

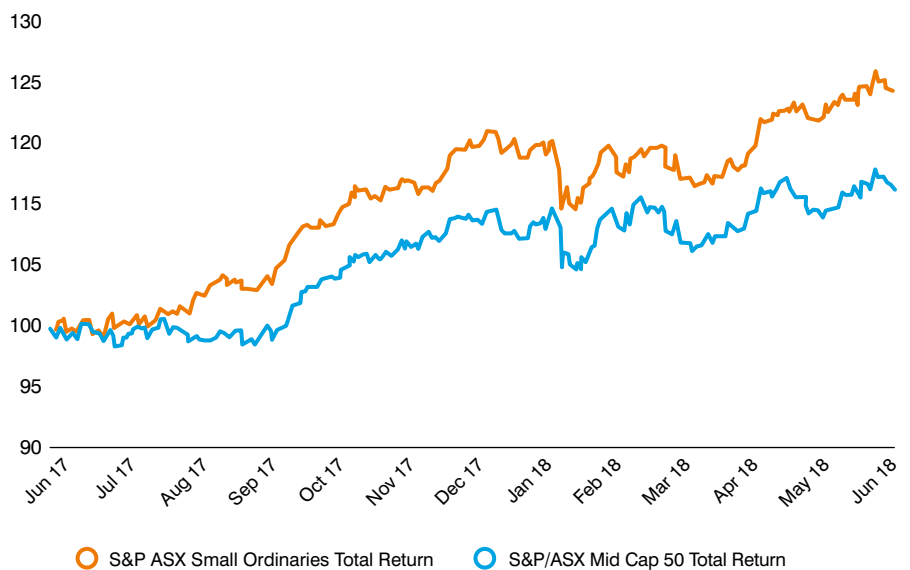
In an environment where many large companies are facing subdued growth, there has been an increased flow of funds into the small and mid-cap section of the market. This has seen very strong share price performance in those small and mid-cap stocks with the strongest growth expectations (Figure 2). While a number of companies have delivered on these expectations, the majority of the robust share price gains across the market has come from a re-rating of share prices relative to earnings, which in our opinion increases investment risk.

Figure 1: Earnings Per Share and Dividends Per Share



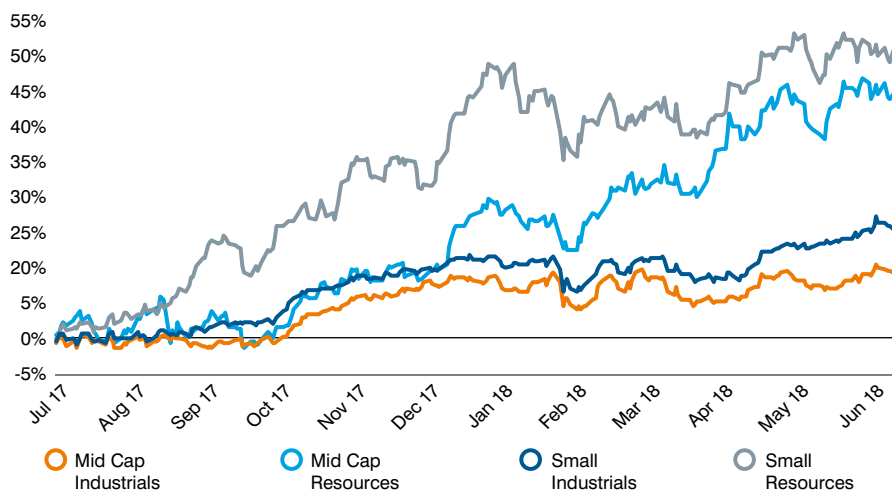
Note: For 2018 the dividend carried an LIC capital gain attributable part of 9.66 cents. For 2017 it was 12.9 cents, for 2016 it was 13.6 cents, for 2015 it was 17.1 cents and 2014 it was 20.7 cents.

Figure 2: Performance of Small and Mid Cap Sectors



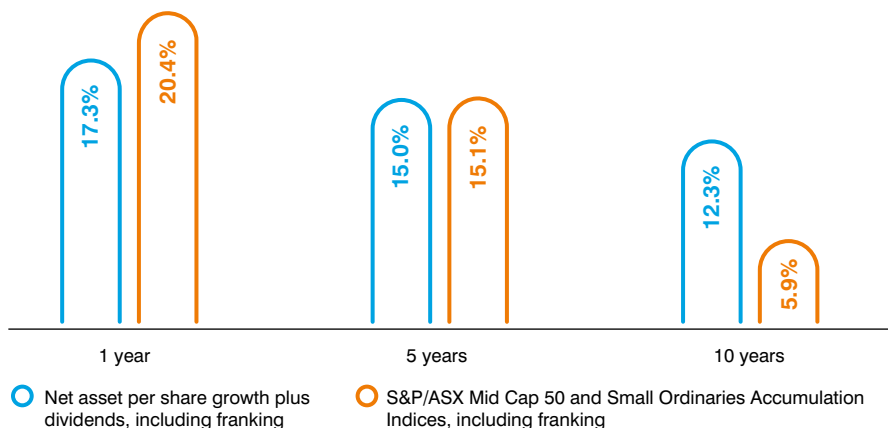
Source: FactSet

**Figure 3: Performance of Small and Mid Cap Resources Versus Small and Mid Cap Industrials**



Source: FactSet

**Figure 4: Portfolio Return Percentage Per Year to 30 June 2018 – Including the Benefit of Franking**



Figures assume an investor can take full advantage of the franking credits.

In addition, Mirrabooka's benchmark has also been heavily influenced by the strong returns of the small and mid-cap resource sectors driven by rising commodity prices. These sectors were up 49.0 per cent and 42.3 per cent respectively over the 12-month period (Figure 3). Mirrabooka has some exposure to the resources sectors, although it is not a large part of the portfolio given investment in this area can often be more speculative and short term in nature.

The portfolio, including the benefit of franking, delivered a return of 17.3 per cent for the 12 months to 30 June 2018, as companies such as Lifestyle Communities, Alumina, Reece, HUB24 and Freedom Foods Group contributed strongly to returns in the portfolio. The benchmark, including franking, was up 20.4 per cent (Figure 4).

In the environment where many resource stocks performed so strongly, Mirrabooka's short-term portfolio performance was below its mid and small-cap benchmark. However over the longer term, which smooths the cyclicality of the resource sector, Mirrabooka's performance was well ahead of its benchmark. For example, the 10-year portfolio returns including the benefit of franking was 12.3 per cent per annum compared with the benchmark, including the benefit of franking, of 5.9 per cent per annum.

The tax paid on realised gains can impact relative performance figures against the Index which does not have this impost. The inclusion of the benefit of franking credits attached to the dividend distributed to shareholders is one way of redressing this.

### Portfolio Changes

In the current environment, Mirrabooka is mindful of the risk that a sudden shift in market sentiment could significantly reduce valuations and available share liquidity across a number of companies in the small and mid-cap sector. In this context, the Company closely scrutinised those investments that are not meeting expectations. As a result, 19 stocks in the portfolio (excluding takeovers) were exited over the financial year, a larger number than usual.

In replacing these positions, the Company focused on businesses with earnings resilience, balance sheet strength and better long-term growth prospects. The most significant new additions to the portfolio were Boral, Webjet and Breville. More modest positions were also established in Reliance Worldwide, DuluxGroup, Adelaide Brighton, TechnologyOne and Corporate Travel. These are investments that we have the capacity to add to, particularly should prices fall with any increase in market volatility. In total, 20 new stocks were added to the investment portfolio over the year.



## Review of Operations and Activities continued

Details of new companies added in the second half of the financial year are:

- Reliance Worldwide is the world's largest manufacturer of push to connect brass plumbing fittings and specialist water control valves. It operates across a number of markets, including Australia and the United States. The company recently acquired John Guest Holdings which is headquartered in the United Kingdom and is a global leader in plastic push to connect fittings with products distributed worldwide. The acquisition of John Guest is aligned with Reliance's strategy to add complementary products and expand its market presence, particularly in Europe.
- TechnologyOne engages in the development, marketing, sales, implementation and support of fully integrated enterprise business software solutions. It operates through five segments: Sales and Marketing, Consulting, Research and Development, Cloud, and Corporate.
- Corporate Travel provides travel management services to the corporate market. It offers business travel advisory services, bookings, ticketing, diagnostics and recommendations, ancillary services and networking tools.

Major sales included the complete disposal of Treasury Wine Estates, which had become very large in the portfolio and is now a top 50 company, Healthscope, Incitec Pivot and Japara Healthcare, as well as a reduction in the position of ALS.

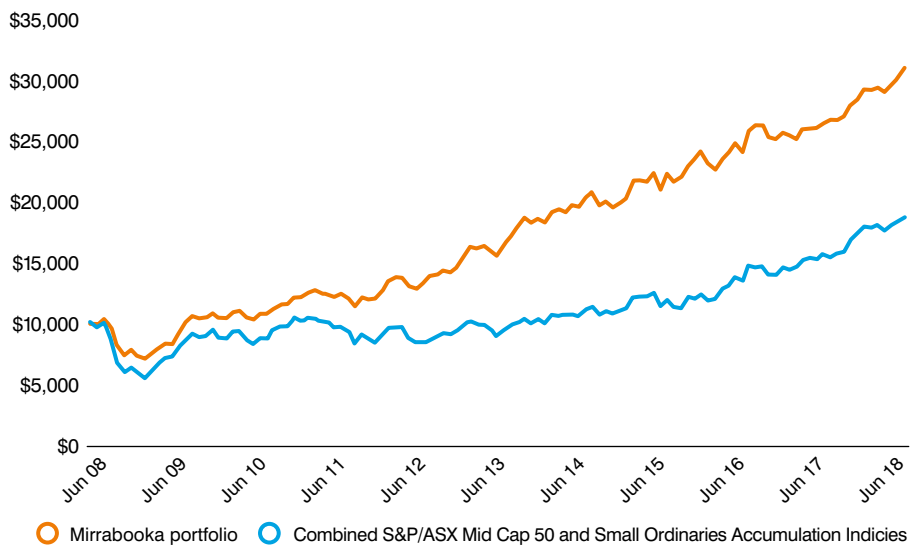
In total, purchases in the investment portfolio were \$90.7 million for the year whereas sales amounted to \$96.1 million over the year, including special dividends received.

### Share Price Performance

At 30 June 2018, the share price was trading at a premium of 4 per cent to the net asset backing per share, which is down from 13 per cent at the beginning of the financial year. The recent history is shown in Figure 6.

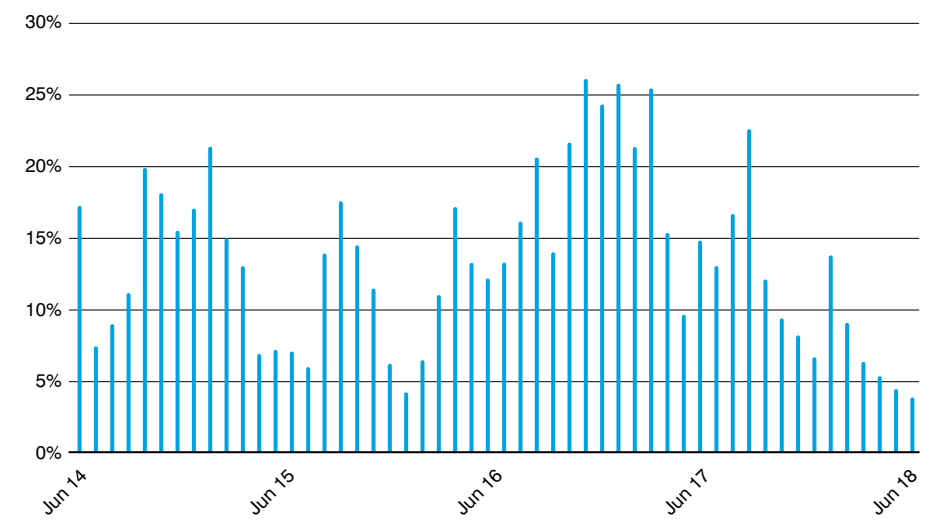
Figure 7 outlines the long-term view of Mirrabooka's share price return (including the reinvestment of dividends and benefit of franking) versus the return from the combined Mid Cap 50 and Small Ordinaries Accumulation Indices.

**Figure 5: Growth in the Portfolio of an Investment of \$10,000 (Including Benefit of Franking) – 10 Years to 30 June 2018**

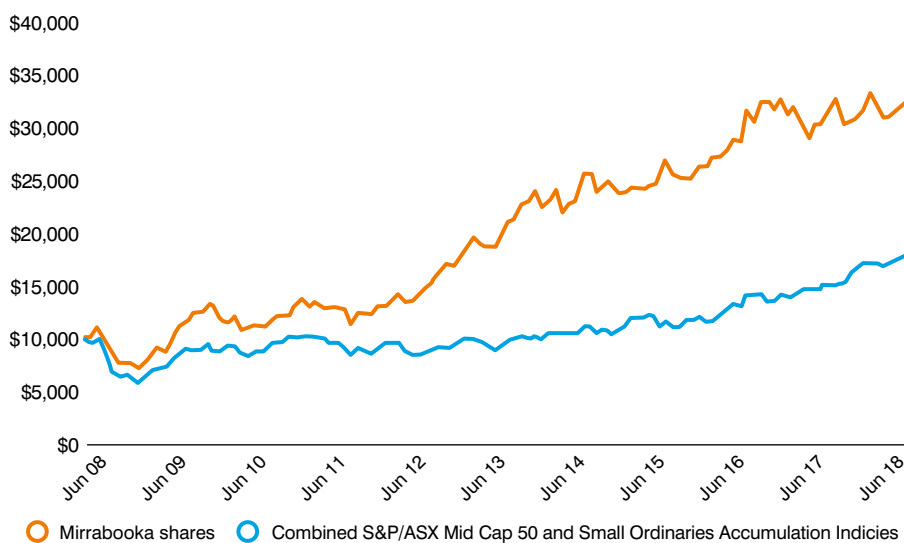


Note assumes an investor can take full advantage of the franking credits. This chart calculates the benefit of franking credits at the time dividends are paid for both Mirrabooka and the Index. In practice there is a timing difference between receipt of the dividend and the realisation of the franking benefit in the following tax year.

**Figure 6: Share Price Relative to Net Asset Backing**



**Figure 7: Growth in Investment of \$10,000 in Mirrabooka Shares (Including Benefit of Franking) – 10 Years to 30 June 2018**



Assumes an investor can take full advantage of the franking credits.

## Opportunities to Invest

Whilst many small companies are achieving good growth, Mirrabooka continues to see heightened investment risks given the strong rise in valuations across the small and mid-cap sectors (Figures 8 and 9). Our approach will be to continue to focus on long-term investments in quality companies with a defendable competitive advantage and to be wary of paying extreme prices. In this context, we will carefully manage our cash position which was \$28 million, 7 per cent of the portfolio at 30 June 2018. Importantly, this cash gives Mirrabooka the capacity to add to selected holdings at lower prices should market volatility increase.

## Directorship Matters

As previously announced in September 2017 and detailed in the Company's December Half-Yearly Review, Mr Ross Barker retired as Managing Director and Chief Executive Officer (CEO) on 31 December 2017. Mr Mark Freeman, who was previously the Chief Investment Officer of Mirrabooka, became the Managing Director and CEO of Mirrabooka on 1 January 2018.

The Board wishes to record its deep appreciation to Mr Barker for his 16 years of outstanding service as Managing Director and Chief Executive Officer, during which time he made a significant contribution to the Company. Mr Barker remains on the Board of Mirrabooka as a Non-Executive Director.

Dr Jackie Fairley was appointed as an Independent Non-Executive Director of the Company, on 15 February 2018. Dr Fairley has more than 25 years of operational experience in the pharmaceutical and biotechnology industries working in business development and senior management roles. She is currently the Chief Executive Officer of Starpharma Holdings Ltd having been appointed to this role in July 2006.

We are delighted to welcome Dr Fairley to the Board. As well as bringing her particular expertise in pharmaceutical and biotechnology industries she also has a breadth of experience in Senior Executive leadership and in strategic issues.

Mr Graeme Sinclair retired as a Director of the Company on 29 March 2018. Mr Sinclair was appointed as a Director on 6 August 2009 and became a member of the Investment Committee from 1 January 2010. He has also been a member of the Audit Committee since September 2009.

The Board wishes to record its deep appreciation to Mr Sinclair for his invaluable contribution to the Board and to wish him well for the future.

## Capital Changes

As a result of the reinvestment of dividends, 1,126,515 shares were issued in August 2017 at a price of \$2.58 per share and 371,646 shares were issued in February 2018 at a price of \$2.58.

The Company's contributed equity, net of share issue costs, rose \$3.8 million to \$200.9 million from \$197.1 million. At the close of the year the Company had 158.2 million shares on issue.

## Dividends

A final fully franked dividend of 6.5 cents per share has been declared. This is in line with last year's final dividend. In addition, a fully franked special dividend of 2 cents per share has also been declared (last year 4 cents per share).

The dividends paid during the year ended 30 June 2018 were as follows:

	\$'000
Final dividend for the year ended 30 June 2017 of 6.5 cents fully franked plus special dividend of 4 cents, also fully franked at 27.5 per cent paid 10 August 2017	16,449
Interim dividend for the year ended 30 June 2018 of 3.5 cents per share fully franked at 27.5 per cent, paid 15 February 2018	5,522
	<b>21,971</b>



“

*Our approach will be to continue to focus on long-term investments in quality companies with a defensible competitive advantage and to be wary of paying extreme prices.*

”



Small Resources  
Sector Up

49.0%

## Financial Condition

The Company's financing consists primarily of shareholders' funds.

## Likely Developments

The Company intends to continue its investment activities in future years as it has done since inception. The results of these investment activities depend upon the performance of the companies and securities in which we invest. Their performance in turn depends on many economic factors. These include economic growth rates, inflation, interest rates, exchange rates and taxation levels. There are also industry and company-specific issues such as management competence, capital strength, industry economics and competitive behaviour.

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly, we do not provide a forecast of the likely results of our activities. However, the Company's focus is on providing medium to long-term investment gains through holding core investments in selected small and medium-size companies and providing attractive dividend returns to shareholders from these investments.

## Significant Changes in the State of Affairs

The Directors are not aware of any other significant changes in the operations of the Company or the environment in which it operates that will adversely affect the results in subsequent years.

