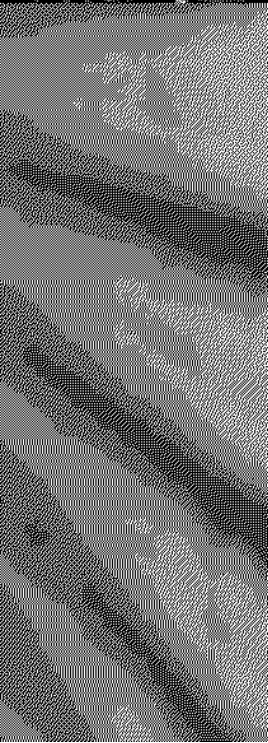


Investing in small and medium size companies



Annual Report 2003



MIRRABOOKA
Investments Limited

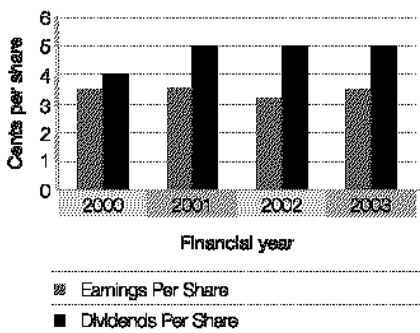
Contents

1	Company Highlights
2	About the Company
5	Year Under Review
9	Report of the Directors
14	Statement of Financial Performance
15	Statement of Financial Position
16	Statement of Cash Flows
17	Notes to the Financial Statements
32	Directors' Declaration
33	Independent Audit Report
35	Corporate Governance
37	Information About Shareholders
38	Substantial Shareholders
39	Holdings of Securities
42	Major Changes to the Investment Portfolio
43	Sub-Underwriting
43	Broker Dealings
44	Key Statistics
45	Company Particulars

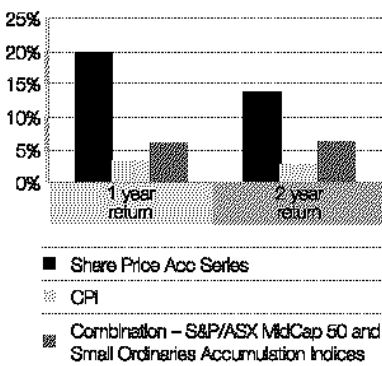
Company Highlights

- **Profit after tax** – 9.1 per cent increase from \$2.70 million to \$2.95 million.
- **Earnings per share** over the year increased 8.2 per cent from 3.18 cents per share to 3.44 cents per share.
- **Fully franked final dividend** of 3 cents per share has been declared bringing total dividends for the year to 5 cents per share, which is unchanged from the prior year. As in past years, part of the dividend has been sourced from the Asset Realisation Reserve.
- **Share price** at 30 June 2003 was \$1.20, net asset backing per share was \$1.17 (before the final dividend of 3 cents per share).
- **Total return to shareholders** based on the change in share price plus dividends over the 12 month period was 20.0 per cent versus an overall increase in the combined S&P/ASX MidCap 50 Accumulation Index and S&P/ASX Small Ordinaries Accumulation Index of 5.9 per cent.
- **Portfolio value** (including cash) as at 30 June 2003 was \$103.2 million, an increase of 3.8 per cent from \$99.4 million at 30 June 2002.
- **Total portfolio return** (the change in net asset backing per share and dividends) over the year was positive 6.0 per cent. The S&P/ASX MidCap 50 Accumulation Index increased 8.1 per cent during this period, while the S&P/ASX Small Ordinaries Index gained 3.7 per cent.
- **Management expense ratio** was 1.2 per cent for the year.

Earnings Per Share v Dividends Per Share



Share Price Performance % Per Year



About the Company

Mirrabooka (Aboriginal for Southern Cross) 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 top 50 listed companies, by market capitalisation, on the Australian Stock Exchange.

With their relatively low price earnings ratios and high dividend yields many small and medium size companies offer investors attractive value. These companies often have strong growth prospects and specialise in a range of attractive product, market and industry sectors. Benefits may also arise from takeover and or merger activity.

Mirrabooka has been operating since April 1999 and was listed on the ASX on 28 June 2001. As at 30 June 2003, Mirrabooka's market capitalisation was \$105 million.

Investment Aims

Mirrabooka 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

Investing in this sector can be subject to greater volatility than in comparison with investing in larger capitalised companies because of the reliance these smaller companies have on single markets,

products and/or key individuals. From time to time, shares in these smaller companies may also be subject to lower than normal liquidity. Consequently, this section of the market requires a significant amount of research and subsequent close monitoring of the portfolio.