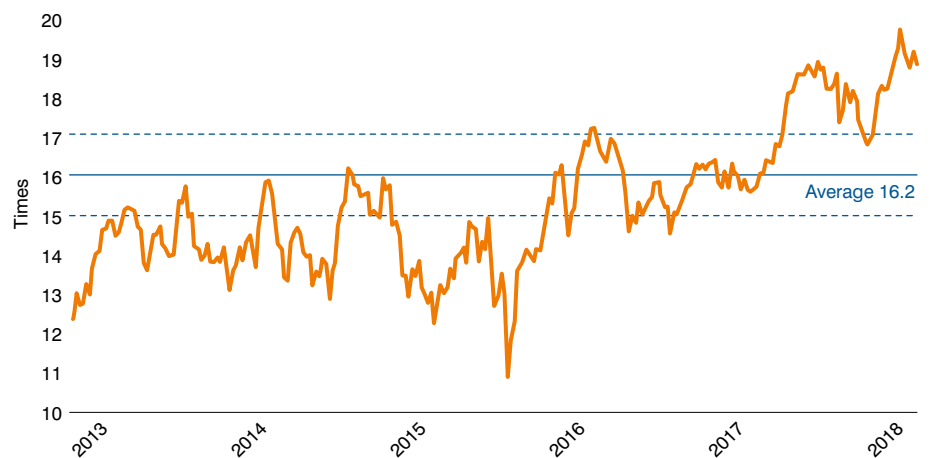
## Events Since Balance Date

The Directors are not aware of any other matter or circumstance not otherwise disclosed in the financial statements or the Directors' Report which has arisen since the end of the financial year that has affected or may affect the operations, or the results of those operations, or the state of affairs of the Company in subsequent financial years.

## Environmental Regulations

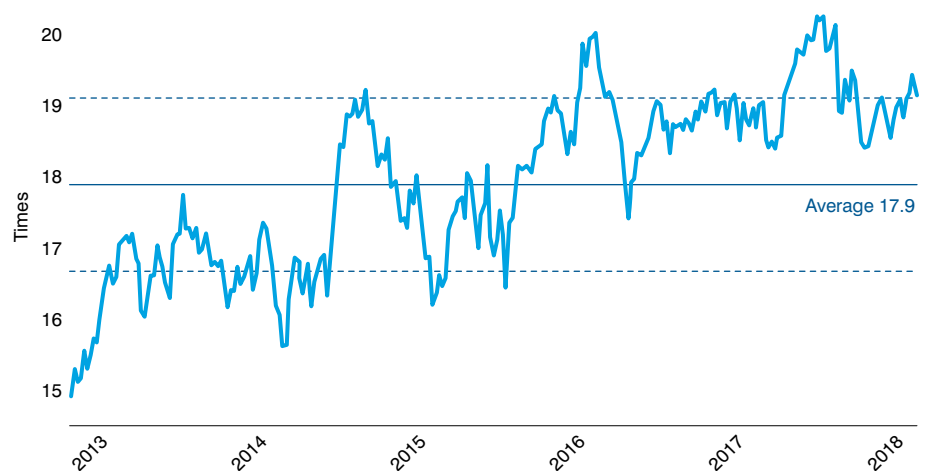
The Company's operations are such that they are not materially affected by environmental regulations.

Figure 8: Price Earnings Ratio – Small Ordinaries Industrials



Source: FactSet

Figure 9: Price Earnings Ratio – Mid Cap 50 Industrials



Source: FactSet

## Rounding of Amounts

The Company is 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 Directors' Report and Financial Report. Unless specifically stated otherwise, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Instrument.

## Top 20 Investments

As at 30 June 2018

Includes investments held in both the investment and trading portfolios.

		Total Value \$'000	% of Portfolio
1	Lifestyle Communities	16,546	4.3
2	Mainfreight	12,735	3.3
3	Qube Holdings	12,602	3.3
4	Alumina*	11,743	3.1
5	Freedom Foods Group	11,407	3.0
6	Seek*	10,706	2.8
7	Reece	10,620	2.8
8	Challenger	10,140	2.7
9	ARB Corporation	9,589	2.5
10	IRESS	9,331	2.4
11	ResMed*	8,949	2.3
12	AUB Group	8,550	2.2
13	CYBG	7,938	2.1
14	Webjet	7,398	1.9
15	Computershare	7,372	1.9
16	Objective Corporation	7,350	1.9
17	Iluka Resources*	7,162	1.9
18	ALS*	7,136	1.9
19	Carsales.com*	6,721	1.8
20	Washington H Soul Pattinson & Company	6,650	1.7
	<b>Total</b>	<b>190,646</b>	

As a percentage of total portfolio value (excludes cash) 49.9%

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

# Board and Management

## Directors

**Terrence A Campbell AO BCom (Melb).** Chairman and Independent Non-Executive Director. Chairman of the Investment Committee.

Mr Campbell has been a Director of the Company since December 1998. He is Chairman Emeritus of Goldman Sachs Australia (formerly Goldman Sachs JBWere). Mr Campbell was formerly Chairman and Chief Executive of Goldman Sachs JBWere. He is Chairman of Australian Foundation Investment Company Limited (AFIC), and a former Director of Djerrivarrh Investments Limited and AMCIL Limited.

**R Mark Freeman BE, MBA, Grad Dip App Fin (Sec Inst), AMP (INSEAD).** Managing Director and Member of the Investment Committee.

Mr Freeman was appointed as Managing Director in January 2018 having been Chief Investment Officer since joining the Company in February 2007. Prior to this he was a Partner with Goldman Sachs JBWere where he spent 12 years advising the Investment Companies on their investment and dealing activities. He has a deep knowledge and experience of investments markets and the Company's approaches, policies and processes. He is also Managing Director of AFIC, Djerrivarrh Investments Limited and AMCIL Limited.

**Ross E Barker BSc (Hons), MBA, F Fin.** Non-Executive Director. Member of the Investment Committee.

Mr Barker has been a Director of the Company since December 1998 and was Managing Director from February 2001 to December 2017. Mr Barker transitioned to a Non-Executive Director in January 2018. He is also a Non-Executive Director of AFIC and AMCIL Limited. He is also Chairman of Melbourne Business School Ltd.

**Ian A Campbell FAICD.** Independent Non-Executive Director. Member of the Audit Committee and Investment Committee.

Mr Campbell is a Company Director who was appointed a Director of the Company in November 2007. He is a Non-Executive Director of BWX Limited. He was formerly Managing Director of GUD Holdings Limited and Deputy President of Australian Industry Group (VIC). He was also formerly Managing Director of Pacific Dunlop Cables Group.

**Jacinth Fairley BSc, BVSc (Hons), MBA, FTSE, GAICD,** Independent Non-Executive Director. Member of the Audit Committee.

Dr Jackie Fairley was appointed a Director of the Company in February 2018. She is currently the Chief Executive Officer of Starpharma Holdings Ltd. Dr Fairley has more than 25 years of operational experience in the pharmaceutical and biotechnology industries working in business development and senior management roles, including CSL and Faulding/Hospira (now part of Pfizer). Dr Fairley is also a Board member of the Melbourne Business School, a member of the Commonwealth Science Council and is an adviser to the Carnegie Innovation Fund.

**David E Meiklejohn AM BCom, Dip Ed, FCPA, FAIM, FAICD.** Independent Non-Executive Director. Chairman of the Audit Committee. Member of the Investment Committee.

Mr Meiklejohn was appointed a Director of the Company in March 2006. He is a former Chairman of PaperlinX Limited, SPC Ardmona Limited, a former Deputy Chairman of GasNet Australia Limited, a former President of the Melbourne Cricket Club, a former Director of WMC Resources Limited, Coca-Cola Amatil Limited, One Steel Limited and ANZ Banking Group Limited. He was formerly Chief Financial Officer and a Director of Amcor Limited.

## Board and Management continued

### Senior Executives

**Geoffrey N Driver** B Ec, Grad Dip Finance, MAICD. General Manager, Business Development and Investor Relations.

Mr Driver joined the Company in January 2003. Previously, he was with National Australia Bank Ltd for 18 years in various roles covering business strategy, marketing, distribution, investor relations and business operations. Mr Driver is Chairman of Trust for Nature (Victoria).

**Andrew JB Porter** MA (Hons)(St And), FCA, MAICD. Chief Financial Officer.

Mr Porter joined the Company in January 2005. He is a Chartered Accountant and has had over 20 years experience in accounting and financial management both in the United Kingdom with Andersen Consulting and Credit Suisse First Boston and in Australia where he was Regional Chief Operating Officer for the Corporate and Investment Banking Division of CSFB. He is currently President of the G100, the peak body for CFOs and a Director of Melbourne Anglican Foundation and was formerly a Non-Executive Director of the Royal Victorian Eye & Ear Hospital.

**Matthew Rowe** BA (Hons), MSc Corp Gov, FGIA, FCIS. Company Secretary

Mr Rowe joined the Company in July 2016. He is a Chartered Secretary with over 10 years of experience in corporate governance with a particular focus in listed investment companies. He was previously a corporate governance advisor at a professional services firm which included acting as Company Secretary for three ASX listed companies. Prior to that Matthew was the Company Secretarial Manager for a funds management company based in the United Kingdom.

### Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2018 and the numbers of meetings attended by each Director were:

	Board		Investment		Audit	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
TA Campbell	14	13	20	18	-	4 <sup>#</sup>
RM Freeman <sup>^</sup>	6	6	11	10	-	2 <sup>#</sup>
RE Barker	14	12	20	19	-	4 <sup>#</sup>
IA Campbell	14	14	20	20	4	4
JK Fairley <sup>*</sup>	5	5	-	9 <sup>#</sup>	1	1
DE Meiklejohn	14	13	20	18	4	4
GW Sinclair <sup>**</sup>	11	11	14	14	3	3

<sup>#</sup> Attended meetings by invitation.

<sup>\*</sup> JK Fairley joined the Board on the 15 February 2018 and joined the Audit Committee on 26 April 2018.

<sup>^</sup> RM Freeman was appointed as Managing Director and member of the Investment Committee from 1 January 2018 (his attendance at meetings as Chief Investment Officer is not included).

<sup>\*\*</sup> GW Sinclair retired as a Director on 29 March 2018.

### Retirement, Election and Continuation in Office of Directors

Dr JK Fairley, having been appointed to the Board in February 2018, will retire and being eligible, will offer herself for election at the forthcoming 2018 Annual General Meeting. Mr DE Meiklejohn, having been last re-elected by shareholders at the 2015 Annual General Meeting (AGM), will retire and being eligible, will offer himself for re-election at the forthcoming 2018 AGM. Mr RE Barker who retired as Managing Director and remained as a Non-Executive will retire and being eligible, will offer himself for re-election at the forthcoming AGM.

### Insurance of Directors and Officers

During the financial year the Company paid insurance premiums for Directors' and officers' liability insurance covering Directors named in this report. The terms of the insurance contract restrict disclosure of further details.

# Remuneration Report

Directors of the Company, meeting as a Board, determine the fees of Directors within the aggregate limit established by shareholders in general meeting.

## Directors

Persons who were Directors of Mirrabooka Investments Limited for part or all of the financial year ended 30 June 2018 were:

TA Campbell  
 RE Barker  
 IA Campbell  
 JK Fairley (appointed 15 February 2018)  
 RM Freeman (appointed 1 January 2018)  
 DE Meiklejohn  
 GW Sinclair (retired 29 March 2018)

### (a) Principles Used to Determine Nature and Amount of Remuneration

The constitution of Mirrabooka requires approval by the shareholders in general meeting of a maximum amount of remuneration to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Australian corporate Directors. The amount of remuneration for each Director excludes amounts owing when the Directors' retirement allowances were frozen at 30 June 2004. The maximum amount of remuneration for Non-Executive Directors approved by shareholders at the Annual General Meeting in 2013 was \$500,000.

Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the constitution of the Company.

Mirrabooka does not pay any performance-based remuneration. Mr Barker (until 31 December 2017) and Mr Freeman (from 1 January 2018) were made available as Managing Director of Mirrabooka by Australian Investment Company Services Ltd (AICS). As part of their remuneration arrangements with AICS, Mr Barker received and Mr Freeman receives an 'at risk' component which is based on performance, as do other Executives. The performance criteria include quantitative and qualitative assessments which include, amongst other things, the services that they have provided to Mirrabooka and for which AICS is paid.

### (b) Remuneration of Directors

Details of the nature and amounts of each Director's remuneration in respect of the year to 30 June 2018 were as follows:

	Primary Fee \$	Post-employment Superannuation \$	Total Remuneration \$
<b>TA Campbell – Chairman (Non-Executive)</b>			
2018	131,507	12,493	144,000
2017	126,027	11,973	138,000
<b>RE Barker – Managing Director (Non-Executive from 1 January 2018, Executive until 31 December 2017)</b>			
2018	34,247	3,253	37,500
2017	-	-	-
<b>IA Campbell (Non-Executive)</b>			
2018	65,753	6,247	72,000
2017	63,014	5,986	69,000
<b>JK Fairley (Non-Executive) Appointed 15 February 2018</b>			
2018	25,685	2,505	28,190
<b>RM Freeman (Executive) Appointed 1 January 2018</b>			
2018	-	-	-
<b>DE Meiklejohn – Director (Non-Executive)</b>			
2018	65,753	6,247	72,000
2017	63,014	5,986	69,000
<b>GW Sinclair – Director (Non-Executive) Retired 29 March 2018</b>			
2018	48,630	4,620	53,250
2017	63,014	5,986	69,000
<b>Total Remuneration: Directors</b>			
2018	371,575	35,365	406,940
2017	315,069	29,931	345,000



## Remuneration Report continued

### (c) Directors' Retirement Allowances

The Board proposed and shareholders approved discontinuing the practice of paying Directors' retirement allowances.

The Directors' retirement allowance provided in past years was equal to the total emoluments that the Director received in the three years immediately preceding retirement where a Director had held office for five or more years and a proportionate part for less than five years' service.

For Directors in office at 30 June 2004, the amounts accrued as at that date will be paid to them upon their ultimate retirement. No further accruals of Directors' retiring allowances will be made after 30 June 2004. New Directors appointed to the Company after that date will not be entitled to any Directors' Retirement Allowance.

The amounts payable to the respective current Directors who were in office at 30 June 2004, which will be paid when they retire, are set out below. These amounts were expensed in prior years as the retirement allowances accrued.

	Amount Payable on Retirement \$
RE Barker	87,000
TA Campbell	174,000
	<b>261,000</b>

### (d) Executives

Executives are officers who are involved in, concerned with, or who take part in, the management of the affairs of the Company.

The Company has four Executives: RM Freeman, Managing Director; GN Driver, General Manager – Business Development and Investor Relations; AJB Porter, Chief Financial Officer; and MJ Rowe who is Company Secretary (and was appointed on 11 July 2016) (2017: five Executives, including RE Barker who retired as Managing Director with effect from 1 January 2018).

No remuneration is paid to the Executives directly by Mirrabooka as their services are provided pursuant to the arrangement with AICS described in the financial statements.

### Holdings of Securities Issued by the Company

As at 30 June 2018, Directors and Executives who hold stock units issued by the Company for their own benefit or who have an interest in holdings in the name of another party and the total number of such securities are as follows:

	Balance at 1 July 2017	Net Changes	Balance at 30 June 2018
TA Campbell	2,689,421	65,789	2,755,210
RE Barker	490,686	2,941	493,627
IA Campbell	79,645	4,366	84,011
JK Fairley	n/a	-	-
RM Freeman	187,808	5,427	193,235
DE Meiklejohn	149,779	-	149,779
GW Sinclair	38,479	-	n/a
GN Driver	41,208	2,259	43,467
AJB Porter	8,069	21,955	30,024
MJ Rowe	-	253	253

In accordance with the Company's policy, no Mirrabooka shares held by Directors or Executives are held subject to margin loans.

No remuneration is paid to the Executives directly by Mirrabooka as their services are provided pursuant to an arrangement with AICS as outlined in the Notes to the Financial Statements. However, the Managing Director, General Manager – Business Development and Investor Relations, the Chief Financial Officer and the Company Secretary are all required to purchase Mirrabooka shares as part of their Annual Incentive Plans. The General Manager – Business Development and Investor Relations, the Chief Financial Officer and the Company Secretary all purchased shares during the year under this Plan. The Managing Director was on a different Incentive Plan prior to 1 January 2018, when he served as Chief Investment Officer, but has purchased shares during the year independently.

## Non-audit Services

Details of non-audit services performed by the auditors may be found in Note F2 of the Financial Report.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the *Corporations Act 2001* including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company, or jointly sharing economic risk and rewards.

A copy of the Auditor's Independence Declaration is set out on page 16.

This report in relation to the financial year to 30 June 2018 is presented by the Directors of the Company in accordance with a resolution of Directors.



Terrence Campbell AO  
Chairman

Melbourne  
2 August 2018

## Auditor's Independence Declaration



### Auditor's Independence Declaration

As lead auditor for the audit of Mirrabooka Investments Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

*Nadia Carlin*

Nadia Carlin  
Partner  
PricewaterhouseCoopers

Melbourne  
2 August 2018

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## Income Statement

For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Dividends and distributions	A3	9,875	8,928
Revenue from deposits and bank bills		661	501
Other revenue		-	14
<b>Total revenue</b>		<b>10,536</b>	<b>9,443</b>
Net gains on trading portfolio		2,235	301
Income from options written portfolio		860	398
<b>Income from operating activities</b>		<b>13,631</b>	<b>10,142</b>
Administration expenses	B1	(2,315)	(2,325)
<b>Profit for the year before income tax</b>		<b>11,316</b>	<b>7,817</b>
Income tax expense	B2, E2	(956)	(247)
<b>Profit for the year</b>		<b>10,360</b>	<b>7,570</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	A5	6.57	4.84

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

## Statement of Comprehensive Income

For the Year Ended 30 June 2018

	Year to 30 June 2018			Year to 30 June 2017		
	Revenue <sup>1</sup> \$'000	Capital <sup>1</sup> \$'000	Total \$'000	Revenue \$'000	Capital \$'000	Total \$'000
Profit for the year	10,356	4	10,360	7,551	19	7,570
Other comprehensive income						
Gains for the period on securities	-	43,433	43,433	-	23,591	23,591
Tax on above	-	(16,069)	(16,069)	-	(4,138)	(4,138)
Total other comprehensive income	-	27,364	27,364	-	19,453	19,453
Total comprehensive income	10,356	27,368	37,724	7,551	19,472	27,023

1. 'Capital' includes realised or unrealised gains or losses on securities in the investment portfolio and unrealised gains or losses on the options written 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 2018

	Note	2018 \$'000	2017 \$'000
<b>Current assets</b>			
Cash	D1	28,140	35,671
Receivables		1,370	1,720
Trading portfolio		978	4,634
<b>Total current assets</b>		<b>30,488</b>	<b>42,025</b>
<b>Non-current assets</b>			
Deferred tax assets	E2	123	-
Investment portfolio	A2	381,689	339,908
<b>Total non-current assets</b>		<b>381,812</b>	<b>339,908</b>
<b>Total assets</b>		<b>412,300</b>	<b>381,933</b>
<b>Current liabilities</b>			
Payables		266	265
Tax payable		2,103	5,754
Options sold		785	992
<b>Total current liabilities</b>		<b>3,154</b>	<b>7,011</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	E2	-	56
Deferred tax liabilities – investment portfolio	B2	47,493	32,815
<b>Total non-current liabilities</b>		<b>47,493</b>	<b>32,871</b>
<b>Total liabilities</b>		<b>50,647</b>	<b>39,882</b>
<b>Net assets</b>		<b>361,653</b>	<b>342,051</b>
<b>Shareholders' equity</b>			
Share capital	A1, D5	200,911	197,062
Revaluation reserve	A1, D2	97,227	74,584
Realised capital gains reserve	A1, D3	47,851	57,225
Retained profits	A1, D4	15,664	13,180
<b>Total shareholders' equity</b>		<b>361,653</b>	<b>342,051</b>

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

# Statement of Changes in Equity

For the Year Ended 30 June 2018

## Year Ended 30 June 2018

	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		197,062	74,584	57,225	13,180	342,051
Dividends paid	A4	-	-	(14,099)	(7,872)	(21,971)
Shares issued under Dividend Reinvestment Plan	D5	3,865	-	-	-	3,865
Other share capital adjustments		(16)	-	-	-	(16)
Total transactions with shareholders		3,849	-	(14,099)	(7,872)	(18,122)
Profit for the year		-	4	-	10,356	10,360
<b>Other comprehensive income (net of tax)</b>						
Net gains for the period		-	27,364	-	-	27,364
Other comprehensive income for the year		-	27,364	-	-	27,364
Transfer to realised capital gains of cumulative gains on investments sold		-	(4,725)	4,725	-	-
<b>Total equity at the end of the year</b>		<b>200,911</b>	<b>97,227</b>	<b>47,851</b>	<b>15,664</b>	<b>361,653</b>

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

## Year Ended 30 June 2017

	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		192,939	69,606	57,466	14,200	334,211
Dividends paid	A4	-	-	(14,735)	(8,571)	(23,306)
Shares issued under Dividend Reinvestment Plan	D5	4,139	-	-	-	4,139
Other share capital adjustments		(16)	-	-	-	(16)
Total transactions with shareholders		4,123	-	(14,735)	(8,571)	(19,183)
Profit for the year		-	19	-	7,551	7,570
<b>Other comprehensive income (net of tax)</b>						
Net gains for the period		-	19,453	-	-	19,453
Other comprehensive income for the year		-	19,453	-	-	19,453
Transfer to realised capital gains of cumulative gains on investments sold		-	(14,494)	14,494	-	-
<b>Total equity at the end of the year</b>		<b>197,062</b>	<b>74,584</b>	<b>57,225</b>	<b>13,180</b>	<b>342,051</b>

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



# Cash Flow Statement

For the Year Ended 30 June 2018

	Note	2018 \$'000 Inflows/ (Outflows)	2017 \$'000 Inflows/ (Outflows)
<b>Cash flows from operating activities</b>			
Sales from trading portfolio		11,689	1,765
Purchases for trading portfolio		(5,803)	(5,111)
Interest received		707	565
Proceeds from entering into options in options written portfolio		1,980	2,245
Payment to close out options in options written portfolio		(1,326)	(995)
Dividends and distributions received		9,513	8,696
		<b>16,760</b>	<b>7,165</b>
Other receipts		-	14
Administration expenses		(2,308)	(2,329)
Income taxes paid		(76)	(221)
<b>Net cash inflow/(outflow) from operating activities</b>	E1	<b>14,376</b>	<b>4,629</b>
<b>Cash flows from investing activities</b>			
Sales from investment portfolio		95,373	95,081
Purchases for investment portfolio		(93,128)	(59,745)
Tax paid on capital gains		(6,030)	(6,099)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(3,785)</b>	<b>29,237</b>
<b>Cash flows from financing activities</b>			
Dividend Reinvestment Plan costs		(16)	(16)
Dividends paid		(18,106)	(19,168)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(18,122)</b>	<b>(19,184)</b>
Net increase/(decrease) in cash held		(7,531)	14,682
Cash at the beginning of the year		35,671	20,989
<b>Cash at the end of the year</b>	D1	<b>28,140</b>	<b>35,671</b>

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:

	2018 \$'000	2017 \$'000
Share capital	200,911	197,062
Revaluation reserve	97,227	74,584
Realised capital gains reserve	47,851	57,225
Retained profits	15,664	13,180
	<b>361,653</b>	<b>342,051</b>

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:

	2018 \$'000	2017 \$'000
Equity instruments (at market value)	379,477	339,005
Convertible notes that are classified as debt	2,212	903
	<b>381,689</b>	<b>339,908</b>

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 \$16.6 million worth of securities at an agreed price – the 'exposure' (2017: \$26.9 million).

\$6.4 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2017: \$4.1 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 Whispir). 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.

## Notes to the Financial Statements continued

### 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 2018 and 30 June 2017 were as follows:

	30 June 2018	30 June 2017
	\$	\$
Net Tangible Asset Backing Per Share		
Before tax	2.59	2.39
After tax	2.29	2.18

### 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 12 months from the date that they are sold. Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value.

### Securities Sold and How They Are Measured

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

During the period \$95.2 million (2017: \$96.4 million) of equity securities were sold. The cumulative gain on the sale of securities was \$4.7 million for the period after tax (2017: \$14.5 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 2018 is set out below.

	2018	2017
	\$'000	\$'000
Dividends and distributions		
Securities held in investment portfolio at 30 June	7,756	7,670
Investment securities sold during the year	1,964	1,258
Securities held in trading portfolio at 30 June	15	-
Trading securities sold during the year	140	-
	<b>9,875</b>	<b>8,928</b>

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.

	2018 \$'000	2017 \$'000
<b>Net gains</b>		
Net realised gains/(losses) from trading portfolio	2,235	(141)
Realised gains on options written portfolio	1,120	571
Unrealised gains/(losses) from trading portfolio	(6)	414
Unrealised losses from options written portfolio	(260)	(173)
Gains on convertible notes classified as debt	6	28
	<b>3,095</b>	<b>699</b>

## A4. Dividends Paid

The dividends paid and payable for the year ended 30 June 2018 are shown below:

	2018 \$'000	2017 \$'000
<b>(a) Dividends Paid During the Year</b>		
Final dividend for the year ended 30 June 2017 of 6.5 cents fully franked plus special dividend of 4 cents, also fully franked at 27.5 per cent paid 10 August 2017 (2017: 6.5 cents fully franked plus special dividend of 5 cents also fully franked at 30 per cent paid on 9 August 2016).	16,449	17,837
Interim dividend for the year ended 30 June 2018 of 3.5 cents per share fully franked at 27.5 per cent, paid 15 February 2018 (2017: 3.5 cents fully franked at 30 per cent paid 14 February 2017).	5,522	5,469
	<b>21,971</b>	<b>23,306</b>
Dividends paid in cash	18,106	19,167
Dividends reinvested in shares	3,865	4,139
	<b>21,971</b>	<b>23,306</b>
<b>(b) Franking Credits</b>		
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	22,237	24,688
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(5,099)	(6,239)
<b>Net available</b>	<b>17,138</b>	<b>18,449</b>
These franking account balances would allow Mirrabooka to frank additional dividend payments (at a franking rate of 27.5 per cent) up to an amount of:	<b>45,182</b>	<b>48,638</b>

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.

## Notes to the Financial Statements continued

	2018 \$'000	2017 \$'000
<b>(c) Dividends Declared After Balance Date</b>		
Since the end of the year Directors have declared a final dividend of 6.5 cents per share fully franked at 27.5 per cent plus a 2 cent special dividend, also fully franked at 27.5 per cent. The aggregate amount of the final dividend for the year to 30 June 2018 to be paid on 13 August 2018, but not recognised as a liability at the end of the financial year is:	13,443	
<b>(d) Listed Investment Company Capital Gain Account</b>		
Balance of the listed investment company (LIC) capital gain account	47,602	58,448
This equates to an attributable amount of	68,002	83,498

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. \$15.3 million of the attributable amount will be paid out as part of the final dividend on 13 August 2018.

### A5. Earnings Per Share

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

	2018	2017
<b>Basic earnings per share</b>	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator	157,790,481	156,284,797
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	10,360	7,570
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	6.57	4.84

### 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:

	2018 \$'000	2017 \$'000
Administration fees paid to AICS	(1,400)	(1,481)
Other administration expenses	(915)	(844)
	<b>(2,315)</b>	<b>(2,325)</b>

#### Administration Fees Paid to AICS

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

#### Other Administration Expenses

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

	Short-term Benefits \$	Post- employment Benefits \$	Total \$
<b>2018</b>			
<b>Directors</b>	<b>371,575</b>	<b>35,365</b>	<b>406,940</b>
2017			
Directors	315,069	29,931	345,000

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

### B2. Tax

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

The income tax expense for the period is the tax payable on this financial year's taxable income, adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences and for any unused tax losses. Deferred tax assets and liabilities (except for those related to the unrealised gains or losses in the investment portfolio) are offset, as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis. Deferred tax balances are calculated at the rate of 30 per cent (2017: 27.5 per cent). This rate has been chosen as the Government currently has legislation before Parliament to deny the lower company tax rate to investment companies such as Mirrabooka.

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.

## Notes to the Financial Statements continued

### Tax Expense

The income tax expense for the period is shown below:

	2018 \$'000	2017 \$'000
<i>(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable</i>		
<b>Net profit before income tax expense</b>	<b>11,316</b>	<b>7,817</b>
Tax at the Australian tax rate of 30 per cent (2017 – 30 per cent)	3,395	2,345
Tax offset for franked dividends received	(2,406)	(2,132)
Tax effect of sundry items either taxable in current year but not included in income or non-taxable	1	79
	<b>990</b>	<b>292</b>
Over provision in prior years	(34)	(45)
<b>Total tax expense</b>	<b>956</b>	<b>247</b>

### 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 2018 is 30 per cent (30 June 2017: 27.5 per cent).

	2018 \$'000	2017 \$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	<b>47,493</b>	<b>32,815</b>
Opening balance at 1 July	32,815	34,674
(Credited)/charged to income statement for non-equity investments	2	9
Tax on realised gains (at 30 per cent)	(1,393)	(6,006)
Charged to OCI for ordinary securities on gains or losses for the period	16,069	4,138
	<b>47,493</b>	<b>32,815</b>

## 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 per cent and 10 per cent, if spread equally over all assets in the investment portfolio, would have led to a reduction in Mirrabooka's comprehensive income of \$13.3 million and \$26.6 million respectively, at a tax rate of 30 per cent (2017: \$11.9 million and \$23.8 million), and a reduction in profit after tax of \$77,000 and \$155,000 respectively, also at a tax rate of 30 per cent (2017: \$31,000 and \$63,000).

A general fall in market prices of 5 per cent and 10 per cent, if spread equally over all assets in the trading and options portfolio, would lead to a reduction in Mirrabooka's profit after tax of \$7,000 and \$14,000 respectively, at a tax rate of 30 per cent (2017: \$127,000 and \$255,000).

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:

	2018 %	2017 %
Energy	3.02	1.41
Materials	11.26	9.36
Industrials	14.67	14.70
Consumer discretionary	16.78	13.22
Consumer staples	6.94	7.58
Healthcare	6.91	12.09
Financials	13.31	13.11
Real estate	4.54	4.92
Information technology and telecommunications	15.71	14.20
Cash	6.86	9.41

There were no securities representing over 5 per cent of the investment portfolio at 30 June 2018 (2017: nil).

Mirrabooka is not currently materially exposed to interest rate risk as all its cash investments are short-term for a fixed interest rate. 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.

#### 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.



## Notes to the Financial Statements continued

### 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.

	Less than 6 Months \$'000	6-12 Months \$'000	Greater than 1 Year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
<b>30 June 2018</b>					
<b>Non-derivatives</b>					
Payables	266	-	-	266	266
	<b>266</b>	<b>-</b>	<b>-</b>	<b>266</b>	<b>266</b>
<b>30 June 2017</b>					
<b>Non-derivatives</b>					
Payables	265	-	-	265	265
	<b>265</b>	<b>-</b>	<b>-</b>	<b>265</b>	<b>265</b>

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

Unrecognised items, such as contingencies, do not appear in the financial statements, usually because they do not meet the requirements for recognition. However, they have the potential to have a significant impact on the Company's financial position and performance.

#### C1. Contingencies

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

## ADDITIONAL INFORMATION

Additional information that shareholder may find useful is included here. It is grouped into three sections:

- D. Balance Sheet Reconciliations
- E. Income Statement Reconciliations
- F. Other 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

	2018 \$'000	2017 \$'000
Cash at bank and in hand (including on-call)	28,140	35,671
	<b>28,140</b>	<b>35,671</b>

Cash holdings yielded an average floating interest rate of 1.83 per cent (2017: 1.94 per cent). 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.

#### D2. Revaluation Reserve

	2018 \$'000	2017 \$'000
Opening balance at 1 July	74,584	69,606
Gains/(losses) on investment portfolio		
– Equity instruments	43,433	23,591
– Non-equity instruments (transferred from retained profits)	6	28
Provision for tax on above	(16,071)	(4,147)
Cumulative taxable realised (gains)/losses (net of tax)	(4,725)	(14,494)
	<b>97,227</b>	<b>74,584</b>

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

	2018 \$'000	2017 \$'000
Opening balance at 1 July	57,225	57,466
Dividends paid	(14,099)	(14,735)
Cumulative taxable realised gains for period through OCI (net of tax)	4,725	14,494
	<b>47,851</b>	<b>57,225</b>

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

## Additional Information continued

### D4. Retained Profits

	2018 \$'000	2017 \$'000
Opening balance at 1 July	13,180	14,200
Dividends paid	(7,872)	(8,571)
Profit for the year	10,360	7,570
Transfer to revaluation reserve (non-equity investments) (net of tax)	(4)	(19)
	<b>15,664</b>	<b>13,180</b>

This reserve relates to past profits.

### D5. Share Capital

Date	Details	Notes	Number of Shares '000	Issue Price \$	Paid-up Capital \$'000
1/7/2016	Balance		155,106		192,939
9/8/2016	Dividend Reinvestment Plan	(i)	1,163	2.71	3,152
14/2/2017	Dividend Reinvestment Plan	(i)	384	2.57	987
Various	Costs of issue		-		(16)
30/6/2017	Balance		156,653		197,062
10/8/2017	Dividend Reinvestment Plan	(i)	1,126	2.58	2,905
15/2/2018	Dividend Reinvestment Plan	(i)	372	2.58	960
Various	Costs of issue		-		(16)
30/6/2018	Balance		158,151		200,911

(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.

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

	2018 \$'000	2017 \$'000
Profit for the year	10,360	7,570
Change in fair value of non-equity investments	(4)	(19)
Net decrease/(increase) in trading portfolio	3,656	(3,951)
Increase/(decrease) in options written portfolio	(207)	853
Dividends received as securities under DRP investments	(431)	(100)
Decrease/(increase) in current receivables	350	(949)
– Less increase/(decrease) in receivables for investment portfolio	(158)	1,290
Increase/(decrease) in deferred tax liabilities	14,499	(1,786)
– Less/(increase) decrease in deferred tax liability on investment portfolio	(14,678)	1,859
Increase/(decrease) in current payables	1	(2,670)
– Less decrease/(increase) in payables for investment portfolio	2	2,661
Increase/(decrease) in provision for tax payable	(3,651)	(222)
– Less CGT provision	(1,393)	(6,006)
– Add taxes paid on capital gains	6,030	6,099
<b>Net cash flows from operating activities</b>	<b>14,376</b>	<b>4,629</b>

## E2. Tax Reconciliations

### Tax Expense Composition

	2018 \$'000	2017 \$'000
Charge for tax payable relating to the current year	1,167	210
Over provision in prior years	(34)	(45)
Increase/(decrease) in deferred tax liabilities	(179)	73
Increase in deferred tax liabilities charged to Income Statement from investment portfolio	2	9
	<b>956</b>	<b>247</b>

### Amounts Recognised Directly Through Other Comprehensive Income

Net increase in deferred tax liabilities relating to capital gains tax on the movement in gains in the investment portfolio	16,069	4,138
	<b>16,069</b>	<b>4,138</b>

### Deferred Tax Assets and Liabilities

The deferred tax balances are attributable to:

	2018 \$'000	2017 \$'000
(a) Tax on unrealised gains or losses in the trading portfolio	2	(114)
(b) Tax on unrealised gains/losses in the options written portfolio	78	48
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	78	39
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(35)	(29)
	<b>123</b>	<b>(56)</b>

### Movements:

Opening asset balance at 1 July	(56)	17
Credited/(charged) to Income Statement	179	(73)
	<b>123</b>	<b>(56)</b>

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 per cent (2017: 27.5 per cent).

## Additional Information continued

### F. Other Information

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

#### F1. Related Parties

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

#### F2. Remuneration of Auditors

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

	2018 \$	2017 \$
<b>PricewaterhouseCoopers</b>		
Audit or review of Financial Reports	104,895	122,042
<b>Non-audit services</b>		
Taxation compliance services	15,708	17,633
<b>Total remuneration</b>	<b>120,603</b>	<b>139,675</b>

#### F3. Segment Reporting

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

##### Description of Segments

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

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

##### Segment Information Provided to the Board

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

##### Other Segment Information

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

Mirrabooka is domiciled in Australia and most of Mirrabooka's income is derived from Australian entities or entities that maintain a listing in Australia. Mirrabooka has a diversified portfolio of investments, with only one investment comprising more than 10 per cent of Mirrabooka's income, including realised income from the trading and options written portfolios. This was attributable to the gains through the trading portfolio of the Company's investment in Rhipe Limited (10.8 per cent of total income) (2017: 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 for issue and is presented in the Australian currency. Mirrabooka has 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 and 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 2018 ('the inoperative standards') except for AASB 9, which was adopted on 7 December 2009. 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.

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (1) the financial statements and notes set out on pages 18 to 35 are in accordance with the *Corporations Act 2001* including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note F4 to the financial statements confirms that the financial statements also comply with International Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer regarding the financial statements in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2018.

The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer and to the best of their knowledge, the financial records of the Company have been properly maintained, that the financial statements comply with accounting standards and that they give a true and fair view.