In this context, we are willing to move quickly to realise investments when we form a view that an investment is well overvalued or there has been a material adverse change in a company's circumstances or prospects. As such, we believe it is important to be nimble and responsive to material changes affecting these investments.

Mirrabooka typically holds between 50 to 80 stocks depending on their fit with our investment aims and the desired concentration of risk within the portfolio.

Mirrabooka also has access to lines of credit, which allows the Company on a limited basis to gear its balance sheet when appropriate investment returns are available. In addition, the Company also uses options written against its portfolio to generate additional income, although, this activity is naturally limited by the lack of availability of option markets for most of the shares within the portfolio and the need to control our investments for risk management purposes.

Our Structure

The Company has a 'closed end' structure, which means that the number of shares on issue is fixed and as a result, Mirrabooka does not issue new shares

or cancel them as investors enter and leave the fund. This allows us to concentrate on the performance of the funds invested over the longer term without having to consider inflows or outflows of monies. The nature of the listed investment company structure and our continued focus on the efficiency of our business also ensures administration costs and management fees are maintained at competitive levels for this sector of the market – in the financial year for 2002-03, this was 1.2 per cent of the portfolio's average market value.

By investing in Mirabooka, shareholders have immediate access to a diversified portfolio numbering some of Australia's leading small and medium sized companies and to a Board and Investment Committee with extensive investment skills and practical business experience. The portfolio is continually monitored with the Investment Committee meeting regularly (normally fortnightly) to approve investment decisions.

Investing in Mirabooka

As a listed investment company, Mirabooka shares can be bought or sold through the stock market (ASX Code: Mir). The Company does not charge entry or exit fees when shareholders acquire or dispose of their holdings, although transaction costs will be borne when buying or selling through a stockbroker.

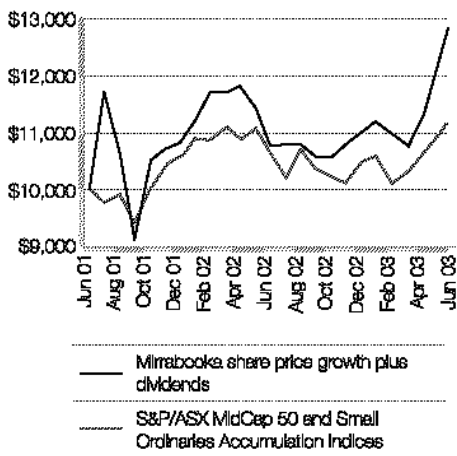
Transparency

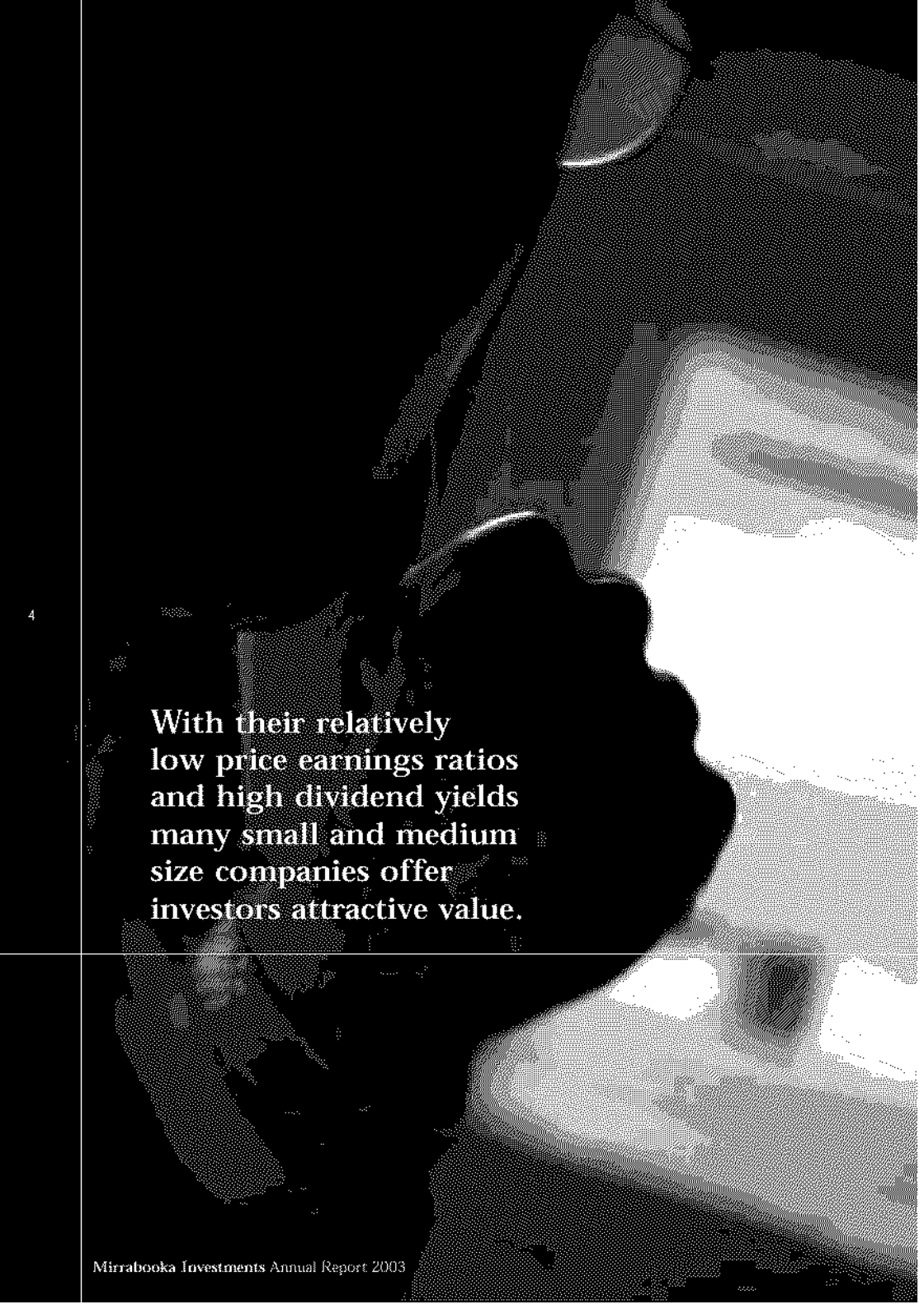
We take an active approach to keeping shareholders informed about the Company's activities and performance, including yearly and half yearly profit announcements, regular shareholder briefings and access