Terrence Campbell AO  
Chairman

Melbourne  
2 August 2018



## *Independent auditor's report*

To the members of Mirrabooka Investments Limited

### *Report on the audit of the financial report*

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#### *Our opinion*

In our opinion:

The accompanying financial report of Mirrabooka Investments Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### ***What we have audited***

The financial report comprises:

- the balance sheet as at 30 June 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the cash flow statement for the year then ended
- the income statement for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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#### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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### *Our audit approach*

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, the accounting processes and controls, and the industry in which the Company operates.



#### **Materiality**

- For the purpose of our audit we used overall company materiality of 1% of the Company's net assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose net assets as the benchmark because, in our view, net assets is;
  - the metric against which the performance of the company is most commonly measured; and
  - the key driver of the business and determinant of the Company's value.
- We selected 1% based on our professional judgement, noting that it is within the range of commonly acceptable net asset related thresholds.

#### **Audit scope**

- Our audit focused on where subjective judgements were made; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Company operates entirely out of its Melbourne office and we perform our audit procedures predominantly at that office.
- The administration and investment operations for the Company are conducted by Australian Investment Company Services Limited. In addition to our audit procedures, we obtained a report from other auditors that the controls over administration and investment operations operating at Australia Investment Company Services Limited were suitably designed and operated effectively for the year. We assessed the report by considering the other auditor's independence, competency and results of procedures.

#### **Key Audit Matters**

- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:
  - Existence and valuation of Investment Portfolio
- These are further described in the key audit matters section of our report.



### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

#### Key audit matter

#### How our audit addressed the key audit matter

##### *Existence and valuation of Investment Portfolio (Refer to note A2)*

\$381.7m

The Investment Portfolio mostly consists of listed Australian equities which are valued by multiplying the quantity held by market price.

Whilst there is no significant judgement in determining the valuation of the Company's investments, investments represent a key measure of the Company's performance and comprise a significant proportion of total assets in the balance sheet. The fluctuations in investment valuation will also impact the realised and unrealised gains/(losses) recognised in the statement of comprehensive income which also affects the deferred tax provisions. Given the pervasive nature investments have on the Company's key financial metrics, we determined the existence and valuation of investments to be a key audit matter.

- 1) Performed an investment reconciliation of the investments balance from the opening investment balance, addition/subtraction of purchases, sales and other relevant transactions and agreeing back to the 30 June 2018 balance.
- 2) Obtained the 2018 purchases and sales listing and
  - agreed a sample of purchases and sales to original contracts; and
  - agreed a sample of original contracts to the purchases and sales listing.
- 3) Agreed all the investment quantity holdings at 30 June 2018 to independent third party sources.
- 4) Agreed all the listed equities investment prices to independent market pricing sources.
- 5) Obtained a report on whether the controls over investment purchase and sales transactions were suitably designed and operated effectively for the year and assessed the report.



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*Other information*

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, including the Director's Report, Additional Information section and Other Information section included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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*Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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*Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.



## *Report on the remuneration report*

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### *Our opinion on the remuneration report*

We have audited the remuneration report included in the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Mirrabooka Investments Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

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### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## *Matters relating to the electronic presentation of the audited financial report*

This auditor's report relates to the financial report of Mirrabooka Investments Limited for the year ended 30 June 2018 included on Mirrabooka Investments Limited's web site. The directors of the Company are responsible for the integrity of Mirrabooka Investments Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

A handwritten signature in black ink, appearing to read 'PwC', is positioned above the company name.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Nadia Carlin', is positioned above the name and title.

Nadia Carlin  
Partner

Melbourne  
2 August 2018

## OTHER INFORMATION

### Information About Shareholders

At 23 July 2018 there were 7,165 holdings of shares. These holdings were distributed in the following categories:

Size of Holding	Holdings
1 to 1,000	604
1,001 to 5,000	1,567
5,001 to 10,000	1,466
10,001 to 100,000	3,378
100,000 and over	150
<b>Total</b>	<b>7,165</b>

Percentage held by the 20 largest holders	16.87%
Average shareholding	22,072

There were 171 shareholdings of less than a marketable parcel of \$500 (180 shares).

### Voting Rights of Ordinary Shares

The Constitution provides for votes to be cast:

- (i) on a show of hands, one vote for each shareholder; and
- (ii) on a poll, one vote for each fully paid ordinary share.

### Major Shareholders

The 20 largest registered shareholders of the Company's ordinary shares as at 23 July 2018 are noted below:

Holder	Shares Held	%
AFIC Ltd	8,727,827	5.52
Djerriwarrh Investments Limited	4,108,002	2.60
Terrence A Campbell	2,755,210	1.74
HSBC Custody Nominees (Australia) Limited	2,303,033	1.46
Netwealth Investments Limited <Wrap Services A/C>	910,999	0.58
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	791,022	0.50
Netwealth Investments Limited <Super Services A/C>	685,914	0.43
National Nominees Limited	669,531	0.42
Mr Ian Stanley Fraser + Mr John Bruce Hannaford + Mr Andrew Stanley Fraser <Joe White Bequest Cap A/C>	666,240	0.42
Navigator Australia Ltd <MLC Investment Sett A/C>	593,338	0.38
Somoke Pty Limited <Pulman Super Fund A/C>	542,146	0.34
Fivewood Nominees Pty Ltd <PJ Woodward Family A/C>	514,636	0.33
Ross Barker	493,627	0.31
Baker Custodian Corporation	456,819	0.29
Yelgarn Pty Ltd <Montgomery Super Fund A/C>	446,819	0.28
O R Dolgoshein Pty Ltd <Geoffrey J Long S/F A/C>	408,862	0.26
Dequetteville Nominees Pty Ltd	408,478	0.26
Abtourk (Vic No 11) Pty Ltd	406,519	0.26
Australian Executor Trustees Limited <No 1 Account>	403,946	0.26
Riga (Qld) Pty Ltd <Krohn Family S/F A/C>	383,678	0.24

## Substantial Shareholders

The Company has been notified of substantial shareholdings as follows:

<b>Holder</b>	<b>Number of Shares</b>	<b>Date Notified</b>
Australian Foundation Investment Company Limited	5,200,000	28/06/01

The above notice was lodged prior to the rights issues of September 2003 and February 2008. Current shareholding reflected on page 42.

## Holdings of Securities

As at 30 June 2018

Details of the Company's portfolios are given below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share (which is recorded each month on the toll free telephone service at 1800 780 784), as individual holdings in the portfolio may change.

Unless otherwise stated, the securities in this list are fully paid ordinary shares, trust units, stapled securities or convertible notes.

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
LIC	Lifestyle Communities	Developer, owner and manager of independent living communities for elderly citizens. The company operates eight villages across Victoria, encompassing a full range of community and lifestyle-orientated facilities on-site	3,358	2,828	16,546
MFT	Mainfreight (NZX)	Provider of managed warehousing and international and domestic freight forwarding services	500	500	12,735
QUB	Qube Holdings	Provider of import and export logistics services with national operations	5,229	5,229	12,602
AWC*	Alumina	40 per cent interest in a joint venture with Alcoa involved in bauxite mining, alumina refining and aluminium smelting	4,205	4,205	11,743
FNP	Freedom Foods Group	Specialist producer of allergen-free foods, with related packaging and marketing interests in dairy and seafood	1,795	1,695	11,407
SEK*	Seek	Operator of employment classifieds websites in Australia and offshore with interests in education and training	500	500	10,706
REH	Reece	Distributor and retailer of plumbing, building and hardware supplies	152	840	10,620
CGF	Challenger	Financial services company providing life insurance, annuities and funds management	665	857	10,140
ARB	ARB Corporation	Manufacturer and distributor of four-wheel drive vehicle accessories in Australia and internationally	420	420	9,589
IRE	IRESS	Provider of share market and wealth management information systems	840	775	9,331
RMD*	ResMed	Leading developer, manufacturer and distributor of medical equipment for treating, diagnosing and managing sleep-disordered breathing and other respiratory disorders	850	650	8,949
AUB	AUB Group	Investor in a network of small to medium Australian insurance brokers	595	630	8,550
CYB	CYBG Plc	A leading mid-sized United Kingdom retail and SME bank with long-established operations across its core regions	800	1,410	7,938
WEB	Webjet	Provides online travel booking services. It is an online travel agency, that enables customers to search and book domestic and international travel flight deals, travel insurance, car hire and hotel accommodation worldwide	0	550	7,398
CPU	Computershare	Provides stock registration and transfer services to companies listed on various stock markets globally, as well as providing technology services for stock exchanges, investor services for shareholders and employee share plan management and the provision of bankruptcy, class action and mortgage servicing activities for various corporate clients globally	430	400	7,372

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
OCL	Objective Corp	Provider of information technology software and services	2,100	2,100	7,350
ILU*	Iluka Resources	Miner of zircon and titanium-based mineral sands products with an additional iron ore production royalty	900	650	7,162
ALQ*	ALS	Provider of analytical laboratory services to mining, life sciences, energy and industrial clients	1,500	950	7,136
CAR*	Carsales.com	The largest online automotive classifieds business in Australia. It also has interests in leading online automotive classified businesses in Brazil, South Korea, Malaysia, Indonesia, Thailand and Mexico	370	445	6,721
SOL	Washington H Soul Pattinson	Listed investment company with a diverse portfolio of investments including coal mining, building materials, telecommunications, pharmaceuticals and other listed equities	321	321	6,650
EQT	EQT Holdings	Provider of private client, trustee, estate administration and funds management services	300	313	6,503
FPH*	Fisher & Paykel Healthcare Corporation	Designs, manufactures and markets a range of medical devices used in respiratory care and the treatment of obstructive sleep apnoea	545	475	6,351
NUF	Nufarm	Agricultural chemical company that manufactures and sells crop protection and seed products globally	800	700	6,202
ANN*	Ansell	Designer, manufacturer and distributor of a wide range of industrial, surgical and examination gloves and other protective products	200	220	5,966
TPM	TPG Telecom	Provider of a diverse range of communication services to residential users, small and medium enterprises, government and large corporate enterprises. The company owns and operates its own domestic network infrastructure and an international submarine cable connecting Australia and Guam	926	1,150	5,946
WLL	Wellcom Group	Production company providing pre-media, digital asset management and specialty printing services to advertisers, retailers and corporations	1,337	1,337	5,881
BLD	Boral	Engages in the provision of building and construction materials	0	900	5,877
BRG	Breville Group	Manufacturer and wholesaler of electrical consumer products	0	500	5,810
HUB	HUB24	Provider of platform, investment, advisory and stock broking services to institutional, corporate and retail clients	551	495	5,717
IVC	InvoCare	Provider of services related to funerals, burials and cremations	300	415	5,702
EVT	Event Hospitality	Entertainment, hospitality and leisure company with interests in cinemas, hotels and resorts	425	425	5,691
NXT	NEXTDC	Owens and operates large-scale data centres across Australia	600	710	5,368
RWC	Reliance Worldwide	Designs, manufactures and distributes products for the plumbing industry including fittings, pipes, valves and thermostatic products	0	1,000	5,360



## Holdings of Securities continued

As at 30 June 2018

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
BKW	Brickworks	Australia's largest manufacturer of bricks and pavers, with other investments in property development and listed equities	335	335	5,239
CWV	ClearView Wealth	Life insurance company with associated offerings in wealth management and financial advice	4,561	4,511	5,233
NVT*	Navitas	An international education provider through its university pathways programs, creative media education, English language training and settlement services	1,168	1,168	5,164
APE	AP Eagers	Operator of a national footprint of full service motor vehicle dealerships representing a broad range of car and truck brands in Australia	601	601	5,128
TGR	Tassal Group	Producer of Atlantic Salmon from Tasmania	1,211	1,211	5,001
IEL	IDP Education	Provider of international English language testing, student placement and English language teaching services	326	466	4,900
MAQ	Macquarie Telecom	Provides voice and telecommunication services as well as data hosting and colocation services to businesses and government customers	212	240	4,874
PPT*	Perpetual	Diversified financial company offering investment management, financial advice and corporate trust services	144	110	4,563
CGC	Costa Group Holdings	Australia's largest grower, packer and marketer of premium quality fresh fruit and vegetables with a focus on the berry, premium tomato, mushroom and citrus markets	600	500	4,125
DLX	DuluxGroup	Engages in the manufacture and market of paints, coatings and home improvement products	0	535	4,091
SHV	Select Harvests	One of Australia's largest growers, processors and packager of nuts, focusing predominantly on almonds	0	550	3,795
ALU	Altium	Designs, develops and markets computer software used by engineers in the design of electronic products globally	140	150	3,377
ABC	Adelaide Brighton	Manufactures and supplies products to the building, construction, infrastructure, and mineral processing markets	0	480	3,336
EXP	Experience Co	Adventure tourism operator providing skydiving, rafting and reef cruising services in Australia and New Zealand	3,741	5,207	3,333
BLX	Beacon Lighting Group	Australia's largest lighting and accessory retailer with integrated operations from design and sourcing, through to merchandising and retailing	2,000	2,032	3,088
COE	Cooper Energy	An Australian oil and gas company currently developing the Sole gas project in the Gippsland Basin to complement existing production in the Cooper Basin and Otway Basin.	0	8,000	3,080
RHP	Rhipe	Provides software licensing and cloud computing services on behalf of a number of large, multinational software vendors	2,500	2,500	2,963

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
PSQ	Pacific Smiles	Operates dental centres. Provides surgeries, equipped facilities, marketing and administration services to independent dentists	0	1,817	2,853
SPL	Starpharma	Engages in the research and development of dendrimer products for pharmaceutical, life science and other applications	0	2,280	2,656
ATS	Australis Oil & Gas	Engages in oil and gas exploration, development and production in the United States	0	5,732	2,637
BGA	Bega Cheese	Engaged in the processing, manufacturing and distribution of dairy and associated products	330	330	2,445
AEF	Australian Ethical Investment	A leading ethical wealth manager. It invests in a portfolio of industries, which includes clean energy, sustainable products, medical solutions, innovative technology, healthcare, recycling, energy efficiency, education, and aged care	0	18	2,406
XRO	Xero	Develops cloud-based accounting software for small and medium-sized businesses in New Zealand, Australia, the United Kingdom and the United States	30	50	2,251
NWL	Netwealth Group	A diversified financial services company providing independent investment platform services to institutional, corporate and retail clients	0	268	2,199
CTD	Corporate Travel	Provides travel management services to the corporate market. It offers business travel advisory services, bookings, ticketing, diagnostics and recommendations, ancillary services and also provides networking tools	0	80	2,184
GTN	GTN	Supplier of traffic information reports to radio stations across each operating geography (Australia, Canada, United Kingdom and Brazil), providing advertisers in these markets with a unique and broad audience reach	791	991	2,160
TNE	TechnologyOne	Engages in the development, marketing, sales, implementation and support of fully integrated enterprise business software solutions	0	500	2,125
CDP	Carindale Property	50 per cent interest in the Westfield Carindale Shopping Centre, south-east of Brisbane	255	255	2,078
CAT	Catapult Group	Provider of GPS athlete-tracking devices to elite sporting bodies	0	1,458	1,786
RBL	Redbubble	Operates a global online marketplace for print-on-demand products (including T-shirts and other clothing, wall art and home décor), based on user-submitted artwork	1,115	1,115	1,745
VGL	Vista Group	A market-leading developer of software for the cinema industry with products targeting point of sales, ticketing, box office data and loyalty programs	0	494	1,733

## Holdings of Securities continued

As at 30 June 2018

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
GRB	Gage Roads Brewing	Engages in the provision of brewing, packaging, and selling of craft brewed beer and cider	0	17,850	1,696
SYR	Syrah Resources	An industrial minerals and technology company	0	550	1,590
MVP	Medical Developments	Manufacturer and distributor of pharmaceutical drugs and medical equipment, mainly for pain management	370	270	1,566
LSX	Lion Selection Group	Mining investment company that invests in, and provides funding to, mining companies in the project development phase	4,360	4,360	1,308
WHPCN	Whispir Convertible Notes (1 note which is unlisted)	Engages in the provision of communications software and micro applications for enterprises	0	(1 note)	1,303
NTC	NetComm Wireless	Engages in the development and sale of communication devices operating through two segments, M2M and Broadband	2,800	1,095	1,210
ICQ	iCar Asia	Operator of a network of automotive-related classifieds websites across South East Asia	6,383	4,509	1,060
SSM	Service Stream	Engages in the provision of telecommunications and network services. It operates through the following segments: Fixed Communications, Mobile Communications and Energy and Water	0	648	978
NFNG	Nufarm Step-Up Securities	Agricultural chemical company that manufactures and sells crop protection and seeds products globally	10	10	909
WHP	Whispir (unlisted)	Engages in the provision of communications software and micro applications for enterprises	0	13	697
<b>Total</b>					<b>381,882</b>

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

## Major Transaction in the Investment Portfolio

Acquisitions	Cost \$'000
Boral	6,904
Webjet	5,941
Breville Group	5,849
Reliance Worldwide (including \$0.76 million in 1 for 1.98 issue at \$4.15)	4,971
DuluxGroup	4,180

Sales	Proceeds \$'000
Healthscope*	7,150
Incitec Pivot*	6,784
Treasury Wine Estates*	5,887
Japara Healthcare*	5,572
ALS	4,020

\* Complete disposals from the portfolio.

### New Companies Added to the Investment Portfolio

Boral	Adelaide Brighton
Webjet	TechnologyOne
Breville Group	Corporate Travel Management
Reliance Worldwide	Australis Oil and Gas
DuluxGroup	Syrah Resources
Starpharma Holdings	Netwealth Group
Pacific Smiles	Gage Roads Brewing Company
Australian Ethical Investments	Catapult Group International
Cooper Energy	Vista Group International
Select Harvests	Whispir (unlisted)

## Sub-underwriting

During the year the Company did not participate as a sub-underwriter of issues of securities.

## Transactions in Securities

During the year ended 30 June 2018, the Company recorded 788 transactions in securities. \$498,697 in brokerage (including GST) was paid or accrued for the year.

## Share Issues

Date of Issue	Type	Price Per Share \$
15 February 2018	Dividend Reinvestment Plan	2.58
10 August 2017	Dividend Reinvestment Plan	2.58
14 February 2017	Dividend Reinvestment Plan	2.57
9 August 2016	Dividend Reinvestment Plan	2.71
9 February 2016	Dividend Reinvestment Plan	2.46
19 November 2015	Share Purchase Plan	2.20
7 August 2015	Dividend Reinvestment Plan	2.50
10 February 2015	Dividend Reinvestment Plan	2.23
8 August 2014	Dividend Reinvestment Plan	2.46
11 February 2014	Dividend Reinvestment Plan	2.33
9 August 2013	Dividend Reinvestment Plan	2.26
12 February 2013	Dividend Reinvestment Plan	2.14
3 August 2012	Dividend Reinvestment Plan	1.85
10 February 2012	Dividend Reinvestment Plan	1.74
5 August 2011	Dividend Reinvestment Plan	1.83
16 August 2010	Share Purchase Plan	1.60
12 February 2010	Dividend Reinvestment Plan	1.99
7 August 2009	Dividend Reinvestment Plan	1.55
13 February 2009	Dividend Reinvestment Plan	1.32
29 February 2008	1 for 7 rights issue	1.95
2 August 2007	Dividend Reinvestment Plan	2.49
2 March 2007	Dividend Reinvestment Plan	2.09
23 August 2006	Dividend Reinvestment Plan	1.86
15 March 2004	Share Acquisition Plan	1.15
23 September 2003	1 for 4 rights issue	1.00
13 April 2003	Share Acquisition Plan	1.00
22 April 1999	Initial Share Issue	1.00

## Company Particulars

**Mirrabooka Investments Limited (MIR)**  
ABN 31 085 290 928

### **Directors**

Terrence A Campbell AO, Chairman  
Robert M Freeman, Managing Director  
Ross E Barker  
Ian A Campbell  
Jacinth K Fairley  
David E Meiklejohn AM

### **Company Secretaries**

Matthew J Rowe  
Andrew JB Porter

### **Auditor**

PricewaterhouseCoopers  
Chartered Accountants

### **Country of Incorporation**

Australia

### **Registered Office and Mailing Address**

Level 21, 101 Collins Street  
Melbourne Victoria 3000

### **Contact Details**

**Telephone** (03) 9650 9911  
**Facsimile** (03) 9650 9100  
**Email** invest@mirra.com.au  
**Website** mirra.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

**Telephone** 1800 780 784 (toll free)

### **Share Registrar**

Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria 3067

### **Shareholder**

**Enquiry Line** 1300 653 924  
+61 3 9415 4342 (from overseas)  
**Facsimile** (03) 9473 2500  
**Website** investorcentre.com/au/contact

For all enquiries about shareholdings and related matters, please contact the share registrar as above.

### **Australian Securities Exchange Code**

**MIR** Ordinary shares

## Shareholder Meeting

### Annual General Meeting

**Time** 1.30pm

**Date** Tuesday 9 October 2018

**Venue** ZINC Federation Square

**Location** Corner of Swanston Street  
and Flinders Street  
Melbourne





MIRRABOOKA  
*Investments Limited*



MIRRABOOKA  
*Investments Limited*

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## Annual Review 2018

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Finding  
opportunities  
in small and  
medium-sized  
companies



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Mirrabooka is a listed investment company specialising in investing in small and medium-sized companies located within Australia and New Zealand. Our general definition of small and medium-sized companies is those companies which fall outside the S&P/ASX 50 Leaders Index.

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- 2 5 Year Summary
- 4 About the Company
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- 17 Income Statement
- 18 Balance Sheet
- 19 Statement of Changes in Equity
- 20 Holdings of Securities
- 35 Major Transactions in the Investment Portfolio
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## Year in Summary

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### Profit for the Year

\$10.4m

Up 36.9% from 2017

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### Total Shareholder Return

4.9%

Share price plus dividend

---

### Fully Franked Dividend

6.5¢ Final		12¢	Total
2¢ Special			
3.5¢ Interim			

14 cents total in 2017

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### Management Expense Ratio

0.60%

0.62% in 2017

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### Total Portfolio Return

17.3% Including  
Franking\*

Combined S&P/ASX Mid 50 and  
Small Ordinaries Accumulation Index  
including franking\* +20.4%

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### Total Portfolio

\$410.0m

Including cash at 30 June

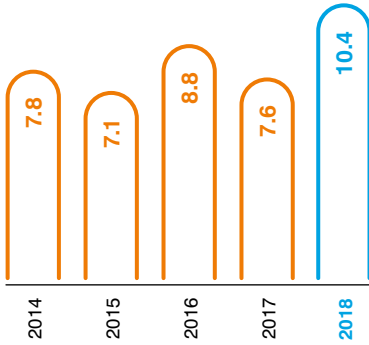
\$379.2 million in 2017

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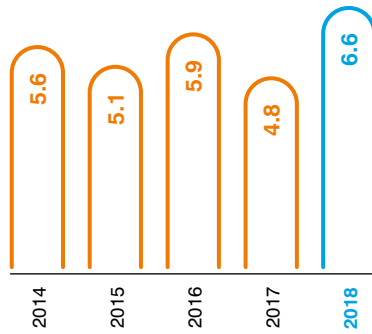
\* Assumes a shareholder can take full advantage  
of the franking credits.

# 5 Year Summary

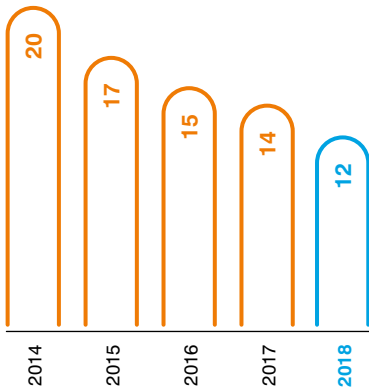
Profit After Tax (\$ Million)



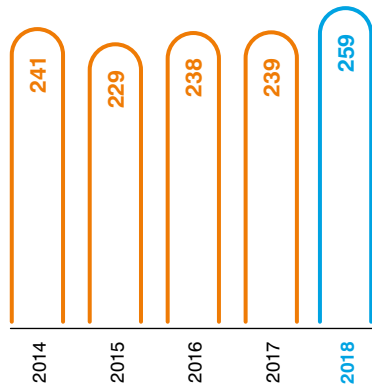
Net Profit Per Share (Cents)



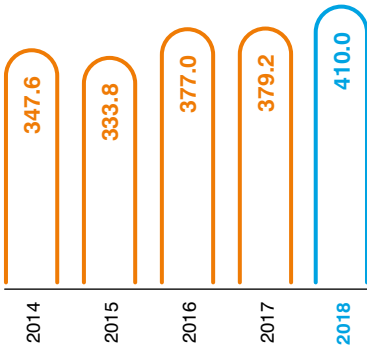
Total Dividends Per Share (Cents)<sup>(b)</sup>



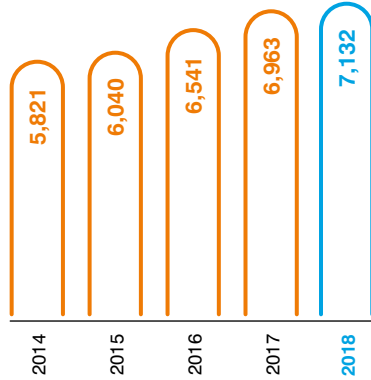
Net Asset Backing Per Share (Cents)<sup>(c)</sup>



### Investments at Market Value (\$ Million)<sup>(a)</sup>



### Number of Shareholders (30 June)



#### Notes

(a) Includes cash.

(b) All dividends, including special dividends, were fully franked.

(c) Net asset backing per share based on year-end data before the provision for the final dividend. The figures do not include a provision for capital gains tax that would apply if all securities held as non-current investments had been sold at balance date as Directors do not intend to dispose of the portfolio.

# About the Company



Mirrabooka is a listed investment company specialising in investing in small and medium-sized companies located within Australia and New Zealand. Our general definition of small and medium-sized companies is those companies which fall outside the S&P/ASX 50 Leaders Index.

## Investment Aims

The Company aims to provide medium to long-term investment gains through holding core investments in selected small and medium-sized companies and to provide attractive dividend returns to shareholders from these investments.

## Approach to Investing

Mirrabooka invests in companies that have the following characteristics outlined on page 5.

Investing in this sector can be subject to greater volatility compared with investing in larger capitalised companies because of the reliance these smaller companies have on single markets, products and/or key individuals. In managing the higher risk that is inherent in the small and mid cap sector of the market, Mirrabooka approaches management of the portfolio as described on the following page.

## What We Look For in Companies

Strong industry position

Quality balance sheet

Good management

Good cash generation

✓ Invest in quality companies and growing businesses

✗ Avoid speculative plays and overvaluation

## Approach to Managing the Portfolio

✓ Ensure top 20 holdings do not dominate the portfolio

✓ Take small starting positions and add when there is increased conviction, particularly through any price weakness

✓ Sell when there is an adverse change from original investment case

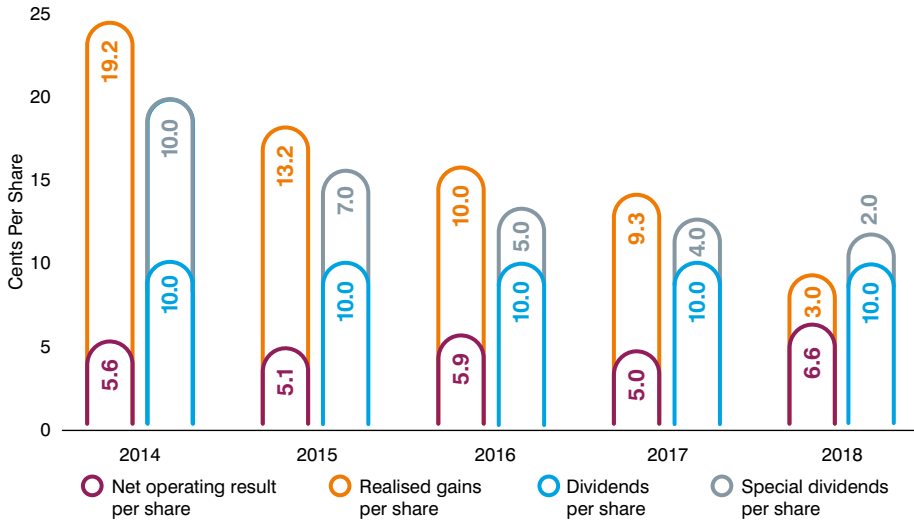
✓ Reduce when valuations become overstretched

✓ Better management of capital gains and losses through diversification



# Review of Operations and Activities

Figure 1: Earnings Per Share and Dividends Per Share



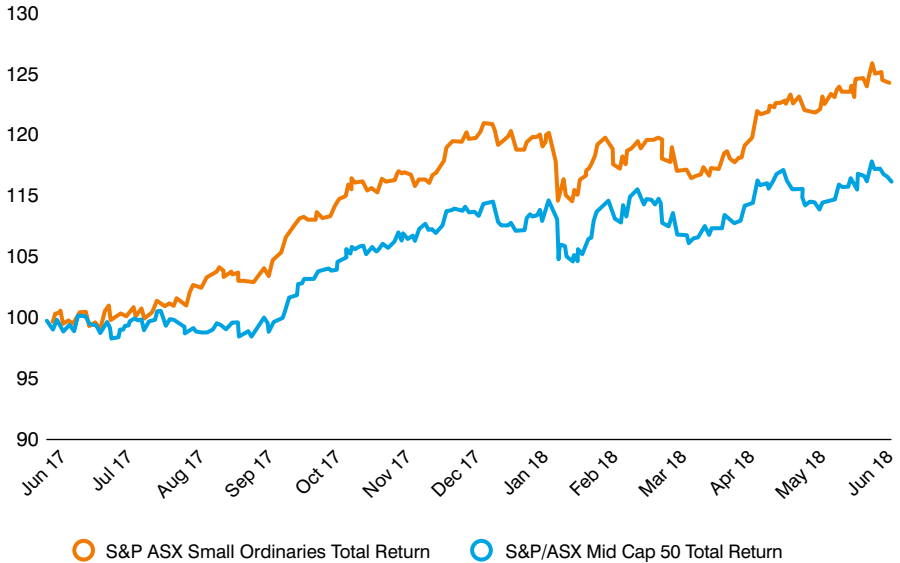
Note: For 2018 the dividend carried an LIC capital gain attributable part of 9.66 cents. For 2017 it was 12.9 cents, for 2016 it was 13.6 cents, for 2015 it was 17.1 cents and 2014 it was 20.7 cents.

## Profit and Dividend

Mirrabooka's reported profit was \$10.4 million for the 12 months to 30 June 2018, compared with \$7.6 million last year, due to increased income from investments (includes a special dividend from Tox Free as result of being acquired by Cleanaway Waste Management) and a significantly higher contribution from the trading portfolio.

The Company maintained the final dividend at 6.5 cents per share fully franked. A special fully franked dividend of 2 cents per share has also been declared (special dividend last year was 4 cents per share, fully franked). This brings total dividends for the year to 12 cents per share, fully franked versus 14 cents per share fully franked last year. Under current corporate tax legislation, dividends are franked using the company tax rate for 2018–19 of 27.5 per cent.

**Figure 2: Performance of Small and Mid Cap Sectors**



Source: FactSet

Part of the final dividend and all of the special dividend are sourced from capital gains (some from prior years), 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 9.66 cents. This enables some shareholders to claim a tax deduction in their tax return.

## Market and Portfolio Returns

In an environment where many large companies are facing subdued growth, there has been an increased flow of funds into the small and mid-cap section of the market. This has seen very strong share price performance in those small and mid-cap stocks with the strongest growth expectations (Figure 2). While a number of companies have delivered on these expectations, the majority of the robust share price gains across the market has come from a re-rating of share prices relative to earnings, which in our opinion increases investment risk.

# Review of Operations and Activities continued

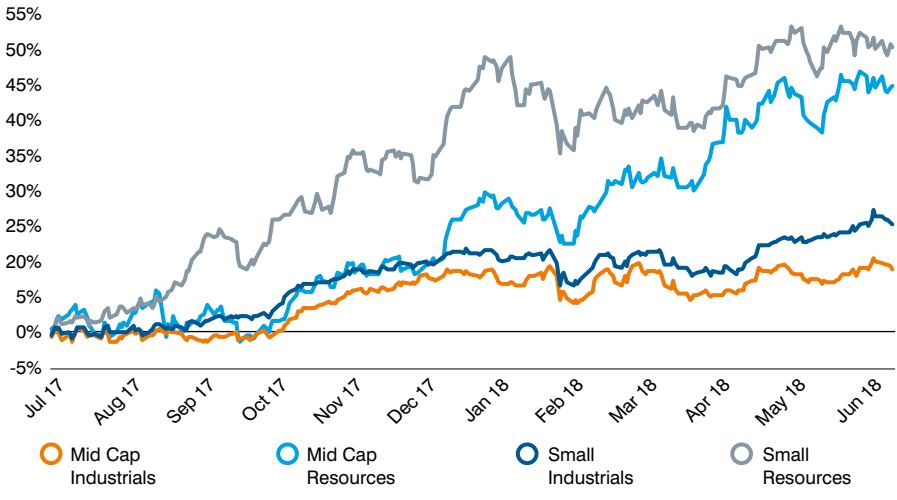
In addition, Mirrabooka's benchmark has also been heavily influenced by the strong returns of the small and mid-cap resource sectors driven by rising commodity prices. These sectors were up 49.0 per cent and 42.3 per cent respectively over the 12-month period (Figure 3). Mirrabooka has some exposure to the resources sectors, although it is not a large part of the portfolio given investment in this area can often be more speculative and short term in nature.

The portfolio, including the benefit of franking, delivered a return of 17.3 per cent for the 12 months to 30 June 2018, as companies such as Lifestyle Communities, Alumina, Reece, HUB24 and Freedom

Foods Group contributed strongly to returns in the portfolio. The benchmark, including franking, was up 20.4 per cent (Figure 4).

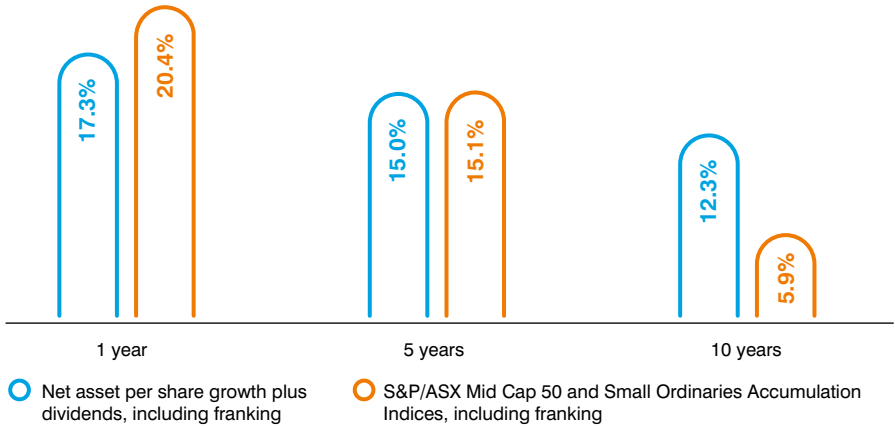
In the environment where many resource stocks performed so strongly, Mirrabooka's short-term portfolio performance was below its mid and small-cap benchmark. However over the longer term, which smooths the cyclicality of the resource sector, Mirrabooka's performance was well ahead of its benchmark. For example, the 10-year portfolio returns including the benefit of franking was 12.3 per cent per annum compared with the benchmark, including the benefit of franking, of 5.9 per cent per annum.

**Figure 3: Performance of Small and Mid Cap Resources Versus Small and Mid Cap Industrials**



Source: FactSet

Figure 4: Portfolio Return Percentage Per Year to 30 June 2018 – Including the Benefit of Franking

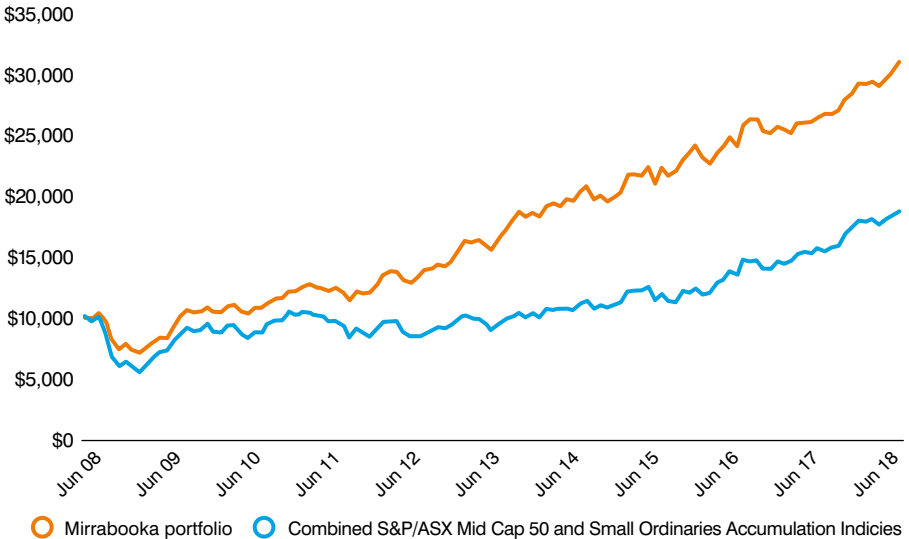


Figures assume an investor can take full advantage of the franking credits.