to all company announcements, including net tangible asset announcements. This information is available through the stock exchange and our website www.mirra.com.au

The following chart highlights the wealth creation performance of Mirabooka since listing.

The Value of \$10,000 Invested





With their relatively
low price earnings ratios
and high dividend yields
many small and medium
size companies offer
investors attractive value.

Year Under Review

The financial year to 30 June 2003 was a second successive year of flat or negative overall returns from the market. The S&P/ASX 200 Accumulation Index fell 1.7 per cent for the year. This trend was also reflected in the small companies listed in the market with the S&P/ASX Small Ordinaries Accumulation Index returning only 3.7 per cent for the year.

The mid-sized companies, reflected by the S&P/ASX MidCap 50 Accumulation Index provided a more healthy total return of 8.1 per cent for the financial year. This was substantially aided by a big rise in property trusts which represent over 20 per cent of that index.

Sentiment towards the equities market remained subdued because of the poor global economic activity and the uncertain outlook, even though the Australian economy continued to fare well in the clouded environment. Confidence was further dampened by security issues particularly in connection with the bombings in Bali, the continuing war on terror and the Iraq war.

Against this background, Directors were pleased with the total shareholder return (refer to the following chart), as measured by change in share price plus dividends, of 20 per cent for the year. This resulted from the total portfolio return (measured by change in net asset backing per share plus dividends) of 6 per cent plus the move from a 9 per cent discount to a 2 per cent premium at which the shares traded to net asset backing over the year.

The improved portfolio performance of 6.0 per cent was contributed from 60 stocks over the year (only 54 remained at year end). The compound performance of the portfolio since inception has been 7.4 per cent per annum relative to a combined S&P/ASX Small Ordinaries Accumulation Index and S&P/ASX MidCap

50 Accumulation Index, which was 2.8 per cent per annum. These results are set out in the chart below.

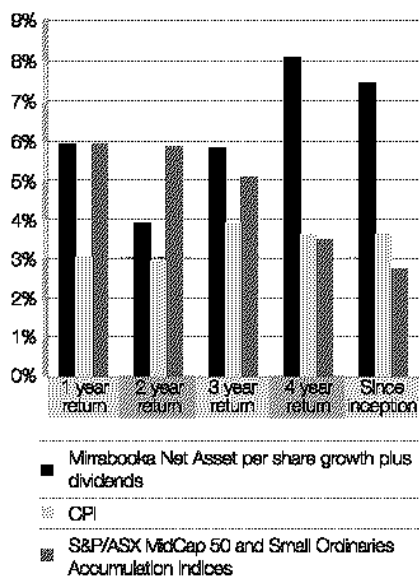
The top positive contributors for the year were Gunns, Funtastic, Hills Motorway Group, Macquarie Infrastructure Group, GUD Holdings, APN News & Media (convertible notes), Integrated Group, Nufarm and James Hardie Industries.