# Review of Operations and Activities continued

**Figure 5: Growth in the Portfolio of an Investment of \$10,000 (Including Benefit of Franking) – 10 Years to 30 June 2018**



Note assumes an investor can take full advantage of the franking credits. This chart calculates the benefit of franking credits at the time dividends are paid for both Mirrabooka and the Index. In practice there is a timing difference between receipt of the dividend and the realisation of the franking benefit in the following tax year.

The tax paid on realised gains can impact relative performance figures against the Index which does not have this impost. The inclusion of the benefit of franking credits attached to the dividend distributed to shareholders is one way of redressing this.

Figure 5 outlines the cumulative return of Mirrabooka's portfolio relative to its benchmark over a 10-year period (includes the reinvestment of dividends and benefit of franking).

## Portfolio Changes

In the current environment, Mirrabooka is mindful of the risk that a sudden shift in market sentiment could significantly reduce valuations and available share liquidity across a number of companies in the small and mid-cap sector. In this context, the Company closely scrutinised those investments that are not meeting expectations. As a result, 19 stocks in the portfolio (excluding takeovers) were exited over the financial year, a larger number than usual.

In replacing these positions, the Company focused on businesses with earnings resilience, balance sheet strength and better long-term growth prospects. The most significant new additions to the portfolio were Boral, Webjet and Breville. More modest positions were also established in Reliance Worldwide, DuluxGroup, Adelaide Brighton, TechnologyOne and Corporate Travel. These are investments that we have the capacity to add to, particularly should prices fall with any increase in market volatility. In total, 20 new stocks were added to the investment portfolio over the year.

Details of new companies added in the second half of the financial year are:

- Reliance Worldwide is the world's largest manufacturer of push to connect brass plumbing fittings and specialist water control valves. It operates across a number of markets, including Australia and the United States. The company recently acquired John Guest Holdings which is headquartered in the United Kingdom and is a global leader in plastic push to connect fittings with products distributed worldwide. The acquisition of John Guest is aligned with Reliance's strategy to add complementary products and expand its market presence, particularly in Europe.
- TechnologyOne engages in the development, marketing, sales, implementation and support of fully integrated enterprise business software solutions. It operates through five segments: Sales and Marketing, Consulting, Research and Development, Cloud, and Corporate.

- Corporate Travel provides travel management services to the corporate market. It offers business travel advisory services, bookings, ticketing, diagnostics and recommendations, ancillary services and networking tools.

Major sales included the complete disposal of Treasury Wine Estates, which had become very large in the portfolio and is now a top 50 company, Healthscope, Incitec Pivot and Japara Healthcare, as well as a reduction in the position of ALS.

In total, purchases in the investment portfolio were \$90.7 million for the year whereas sales amounted to \$96.1 million over the year, including special dividends received.

## Share Price Performance

At 30 June 2018, the share price was trading at a premium of 4 per cent to the net asset backing per share, which is down from 13 per cent at the beginning of the financial year. The recent history is shown in Figure 6 (over page).

Figure 7 (page 13) outlines the long-term view of Mirrabooka's share price return (including the reinvestment of dividends and benefit of franking) versus the return from the combined Mid Cap 50 and Small Ordinaries Accumulation Indices.

# Review of Operations and Activities continued

## Opportunities to Invest

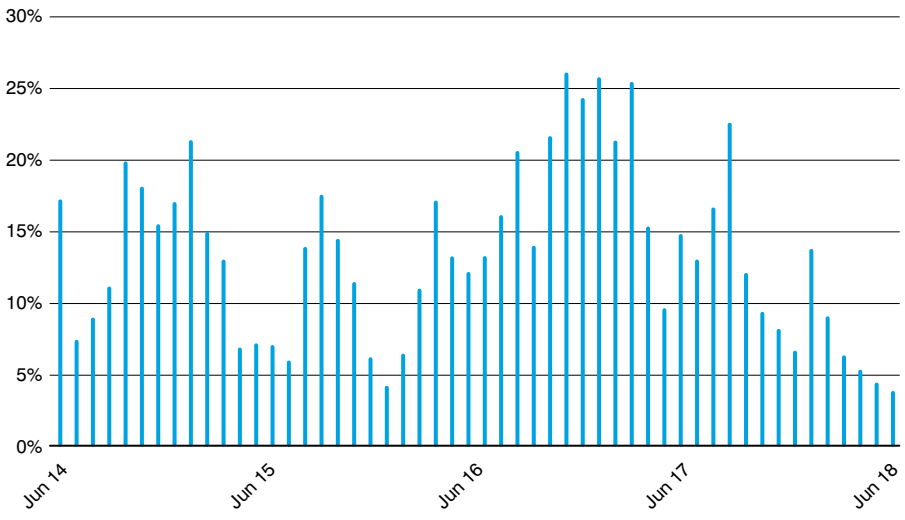
Whilst many small companies are achieving good growth, Mirrabooka continues to see heightened investment risks given the strong rise in valuations across the small and mid-cap sectors (Figures 8 and 9). Our approach will be to continue to focus on long-term investments in quality companies with a defendable competitive advantage and to be wary of paying extreme prices. In this context, we will carefully manage our cash position which was \$28 million, 7 per cent of the portfolio at 30 June 2018. Importantly, this cash gives Mirrabooka the capacity to add to selected holdings at lower prices should market volatility increase.

## Directorship Matters

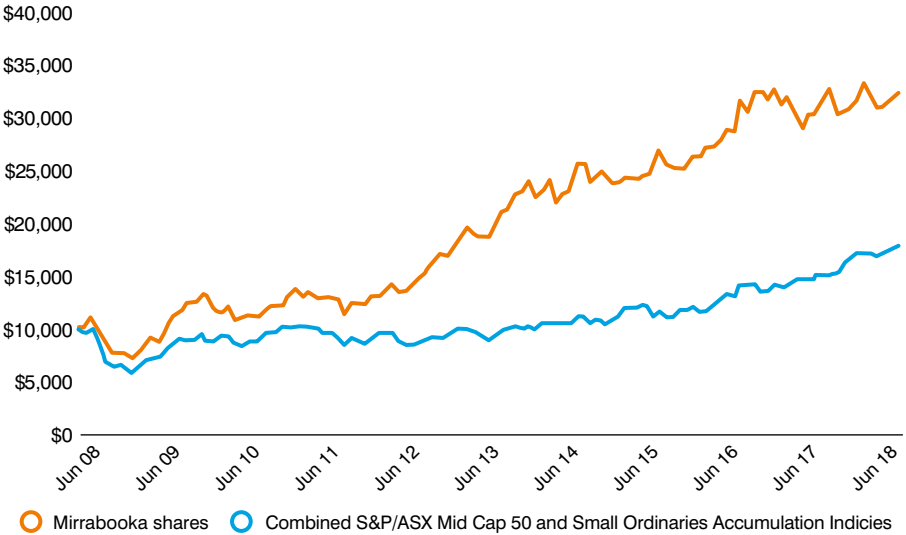
As previously announced in September 2017 and detailed in the Company's December Half-Yearly Review, Mr Ross Barker retired as Managing Director and Chief Executive Officer (CEO) on 31 December 2017. Mr Mark Freeman, who was previously the Chief Investment Officer of Mirrabooka, became the Managing Director and CEO of Mirrabooka on 1 January 2018.

The Board wishes to record its deep appreciation to Mr Barker for his 16 years of outstanding service as Managing Director and Chief Executive Officer during which time he made a significant contribution to the Company. Mr Barker remains on the Board of Mirrabooka as a Non-Executive Director.

**Figure 6: Share Price Relative to Net Asset Backing**

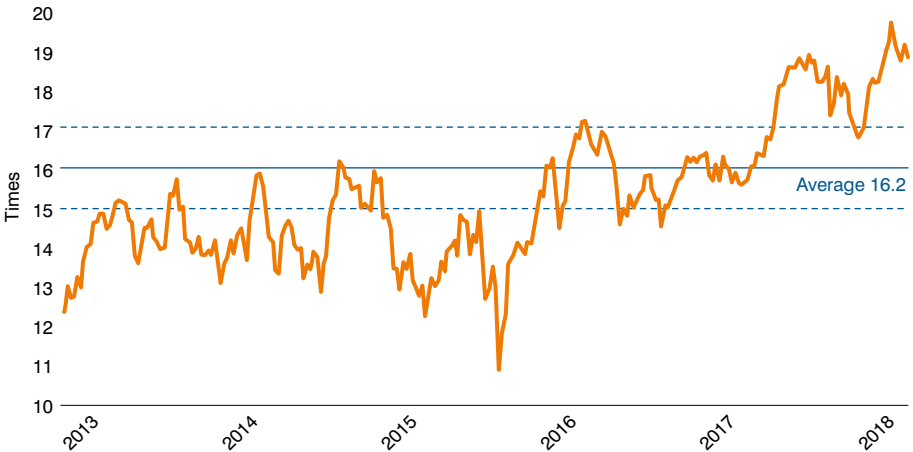


**Figure 7: Growth in Investment of \$10,000 in Mirrabooka Shares (Including Benefit of Franking) – 10 Years to 30 June 2018**



Assumes an investor can take full advantage of the franking credits.

**Figure 8: Price Earnings Ratio – Small Ordinaries Industrials**

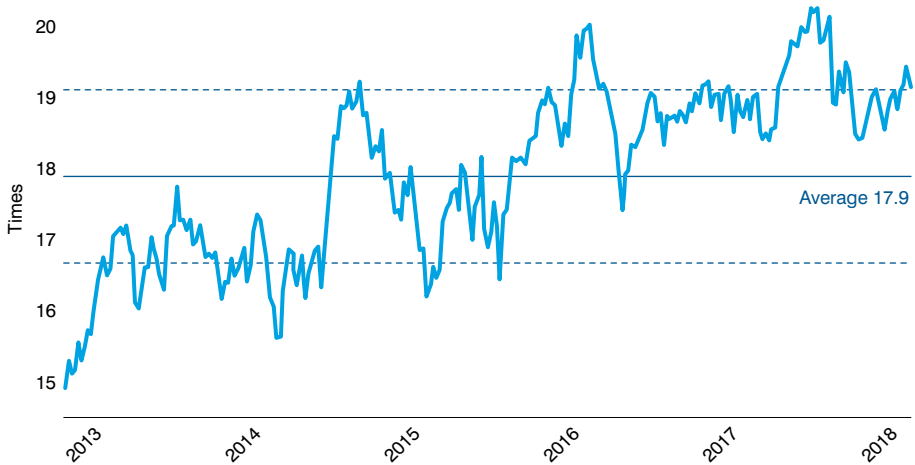


Source: FactSet



## Review of Operations and Activities continued

Figure 9: Price Earnings Ratio – Mid Cap 50 Industrials



Source: FactSet

Dr Jackie Fairley was appointed as an Independent Non-Executive Director of the Company, on 15 February 2018. Dr Fairley has more than 25 years of operational experience in the pharmaceutical and biotechnology industries working in business development and senior management roles. She is currently the Chief Executive Officer of Starpharma Holdings Ltd having been appointed to this role in July 2006.

We are delighted to welcome Dr Fairley to the Board. As well as bringing her particular expertise in pharmaceutical and biotechnology industries she also has a breadth of experience in Senior Executive leadership and in strategic issues.


Mr Graeme Sinclair retired as a Director of the Company on 29 March 2018. Mr Sinclair was appointed as a Director on 6 August 2009 and became a member of the Investment Committee from 1 January 2010. He has also been a member of the Audit Committee since September 2009.

The Board wishes to record its deep appreciation to Mr Sinclair for his invaluable contribution to the Board and to wish him well for the future.

“

*Our approach will be to continue to focus on long-term investments in quality companies with a defensible competitive advantage and to be wary of paying extreme prices.*

”



20

New Stocks  
Added



## Top 20 Investments

As at 30 June 2018

Includes investments held in both the investment and trading portfolios.

		Total Value \$'000	% of Portfolio
1	Lifestyle Communities	16,546	4.3
2	Mainfreight	12,735	3.3
3	Qube Holdings	12,602	3.3
4	Alumina*	11,743	3.1
5	Freedom Foods Group	11,407	3.0
6	Seek*	10,706	2.8
7	Reece	10,620	2.8
8	Challenger	10,140	2.7
9	ARB Corporation	9,589	2.5
10	IRESS	9,331	2.4
11	ResMed*	8,949	2.3
12	AUB Group	8,550	2.2
13	CYBG	7,938	2.1
14	Webjet	7,398	1.9
15	Computershare	7,372	1.9
16	Objective Corporation	7,350	1.9
17	Iluka Resources*	7,162	1.9
18	ALS*	7,136	1.9
19	Carsales.com*	6,721	1.8
20	Washington H Soul Pattinson & Company	6,650	1.7
<b>Total</b>		<b>190,646</b>	

As a percentage of total portfolio value (excludes cash)

49.9%

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

# Income Statement

For the Year Ended 30 June 2018

	<b>2018</b>	2017
	<b>\$'000</b>	\$'000
Dividends and distributions	9,875	8,928
Revenue from deposits and bank bills	661	501
Net gains on trading portfolio and non-equity investments	2,235	301
Income from options written portfolio	860	398
Other income	-	14
<b>Income from operating activities</b>	<b>13,631</b>	10,142
Administration expenses	(2,315)	(2,325)
<b>Profit before income tax expense</b>	<b>11,316</b>	7,817
Income tax expense	(956)	(247)
<b>Profit for the year</b>	<b>10,360</b>	7,570
	<b>Cents</b>	<b>Cents</b>
Profit per share	6.57	4.84

# Balance Sheet

As at 30 June 2018

	2018 \$'000	2017 \$'000
<b>Current assets</b>		
Cash	28,140	35,671
Receivables	1,370	1,720
Trading portfolio	978	4,634
<b>Total current assets</b>	<b>30,488</b>	<b>42,025</b>
<b>Non-current assets</b>		
Deferred tax assets	123	-
Investment portfolio	381,689	339,908
<b>Total non-current assets</b>	<b>381,812</b>	<b>339,908</b>
<b>Total assets</b>	<b>412,300</b>	<b>381,933</b>
<b>Current liabilities</b>		
Payables	266	265
Tax payable	2,103	5,754
Options written portfolio	785	992
<b>Total current liabilities</b>	<b>3,154</b>	<b>7,011</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities – other	-	56
Deferred tax liabilities – investment portfolio	47,493	32,815
<b>Total non-current liabilities</b>	<b>47,493</b>	<b>32,871</b>
<b>Total liabilities</b>	<b>50,647</b>	<b>39,882</b>
<b>Net assets</b>	<b>361,653</b>	<b>342,051</b>
<b>Shareholders' equity</b>		
Share capital	200,911	197,062
Revaluation reserve	97,227	74,584
Realised capital gains reserve	47,851	57,225
Retained profits	15,664	13,180
<b>Total shareholders' equity</b>	<b>361,653</b>	<b>342,051</b>

# Statement of Changes in Equity

For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
Total equity at the beginning of the year	342,051	334,211
Dividends paid	(21,971)	(23,306)
Dividend Reinvestment Plan	3,865	4,139
Costs of share issues	(16)	(16)
<b>Total transactions with shareholders</b>	<b>(18,122)</b>	<b>(19,183)</b>
Profit for the year	10,360	7,570
Revaluation of investment portfolio	43,433	23,591
Provision for tax on revaluation	(16,069)	(4,138)
Revaluation of investment portfolio (after tax)	27,364	19,453
<b>Total comprehensive income for the year</b>	<b>37,724</b>	<b>27,023</b>
Realised gains on securities sold	6,118	20,500
Tax expense on realised gains on securities sold	(1,393)	(6,006)
<b>Net realised gains on securities sold</b>	<b>4,725</b>	<b>14,494</b>
Transfer from revaluation reserve to realised gains reserve	(4,725)	(14,494)
<b>Total equity at the end of the year</b>	<b>361,653</b>	<b>342,051</b>

A full set of Mirrabooka's accounts are available on the Company's website.

## Holdings of Securities

As at 30 June 2018

Details of the Company's portfolios are given below. The list should not, however, be used to evaluate portfolio performance or to determine the net asset backing per share (which is recorded each month on the toll free telephone service at 1800 780 784), as individual holdings in the portfolio may change.

Unless otherwise stated, the securities in this list are fully paid ordinary shares, trust units, stapled securities or convertible notes.

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
LIC	Lifestyle Communities	Developer, owner and manager of independent living communities for elderly citizens. The company operates eight villages across Victoria, encompassing a full range of community and lifestyle-orientated facilities on-site	3,358	2,828	16,546
MFT	Mainfreight (NZX)	Provider of managed warehousing and international and domestic freight forwarding services	500	500	12,735
QUB	Qube Holdings	Provider of import and export logistics services with national operations	5,229	5,229	12,602
AWC*	Alumina	40 per cent interest in a joint venture with Alcoa involved in bauxite mining, alumina refining and aluminium smelting	4,205	4,205	11,743

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
FNF	Freedom Foods Group	Specialist producer of allergen-free foods, with related packaging and marketing interests in dairy and seafood	1,795	1,695	11,407
SEK*	Seek	Operator of employment classifieds websites in Australia and offshore with interests in education and training	500	500	10,706
REH	Reece	Distributor and retailer of plumbing, building and hardware supplies	152	840	10,620
CGF	Challenger	Financial services company providing life insurance, annuities and funds management	665	857	10,140
ARB	ARB Corporation	Manufacturer and distributor of four-wheel drive vehicle accessories in Australia and internationally	420	420	9,589
IRE	IRESS	Provider of share market and wealth management information systems	840	775	9,331
RMD*	ResMed	Leading developer, manufacturer and distributor of medical equipment for treating, diagnosing and managing sleep-disordered breathing and other respiratory disorders	850	650	8,949



## Holdings of Securities continued

As at 30 June 2018

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
AUB	AUB Group	Investor in a network of small to medium Australian insurance brokers	595	630	8,550
CYB	CYBG Plc	A leading mid-sized United Kingdom retail and SME bank with long-established operations across its core regions	800	1,410	7,938
WEB	Webjet	Provides online travel booking services. It is an online travel agency, that enables customers to search and book domestic and international travel flight deals, travel insurance, car hire and hotel accommodation worldwide	0	550	7,398
CPU	Computershare	Provides stock registration and transfer services to companies listed on various stock markets globally, as well as providing technology services for stock exchanges, investor services for shareholders and employee share plan management and the provision of bankruptcy, class action and mortgage servicing activities for various corporate clients globally	430	400	7,372

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
OCL	Objective Corp	Provider of information technology software and services	2,100	2,100	7,350
ILU*	Iluka Resources	Miner of zircon and titanium-based mineral sands products with an additional iron ore production royalty	900	650	7,162
ALQ*	ALS	Provider of analytical laboratory services to mining, life sciences, energy and industrial clients	1,500	950	7,136
CAR*	Carsales.com	The largest online automotive classifieds business in Australia. It also has interests in leading online automotive classified businesses in Brazil, South Korea, Malaysia, Indonesia, Thailand and Mexico	370	445	6,721
SOL	Washington H Soul Pattinson	Listed investment company with a diverse portfolio of investments including coal mining, building materials, telecommunications, pharmaceuticals and other listed equities	321	321	6,650

## Holdings of Securities continued

As at 30 June 2018

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
EQT	EQT Holdings	Provider of private client, trustee, estate administration and funds management services	300	313	6,503
FPH*	Fisher & Paykel Healthcare Corporation	Designs, manufactures and markets a range of medical devices used in respiratory care and the treatment of obstructive sleep apnoea	545	475	6,351
NUF	Nufarm	Agricultural chemical company that manufactures and sells crop protection and seed products globally	800	700	6,202
ANN*	Ansell	Designer, manufacturer and distributor of a wide range of industrial, surgical and examination gloves and other protective products	200	220	5,966
TPM	TPG Telecom	Provider of a diverse range of communication services to residential users, small and medium enterprises, government and large corporate enterprises. The company owns and operates its own domestic network infrastructure and an international submarine cable connecting Australia and Guam	926	1,150	5,946

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
WLL	Wellcom Group	Production company providing pre-media, digital asset management and specialty printing services to advertisers, retailers and corporations	1,337	1,337	5,881
BLD	Boral	Engages in the provision of building and construction materials	0	900	5,877
BRG	Breville Group	Manufacturer and wholesaler of electrical consumer products	0	500	5,810
HUB	HUB24	Provider of platform, investment, advisory and stock broking services to institutional, corporate and retail clients	551	495	5,717
IVC	InvoCare	Provider of services related to funerals, burials and cremations	300	415	5,702
EVT	Event Hospitality	Entertainment, hospitality and leisure company with interests in cinemas, hotels and resorts	425	425	5,691
NXT	NEXTDC	Owns and operates large-scale data centres across Australia	600	710	5,368

## Holdings of Securities continued

As at 30 June 2018

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
RWC	Reliance Worldwide	Designs, manufactures and distributes products for the plumbing industry including fittings, pipes, valves and thermostatic products	0	1,000	5,360
BKW	Brickworks	Australia's largest manufacturer of bricks and pavers, with other investments in property development and listed equities	335	335	5,239
CWW	ClearView Wealth	Life insurance company with associated offerings in wealth management and financial advice	4,561	4,511	5,233
NVT*	Navitas	An international education provider through its university pathways programs, creative media education, English language training and settlement services	1,168	1,168	5,164
APE	AP Eagers	Operator of a national footprint of full service motor vehicle dealerships representing a broad range of car and truck brands in Australia	601	601	5,128
TGR	Tassal Group	Producer of Atlantic Salmon from Tasmania	1,211	1,211	5,001

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
IEL	IDP Education	Provider of international English language testing, student placement and English language teaching services	326	466	4,900
MAQ	Macquarie Telecom	Provides voice and telecommunication services as well as data hosting and colocation services to businesses and government customers	212	240	4,874
PPT*	Perpetual	Diversified financial company offering investment management, financial advice and corporate trust services	144	110	4,563
CGC	Costa Group Holdings	Australia's largest grower, packer and marketer of premium quality fresh fruit and vegetables with a focus on the berry, premium tomato, mushroom and citrus markets	600	500	4,125
DLX	DuluxGroup	Engages in the manufacture and market of paints, coatings and home improvement products	0	535	4,091
SHV	Select Harvests	One of Australia's largest growers, processors and packager of nuts, focusing predominantly on almonds	0	550	3,795

## Holdings of Securities continued

As at 30 June 2018

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
ALU	Altium	Designs, develops and markets computer software used by engineers in the design of electronic products globally	140	150	3,377
ABC	Adelaide Brighton	Manufactures and supplies products to the building, construction, infrastructure, and mineral processing markets	0	480	3,336
EXP	Experience Co	Adventure tourism operator providing skydiving, rafting and reef cruising services in Australia and New Zealand	3,741	5,207	3,333
BLX	Beacon Lighting Group	Australia's largest lighting and accessory retailer with integrated operations from design and sourcing, through to merchandising and retailing	2,000	2,032	3,088
COE	Cooper Energy	An Australian oil and gas company currently developing the Sole gas project in the Gippsland Basin to complement existing production in the Cooper Basin and Otway Basin	0	8,000	3,080

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
RHP	Rhipe	Provides software licensing and cloud computing services on behalf of a number of large, multinational software vendors	2,500	2,500	2,963
PSQ	Pacific Smiles	Operates dental centres. Provides surgeries, equipped facilities, marketing and administration services to independent dentists	0	1,817	2,853
SPL	Starpharma	Engages in the research and development of dendrimer products for pharmaceutical, life science and other applications	0	2,280	2,656
ATS	Australis Oil & Gas	Engages in oil and gas exploration, development and production in the United States	0	5,732	2,637
BGA	Bega Cheese	Engaged in the processing, manufacturing and distribution of dairy and associated products	330	330	2,445



## Holdings of Securities continued

As at 30 June 2018

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
AEF	Australian Ethical Investment	A leading ethical wealth manager. It invests in a portfolio of industries, which includes clean energy, sustainable products, medical solutions, innovative technology, healthcare, recycling, energy efficiency, education, and aged care	0	18	2,406
XRO	Xero	Develops cloud-based accounting software for small and medium-sized businesses in New Zealand, Australia, the United Kingdom and the United States	30	50	2,251
NWL	Netwealth Group	A diversified financial services company providing independent investment platform services to institutional, corporate and retail clients	0	268	2,199

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
CTD	Corporate Travel	Provides travel management services to the corporate market. It offers business travel advisory services, bookings, ticketing, diagnostics and recommendations, ancillary services and also provides networking tools	0	80	2,184
GTN	GTN	Supplier of traffic information reports to radio stations across each operating geography (Australia, Canada, United Kingdom and Brazil), providing advertisers in these markets with a unique and broad audience reach	791	991	2,160
TNE	TechnologyOne	Engages in the development, marketing, sales, implementation and support of fully integrated enterprise business software solutions	0	500	2,125
CDP	Carindale Property	50 per cent interest in the Westfield Carindale Shopping Centre, south-east of Brisbane	255	255	2,078

## Holdings of Securities continued

As at 30 June 2018

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
CAT	Catapult Group	Provider of GPS athlete-tracking devices to elite sporting bodies	0	1,458	1,786
RBL	Redbubble	Operates a global online marketplace for print-on-demand products (including T-shirts and other clothing, wall art and home décor), based on user-submitted artwork	1,115	1,115	1,745
VGL	Vista Group	A market-leading developer of software for the cinema industry with products targeting point of sales, ticketing, box office data and loyalty programs	0	494	1,733
GRB	Gage Roads Brewing	Engages in the provision of brewing, packaging, and selling of craft brewed beer and cider	0	17,850	1,696
SYR	Syrah Resources	An industrial minerals and technology company	0	550	1,590

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
MVP	Medical Developments	Manufacturer and distributor of pharmaceutical drugs and medical equipment, mainly for pain management	370	270	1,566
LSX	Lion Selection Group	Mining investment company that invests in, and provides funding to, mining companies in the project development phase	4,360	4,360	1,308
WHPCN	Whispir Convertible Notes (1 note which is unlisted)	Engages in the provision of communications software and micro applications for enterprises	0	(1 note)	1,303
NTC	NetComm Wireless	Engages in the development and sale of communication devices operating through two segments, M2M and Broadband	2,800	1,095	1,210
ICQ	iCar Asia	Operator of a network of automotive-related classifieds websites across South East Asia	6,383	4,509	1,060

## Holdings of Securities continued

As at 30 June 2018

Code	Name	Principal Activity	Number Held 2017 '000	Number Held 2018 '000	Market Value 2018 \$'000
SSM	Service Stream	Engages in the provision of telecommunications and network services. It operates through the following segments: Fixed Communications, Mobile Communications and Energy and Water	0	648	978
NFNG	Nufarm Step-Up Securities	Agricultural chemical company that manufactures and sells crop protection and seeds products globally	10	10	909
WHP	Whispir (unlisted)	Engages in the provision of communications software and micro applications for enterprises	0	13	697
<b>Total</b>					<b>381,882</b>

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

## Major Transactions in the Investment Portfolio

Acquisitions	Cost \$'000
Boral	6,904
Webjet	5,941
Breville Group	5,849
Reliance Worldwide (including \$0.76 million in 1 for 1.98 issue at \$4.15)	4,971
DuluxGroup	4,180

Sales	Proceeds \$'000
Healthscope*	7,150
Incitec Pivot*	6,784
Treasury Wine Estates*	5,887
Japara Healthcare*	5,572
ALS	4,020

\* Complete disposals from the portfolio.

### New Companies Added to the Investment Portfolio

Boral	Adelaide Brighton
Webjet	TechnologyOne
Breville Group	Corporate Travel Management
Reliance Worldwide	Australis Oil and Gas
DuluxGroup	Syrah Resources
Starpharma Holdings	Netwealth Group
Pacific Smiles	Gage Roads Brewing Company
Australian Ethical Investments	Catapult Group International
Cooper Energy	Vista Group International
Select Harvests	Whispir (unlisted)

# Company Particulars

## Mirrabooka Investments Limited (MIR)

ABN 31 085 290 928

### Directors

Terrence A Campbell AO, Chairman  
Robert M Freeman, Managing Director  
Ross E Barker  
Ian A Campbell  
Jacinth K Fairley  
David E Meiklejohn AM

### Company Secretaries

Matthew J Rowe  
Andrew JB Porter

### Auditor

PricewaterhouseCoopers  
Chartered Accountants

### Country of Incorporation

Australia

### Registered Office and Mailing Address

Level 21, 101 Collins Street  
Melbourne Victoria 3000

### Contact Details

**Telephone** (03) 9650 9911  
**Facsimile** (03) 9650 9100  
**Email** invest@mirra.com.au  
**Website** mirra.com.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

**Telephone** 1800 780 784 (toll free)

### Share Registrar

Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street  
Abbotsford Victoria 3067

### Shareholder

**Enquiry Lines** 1300 653 924  
+61 3 9415 4342 (from overseas)  
**Facsimile** (03) 9473 2500  
**Website** investorcentre.com/au/contact

For all enquiries about shareholdings and related matters, please contact the share registrar as above.

### Australian Securities Exchange Code

MIR Ordinary shares

# Shareholder Meeting

## Annual General Meeting

Time	1.30pm
Date	Tuesday 9 October 2018
Venue	ZINC Federation Square
Location	Corner of Swanston Street and Flinders Street Melbourne

The Annual Report for 2018 is available on Mirrabooka's website [mirra.com.au](http://mirra.com.au) or by contacting the Company on (03) 9650 9911.





MIRRABOOKA  
*Investments Limited*



**MIRRABOOKA**  
*Investments Limited*

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## Notice of Annual General Meeting 2018

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Finding  
opportunities  
in small and  
medium-sized  
companies

The Annual General Meeting of Mirrabooka Investments Limited (ABN: 31 085 290 928, 'the Company') will be held at:

ZINC at Federation Square, Corner of Swanston Street and Flinders Street, Melbourne, Victoria at 1.30pm (AEDT) on Tuesday 9 October 2018.

The Company has determined that, for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register at 7.00pm (AEDT) on Sunday 7 October 2018.

# **BUSINESS OF THE MEETING**

## **1. Financial Statements and Reports**

To consider the Directors' Report, Financial Report and Independent Audit Report for the financial year ended 30 June 2018.

(Please note that no resolution will be required to be passed on this matter.)

## **2. Adoption of Remuneration Report**

To adopt the Remuneration Report for the financial year ending 30 June 2018.

(Please note that the vote on this item is advisory only.)

## **3. and 4. Re-election of Directors**

To consider and, if thought fit, to pass the following resolutions (as an ordinary resolution):

3. "That Mr David Meiklejohn, a Director retiring from office in accordance with Rule 46 of the Constitution, being eligible is re-elected as a Director of the Company."
4. "That Mr Ross Barker, a Director retiring from office in accordance with Rule 53(f) of the Constitution, being eligible is re-elected as a Director of the Company."

## **5. Election of Director**

To consider and, if thought fit, to pass the following resolution (as an ordinary resolution):

"That Dr Jacinth Fairley, a Director retiring from office in accordance with Rule 45 of the Constitution, being eligible is elected as a Director of the Company."

## **6. Non-Executive Directors' Fee Cap**

To consider and, if thought fit, to pass the following resolution (as an ordinary resolution):

"That the maximum aggregate remuneration which may be paid to the Non-Executive Directors of the Company for their services for each financial year, commencing on 1 July 2018 be increased from \$500,000, which was approved by shareholders in 2013, to \$600,000 per annum for the purposes of Rule 47 of the Company's Constitution and ASX Listing Rule 10.17."

## **7. Renewal of Proportional Takeover Provisions in the Constitution**

To consider and, if thought fit, pass the following resolution (as a special resolution):

"That, pursuant to sections 136(2) and 648G of the *Corporations Act 2001* (Cth), the proportional takeover provisions in Rules 79 and 80 of the Company's Constitution are renewed for a period of three years from the date of this meeting."

By Order of the Board



Matthew Rowe  
Company Secretary  
29 August 2018

## Explanatory Notes – Business of the Meeting

**IMPORTANT: Shareholders are urged to direct their proxy how to vote by clearly marking the relevant box for each item on the proxy form.**

**Where permitted, the Chairman of the meeting intends to vote undirected proxies in favour of all items of business.**

### 1. Financial Statements and Reports

During this item there will be a reasonable opportunity for shareholders to ask questions and comment on the Directors' Report, Financial Report and Independent Audit Report for the financial year ended 30 June 2018. No resolution will be required to be passed on this matter.

Shareholders who have not elected to receive a hard copy of the Company's 2018 Annual Report can view or download it from the Company's website at:

[mirra.com.au/Shareholder-Reports.aspx](http://mirra.com.au/Shareholder-Reports.aspx)

### 2. Adoption of Remuneration Report

During this item there will be a reasonable opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report, which is contained within the 2018 Annual Report.

As prescribed by the *Corporations Act 2001*, the vote on the proposed resolution is an advisory one.

#### Voting Exclusions on Item 2

Pursuant to sections 250BD and 250R of the *Corporations Act 2001* (Cth), votes may not be cast, and the Company will disregard any votes cast, on the resolution proposed in Item 2 ('Resolution 2'):

- by or on behalf of any member of the key management personnel of the Company (a 'KMP member') whose remuneration details are included in the Remuneration Report and includes Directors, or any of their closely related parties, regardless of the capacity in which the votes are cast; or

- by any person who is a KMP member as at the time Resolution 2 is voted on at the Annual General Meeting, or any of their closely related parties, as a proxy,

unless the votes are cast as a proxy for a person who is entitled to vote on Resolution 2:

- in accordance with a direction in the proxy appointment; or
- by the Chairman of the meeting in accordance with an express authorisation in the proxy appointment to cast the votes even if Resolution 2 is connected directly or indirectly with the remuneration of a KMP member.

If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chairman to vote for or against, or to abstain from voting on, Resolution 2 by marking the appropriate box opposite Item 2 on the proxy form.

**Pursuant to sections 250BD(2) and 250R(5) of the *Corporations Act 2001*, if the Chairman of the meeting is a proxy and the relevant shareholder does not mark any of the boxes opposite Item 2, the relevant shareholder will be expressly authorising the Chairman to exercise the proxy in relation to Item 2.**

For the purposes of these voting exclusions:

A 'closely related party' of a KMP member means (1) a spouse or child of the KMP member, (2) a child of the KMP member's spouse, (3) a dependant of the KMP member or of the KMP member's spouse, (4) anyone else who is one of the KMP member's family and may be expected to influence the KMP member, or be influenced by the KMP member, in the KMP member's dealings with the Company, or (5) a company the KMP member controls.

The Company will also apply these voting exclusions to persons appointed as attorney by a shareholder to attend and vote at the Annual General Meeting under a power of attorney, as if they were appointed as a proxy.

**The Chairman intends to exercise such proxies by voting them in favour of the adoption of the Remuneration Report.**

**The Board recommends that shareholders vote in favour of adopting the Remuneration Report.**

### 3 to 4 Re-election of Directors

Mr David Meiklejohn was last re-elected by shareholders at the 2015 AGM and so is required to stand for re-election at this Annual General Meeting. Ross Barker retired as Chief Executive Officer of the Company on 31 December 2017 and the Board resolved that Mr Barker should remain as a Non-Executive Director of the Company. Pursuant to Rule 53(f) of the Company's Constitution, Mr Barker is also required to seek re-election at this AGM.

Their biographical details are as follows:

**David E Meiklejohn AM**  
BCom, Dip Ed, FCPA, FAIM, FAICD.  
Independent Non-Executive Director.  
Chairman of the Audit Committee.  
Member of the Investment Committee.

Mr Meiklejohn was appointed a Director of the Company in March 2006. He is a former Chairman of PaperlinX Limited, SPC Ardmona Limited, a former Deputy Chairman of GasNet Australia Limited, a former President of the Melbourne Cricket Club, a former Director of WMC Resources Limited, Coca-Cola Amatil Limited, One Steel Limited and ANZ Banking Group Limited. He was formerly Chief Financial Officer and a Director of Amcor Limited.

**The Board (with the exception of Mr D Meiklejohn) recommends that shareholders vote in favour of the re-election of Mr Meiklejohn.**

# **BUSINESS OF THE MEETING** continued

Ross E Barker  
BSc (Hons) (Melb), MBA (Melb), F Fin.  
Non-Executive Director. Member of the  
Investment Committee.

Mr Barker transitioned to a Non-Executive  
Director in January 2018 after retiring as  
Chief Executive Officer and Managing  
Director of the Company in December 2017.  
Mr Barker was appointed Chief Executive  
Officer and Managing Director in 2001,  
having been a Director since December  
1998. He is a Non-Executive Director of  
Australian Foundation Investment Company  
Limited and AMCIL Limited and Chairman  
of Melbourne Business School Ltd.