The largest negative contributors for the year were Tranz Rail Holdings, Patrick Corporation, Baycorp Advantage, Stericorp and Globe International. Of these we no longer hold shares in Tranz Rail and Globe International.

We did not participate in the strength of the property trust sector of the mid-sized sector of the market as we had no investments in this area.

5

Portfolio Management Performance % Per Year



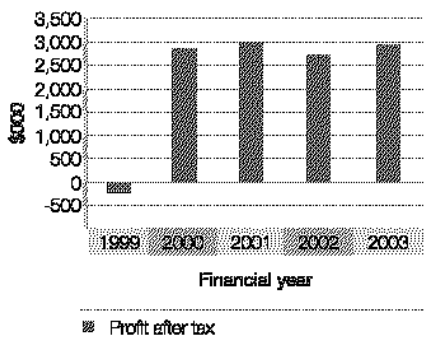
Year Under Review *continued*

Profit and Earnings Per Share

The Company's profit for the year was \$2.95 million (up by 9.1 per cent from the previous year's \$2.70 million). This improvement arose mostly from increased dividend payments from investments. Earnings per share rose 8.2 per cent to 3.44 cents per share.

Sales of investments during the year produced net gains of \$996,000. After allowing for tax \$968,000 was added to the Asset Realisation Reserve. This is available for distribution to shareholders as dividends.

Profit After Tax



Dividend

The Directors have declared a fully franked final dividend of 3 cents per share, payable on 25 August 2003 to shareholders on the register and eligible to receive the dividend at the record date of 11 August 2003.

This brings dividends paid, and payable, in respect of this financial year to 5 cents per share, the same as last year.

Major Investments

On the following page is a list of our top 20 investments as at 30 June 2003 compared with the same time last year. In both years

the top 20 stocks represented approximately 70 per cent of the investment portfolio. While there was some re-arrangement of the order as a result of market moves, purchases and/or sales, 16 of last year's top 20 were still in the portfolio. The four new companies in the top 20 were DCA Group (health care provider), Alinta (Western Australian gas retailer and distributor), Funtastic (distributor and marketer of children's products) and Computershare (share registry services). The four companies exiting the top 20 stocks were Iuka Resources, Baycorp Advantage, Goodman Fielder and Spotless Group. A list of the major acquisitions and disposals during the year is included on page 42.

New Investments

The Company is continually looking for new investment opportunities and as a result Mirabooka became an investor in the following companies during the year:

- AVJennings Homes – a residential property development company that is involved in a range of building and development activities;
- Centennial Coal – predominantly an energy coal producer for local and export markets;
- Fleetwood Corporation – providing mobile accommodation to retirement, resource and tourism industries. The company operates caravan parks, and is involved in the manufacture, sale and rental of portable buildings, park homes, campervans and sale of recreation vehicles, parts and accessories;
- Peritya – diversified minerals exploration and mining company with interests in base metals, gold and oil and gas;
- Baxter Group – a waste management business based in Clayton, Melbourne;

Comparison of Top 20 Investments

As at 30 June 2001		Total Value \$ Million
1	APNG APN News & Media 7.25 per cent convertible notes	5.0
2	HSP Heathscope	4.3
3	PRK Patrick Corporation ^a	4.0
4	FOA Foodland Associated	3.5
5	NUI Nulam	4.3
6	HLI Hills Motorway Group	4.1
7	JHX James Hardie Industries	3.9
8	MIG Macquarie Infrastructure Group	3.0
9	HLI Hills Industries	3.1
10	PBB Pacifica Group	3.0
11	GNS Gunns	2.9
12	DVC DCA Group ^b	2.6
13	PRG Programmed Maintenance Services	2.6
14	ALN Alinta	2.5
15	ORG Origin Energy	2.4
16	GUD G.U.D. Holdings	2.3
17	FUN Funstale	2.2
18	CPJ Computershare	2.2
19	GWI GWA International	2.1
20	HWI Housewares International	2.1
Total		66.3
As a percentage of Portfolio (\$95.7 million)		69.3%