**The Board (with the exception of  
Mr RE Barker) recommends that  
shareholders vote in favour of the  
re-election of Mr Barker.**

## **5. Election of Director**

Dr Fairley was appointed to the Board in  
February 2018 and so is seeking election  
by shareholders for the first time.

Jacynth Fairley  
(BSc, BVSc (Hons), MBA, FTSE, GAICD.  
Independent Non-Executive Director.

Dr Fairley is currently the Chief Executive  
officer of Starpharma Holdings Ltd.  
Dr Fairley has more than 25 years  
of operational experience in the  
pharmaceutical and biotechnology  
industries working in business development  
and senior management roles including  
CSL and Faulding/Hospira (now part of  
Pfizer). Dr Fairley is also a Board member  
of the Melbourne Business School, a  
member of the Commonwealth Science  
Council and is an adviser to the Carnegie  
Innovation Fund.

**The Board (with the exception  
of Dr Fairley) recommends that  
shareholders vote in favour  
of the election of Dr Fairley.**

Further information regarding the  
Company's corporate governance  
arrangements and the Board's role can  
be found on the Company's website at:

[mirra.com.au/Corporate-Governance.aspx](http://mirra.com.au/Corporate-Governance.aspx)

## **6. Non-Executive Directors' Fee Cap**

**Board recommendation and undirected  
proxies:** Given the interest in this matter of  
each Non-Executive Director, the Board as  
a whole makes no recommendation on this  
item. The Chairman of the meeting intends  
to vote undirected proxies in **FAVOUR of  
Item 6.**

It is proposed that the maximum aggregate  
Non-Executive Directors' fees be increased  
by \$100,000 from the present level of  
\$500,000 to \$600,000 per annum.  
Non-Executive Directors' fees exclude  
those fees paid to the Managing Director.

The maximum aggregate level of Directors'  
fees has not been increased since 2013.  
Directors wish to increase the cap on the  
aggregate remuneration of Directors  
to provide capacity going forward for  
new Directors to be appointed or  
fees to be increased should either  
be deemed appropriate.

No securities have been issued to  
non-executive directors under Listing  
Rule 10.11 or 10.14 with the approval of  
shareholders within the last three years.

## **Voting Exclusions on Item 6**

Pursuant to ASX Listing Rule 14.11, the  
Company will disregard any votes cast in  
favour of Item 6 by all the Directors and any  
of their associates. However, the Company  
need not disregard a vote if:

- if it is cast by a person as proxy for a  
person entitled to vote in accordance  
with the directions on the proxy form; or
- it is cast by the person chairing the  
meeting as proxy for a person who  
is entitled to vote in accordance with  
a direction on the proxy form to vote  
as the proxy decides.

In addition, pursuant to Section 250BD(1)  
of the *Corporations Act 2001*, a person  
appointed as a proxy must not vote, on  
the basis of that appointment, on Item 6,  
if the person is a member of the Company's  
key management personnel, or is a closely  
related party of such a member, and the  
proxy appointment does not specify the way  
the proxy is to vote on Item 6. This exclusion  
does not apply if the person appointed as  
proxy is the Chairman of the meeting and  
the appointment expressly authorises  
them to exercise the proxy on Item 6.

## **7. Renewal of Proportional Takeover Provisions in the Constitution**

**Board recommendation and undirected  
proxies:** The Board recommends that  
shareholders vote in **FAVOUR of Item 7.**  
The Chairman of the meeting intends  
to vote undirected proxies in **FAVOUR  
of Item 7.**

## **Background**

The *Corporations Act 2001* (Cth) permits a  
company to include rules in its Constitution  
which enable the company to refuse  
to register a transfer of shares resulting  
from a proportional takeover bid unless  
shareholders in the bid class in a meeting  
approve the takeover bid.

It is a requirement of the Corporations Act  
that such proportional takeover approval  
provisions in a company's constitution  
apply for a maximum period of three years,  
unless earlier renewed. In the case of the  
Company, such proportional takeover  
approval provisions (existing Rules 79 and  
80 of the Company's Constitution) were  
approved by shareholders at the 2015  
AGM and will expire on 5 October 2018.

The Directors consider that it is in the  
best interests of shareholders to renew  
these provisions in their existing form.  
Accordingly, a special resolution is being  
put to shareholders under Section 648G  
of the Corporations Act to renew Rules 79  
and 80 of the Company's Constitution.

If approved by shareholders at the meeting,  
Rules 79 and 80 will operate for three years  
from the date of the meeting (that is, until  
9 October 2021) unless renewed earlier.

## **Proportional Takeover Bids**

A proportional takeover bid involves  
the bidder offering to buy a proportion  
only of each shareholder's shares in  
the target company.

This means that control of the target  
company may pass without members  
having the chance to sell all their shares  
to the bidder. It also means the bidder  
may acquire control of the target company  
without paying an adequate premium for  
gaining control.

To address this possibility, a company may provide in its constitution that, in the event of a proportional takeover bid being made for shares in the company, the directors must convene a meeting of shareholders to vote on a resolution to approve that bid.

A meeting convened under the proportional takeover approval provisions is treated as a general meeting of the company and the majority decision of the company's members will be binding on all individual members.

### **Effect of Proposed Proportional Takeover Approval Provisions**

Where a proportional takeover bid is made, the Directors must convene a meeting of shareholders to vote on a resolution to approve the proportional bid before the 14th day prior to the closing of the bid period.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the takeover bid was made, held bid class shares is entitled to vote. Neither the bidder nor its associates are entitled to vote on the resolution.

If a meeting is not held, Section 648E of the Corporations Act deems a resolution approving the proportional bid to have been passed thereby allowing the proportional bid to proceed. Further, the Directors will contravene the Act if they fail to ensure a resolution to approve the bid is voted on.

If the resolution is rejected, the registration of any transfer of shares resulting from that proportional takeover bid will be prohibited and the bid will be deemed to be withdrawn. If the resolution is passed or deemed to have been passed, the transfer of shares resulting from acceptance of an offer under that bid will be permitted and the transfer of shares will be registered provided they comply with the other provisions of the Constitution.

Rules 79 and 80 will not apply to full takeover bids.

### **Reason for Proposing the Resolution**

The Directors consider that the renewal of Rules 79 and 80 is in the best interests of all shareholders of the Company. In the Directors' view, shareholders should have the opportunity to vote on a proposed proportional takeover bid.

In the absence of Rules 79 and 80 (as renewed), a proportional takeover bid for the Company may enable effective control of the Company to be acquired by a party who has not offered to acquire 100 per cent of the Company's shares (and, therefore, has not offered to pay a 'control premium' that reflects 100 per cent ownership).

As a result, if a proportional takeover bid for the Company is made:

- shareholders may not have the opportunity to dispose of all their shares; and
- shareholders risk being locked into a minority position in the Company or suffering loss following such a change of control if the bid causes a decrease in the market value of shares.

If Rules 79 and 80 are renewed, the Board considers that this risk will be minimised by enabling shareholders to decide whether or not a proportional takeover bid should be allowed to proceed.

### **Present Acquisition Proposals**

As at the date of this notice, the Directors are not aware of any proposal by any person to acquire, or increase the extent of, a substantial interest in the Company.

### **Review of Proportional Takeover Approval Provisions**

The Corporations Act requires these explanatory notes to discuss retrospectively the potential advantages and disadvantages of the proportional takeover approval provisions for both Directors and shareholders.

While the proportional takeover approval provisions have been in effect, there have been no takeover bids for the Company – either proportional or otherwise. So there are no actual examples against which to review the advantages and disadvantages of the existing proportional takeover approval provisions for the Directors and shareholders of the Company. The Directors are not aware of any potential takeover bid which was discouraged by Rules 79 and 80.

### **Advantages and Disadvantages**

In addition to looking at the provisions retrospectively, the Corporations Act also requires these explanatory notes to discuss the potential future advantages and disadvantages of the proposed

proportional takeover approval provisions for both Directors and shareholders.

The Directors consider that there are no advantages or disadvantages for the Directors in renewing the proposed proportional takeover approval provisions. In particular, there is no restriction on their ability to make a recommendation on whether a proportional takeover bid should be accepted.

For shareholders, the potential advantage of renewing the proportional takeover approval provisions is that they provide shareholders with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a proportional takeover bid should be approved. This ensures that shareholders have an opportunity to have a say in the future ownership and control of the Company. The Directors believe that this would encourage any future proportional bids to be structured so as to be attractive to a majority of shareholders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic. Finally, knowing the view of a majority of the shareholders may help each individual shareholder to assess the likely outcome of the proportional takeover bid and decide whether or not to accept an offer under the bid.

A potential disadvantage for shareholders arising from renewing the proportional takeover approval provisions is that they may discourage proportional takeover bids being made and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a proportional bid being made. As a result, shareholders may not have the opportunity to dispose of a portion of their shares at an attractive price where the majority rejects an offer from a party seeking control of the Company.

The Directors consider that the potential advantages for shareholders of the proposed proportional takeover approval provisions outweigh the potential disadvantages.

### **Shareholder Approval**

To pass as a special resolution, this item of business requires the support of 75 per cent or more of the votes cast on the resolution.

# **BUSINESS OF THE MEETING** continued

## **Shareholder Information**

### **Proxies**

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, vote and speak in the shareholder's place and to join in any demand for a poll.
2. Where a shareholder appoints more than one representative, proxy or attorney, those appointees are entitled to vote on a poll but not on a show of hands.
3. A shareholder who appoints two proxies may specify a proportion or number of the shareholder's votes each proxy is appointed to exercise. Where no such specification is made, each proxy may exercise half of the votes (any fractions of votes resulting from this are disregarded).
4. **Proxy forms may be lodged online by visiting [investorvote.com.au](http://investorvote.com.au) or by scanning the QR Code on the proxy form with a mobile device.**
5. **Relevant custodians may lodge their proxy forms online by visiting [intermediaryonline.com](http://intermediaryonline.com)**
6. Proxy forms and any authorities (or certified copies of those authorities) under which they are signed may be delivered in person, by mail or by fax to the Company's Share Registry (see details below) no later than 48 hours before the meeting, being **1.30pm (AEDT) on Sunday 7 October 2018**. Further details are on the proxy form.
7. A proxy need not vote in that capacity on a show of hands on any resolution nor (unless the proxy is the Chairman of the meeting) on a poll. However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of this Notice, including the voting exclusions noted above).

8. In certain circumstances the Chairman of the meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the meeting or the poll on that resolution even if the shareholder has not expressly appointed the Chairman of the meeting as their proxy. This will occur where:
  - an appointment of a proxy specifies the way the proxy is to vote on a particular resolution; and
  - the appointed proxy is not the Chairman of the meeting; and
  - at the meeting, a poll is called on the resolution; and
  - either of the following apply:
    - if a record of attendance is made for the AGM – the proxy is not recorded as attending; and
    - the proxy does not vote on the resolution.

### **Corporate Representatives**

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the meeting, together with any authority under which it is signed. The appointment must comply with Section 250D of the *Corporations Act 2001*.

### **Attorneys**

A shareholder may appoint an attorney to vote on their behalf. To be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the deadline for the receipt of proxy forms (see above), being no later than 48 hours before the meeting.

## **Share Registry**

The Company's Share Registry details are as follows:

### **Computershare Investor Services Pty Limited**

#### **Street Address**

Yarra Falls  
452 Johnston Street  
Abbotsford Victoria 3067

#### **Postal Address**

GPO Box 242  
Melbourne Victoria 3001

#### **Telephone**

1300 653 924 (within Australia)  
+61 3 9415 4342 (outside Australia)

#### **Facsimile**

1800 783 447 (within Australia)  
+61 3 9473 2555 (outside Australia)

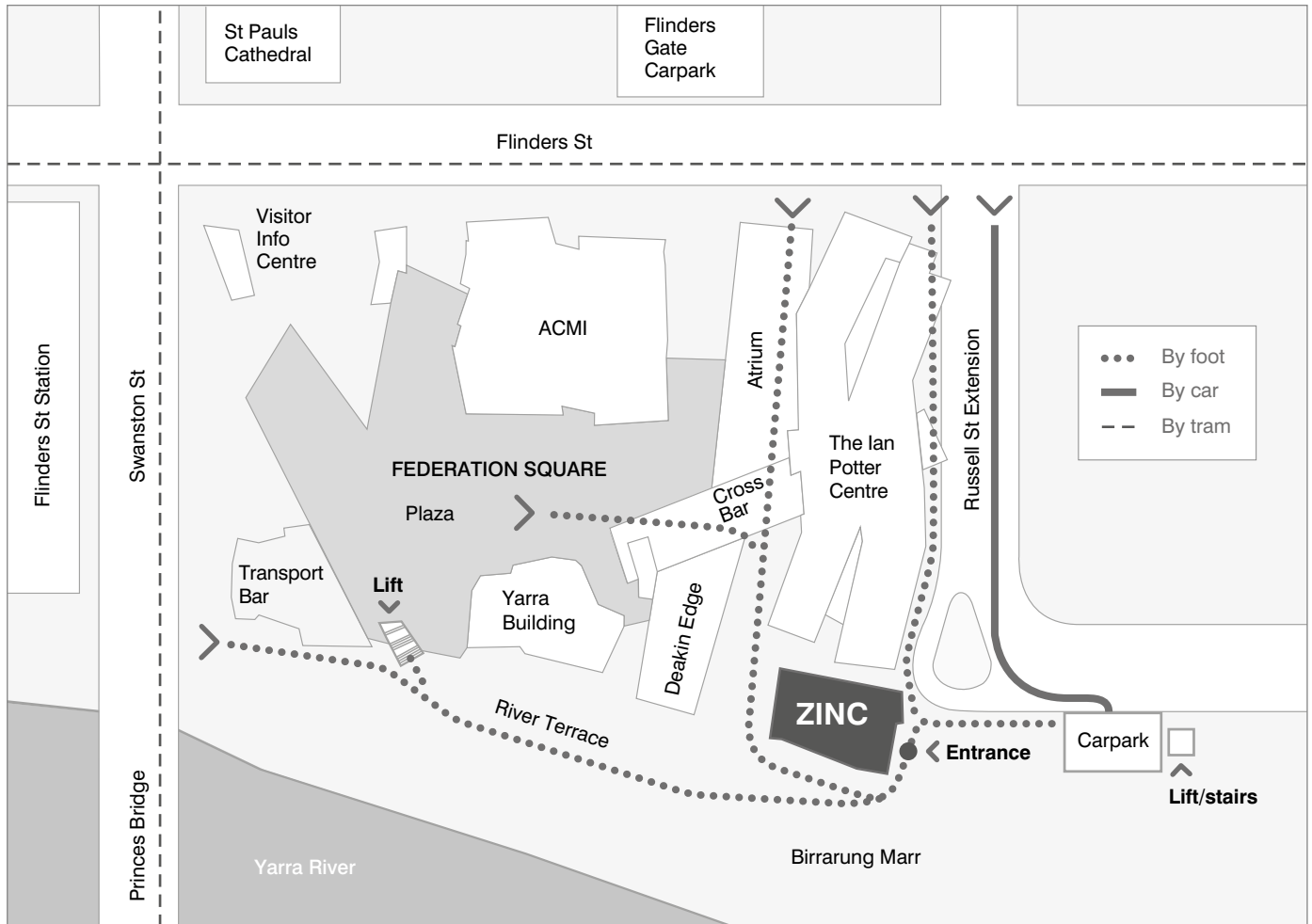
#### **Internet**

[investorcentre.com/au/contact](http://investorcentre.com/au/contact)

## Annual General Meeting Venue

The Annual General Meeting of Mirrabooka Investments Limited will be held at:

ZINC at Federation Square, corner of Swanston Street and Flinders Street, Melbourne Victoria at 1.30pm (AEDT) on Tuesday 9 October 2018.







MIRRABOOKA  
*Investments Limited*



**MIRRABOOKA**  
Investments Limited

ABN 31 085 290 928



MIR  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:



**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

**In Person:**  
Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online users only (Custodians)  
[www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

(within Australia) 1300 653 924  
(outside Australia) +61 3 9415 4342

## Proxy Form

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### Appoint your proxy and view the Annual Report online

Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device. Follow the instructions on the secure website to appoint your proxy.

### Your access information that you will need to appoint your proxy online:

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential. Please dispose of this form carefully if you appoint your proxy online.



For your vote to be effective it must be received by 1.30pm (AEDT) on Sunday 7 October 2018

## How to direct your proxy to vote

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a shareholder of the Company.**

## Lodgement of proxy form

This proxy form (and any authority under which it is signed or a certified copy of it) must be received at an address given above by 1.30pm (AEDT) on Sunday 7 October 2018, being not later than 48 hours before the commencement of the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

## Signing instructions for postal forms

**Individual:** Where the holding is in one name, the shareholder or attorney must sign.

**Joint Holding:** Where the holding is in more than one name, all of the shareholders or attorneys should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

## Attending the meeting

If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO APPOINT YOUR PROXY,  
or turn over to complete the form →**

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a proxy to vote on your behalf

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I/We being a shareholder/s of **MIRRABOOKA INVESTMENTS LIMITED** hereby appoint

the Chairman of the meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the meeting. Do not insert your own name(s).

or failing the individual or body corporate named in relation to the meeting generally or in relation to a poll on a given resolution, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting or in relation to a poll on the given resolution (as applicable) on my/our behalf, including to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of **Mirrabooka Investments Limited** to be held at **Zinc at Federation Square, Corner of Flinders and Swanston Street, Melbourne, Victoria, at 1.30pm (AEDT) on Tuesday 9 October 2018** and at any adjournment or postponement of that meeting.

**Chairman to vote undirected proxies in favour:** I/We acknowledge that the Chairman of the meeting intends to vote undirected proxies in favour of each item of business, to the extent permitted by law.

**Chairman authorised to exercise proxies on remuneration related matters:** If I/we have appointed the Chairman of the meeting as my/our proxy (or the Chairman of the meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the meeting (to the extent permitted by law) to exercise my/our proxy in respect of items 2 and 6 even though the items are connected directly or indirectly with the remuneration of a member of key management personnel of Mirrabooka Investments Limited, which includes the Chairman of the meeting.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Item 2	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Director - Mr David Meiklejohn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Re-election of Director - Mr Ross Barker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Election of Director - Dr Jacinth Fairley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Non-Executive Directors' Fee Cap	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Renewal of Proportional Takeover Provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Board recommendations and undirected proxies:** The Board recommends shareholders vote in favour of each item of business. The Chairman of the meeting intends to vote undirected proxies in favour of each item of business, to the extent permitted by law.

## SIGN Signature of Shareholder(s) *This section must be completed.*

Individual or Shareholder 1

Shareholder 2

Shareholder 3




Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_ Date / /

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