As at 30 June 2002		Total Value \$ Million
1	PRK Patrick Corporation ^a	7.7
2	FOA Foodland Associated ^c	6.3
3	HSP Heathscope	5.0
4	JHX James Hardie Industries	3.9
5	HWI Housewares International	3.9
6	HLI Hills Industries	3.8
7	NUI Nulam	3.7
8	HLI Hills Motorway Group	3.6
9	MIG Macquarie Infrastructure Group	3.5
10	APNG APN News & Media 7.25 per cent convertible notes	3.3
11	PBB Pacifica Group	3.1
12	GNS Gunns	2.6
13	ILLI Ilika Resources	2.5
14	GUD G.U.D. Holdings	2.3
15	BCA Baycorp Advantage	2.3
16	GME Goodman Fielder	2.3
17	SPI Spotless Group	2.2
18	GWI GWA International	2.2
19	PRG Programmed Maintenance Services	2.0
20	ORG Origin Energy	2.0
Total		67.2
As a percentage of Portfolio (\$95.4 million)		70.4%

^a Indicates that options are outstanding against all or part of the holding.

(a) Includes \$3.5 million of PRK 6 per cent converting preference shares.

(b) Includes \$0.06 million of DVC company options.

(c) Includes \$1.3 million of CPU 5.5 per cent reset convertible preference shares.

(d) Includes \$5.8 million of PRK 6 per cent converting preference shares.

(e) Includes \$0.9 million of FOA new ordinary shares.

Year Under Review *continued*

- McPherson's – a company that has three divisions, housewares, printing and a recently acquired beauty and hair care products business;
- Orica – specialising in the manufacture and supply of industrial and agricultural chemicals, fertilisers, commercial explosives and mining chemicals, paints and consumer products, sold under brand names such as Dulux, Selleys and Cabot's. Orica operates in approximately 35 countries including Australia; and
- PaperlinX – an independent international paper merchant and distributor, and leading Australian manufacturer of communication papers and high performance packaging papers.

Capital Changes

During the year the Company instituted a Share Acquisition Plan (SAP) which invited shareholders to subscribe up to a further \$5,000 each in additional shares in Mirrabooka at \$1.00 per share. As a result of acceptances from 519 shareholders (20 per cent of our shareholders), under the SAP in April 2003, the Company issued 2.56 million new shares and its capital base increased by \$2.53 million.

Outlook

As we move into the new financial year, there are still conflicting signals emerging regarding economic prospects in the USA. The equity market has been progressively rallying over recent months, particularly since the end of the war in Iraq, anticipating a resumption of economic growth feeding through to prospective earnings growth. The Federal Reserve Bank in the USA is setting its policies to promote that growth while inflation remains in check and the possibility of deflation starts to emerge remotely on their economic radar screen. Economic conditions in the other major

economic regions of Japan and Europe remain poor and with an unchanged or even declining outlook.

The situation in Australia also seems unlikely to show strong growth at present. The Reserve Bank is concerned about 'the clash between global weakness and rising household debt'. It has recently moved to an easing bias in its forward view. With the rising Australian dollar affecting our major exporting indicators and the recovery from the drought still patchy, the outlook for Australia looks subdued.

If the tendency to economic weakness dominates in the coming year it may well affect some of the small companies in which we have invested which have growth factored into their pricing. It will tend to encourage the market toward placing more value on defensive stocks, particularly those with a sustainable high yield. Based on our assessment, the prospective yield on our portfolio is just in excess of 4 per cent.

We will be closely monitoring the portfolio to make appropriate adjustments where changes in circumstance cause us to do so. Also we have a sizeable cash balance of over \$7 million and undrawn bank facilities of \$10 million available to us to take advantage of market opportunities as they arise. The extremely varied nature of companies and the diversity of businesses and industries in which they operate give many opportunities to find attractive investments even in the subdued outlook described above.

Whilst we retain a generally cautious approach to the market, we believe selective opportunities for investment will continue in this area of the market and as a result we recently announced a one for four renounceable rights issue at \$1.00 per share to raise \$22 million.

Report of the Directors

This report in relation to the financial year to 30 June 2003 is presented by the Directors of Mirrabooka Investments Limited ('Mirrabooka' or 'the Company') in accordance with a resolution of Directors.

Directors

Terrence A Campbell Age: 61, Chairman, Chairman of the Investment Committee. He is a stockbroker. Appointed a Director on 17 December 1998.

Executive Chairman of the JBWere Group, Chairman of AMCIL Limited, Director of Australian Foundation Investment Company Limited, Djerriwarth Investments Limited and the Business Council of Australia.

Ross E Barker Age: 51, Managing Director. Member of the investment Committee. Appointed Managing Director on 16 February 2001. Appointed a Director on 17 December 1998.

Managing Director of Australian Foundation Investment Company Limited, Djerriwarth Investments Limited and AMCIL Limited. Formerly a Director of the JBWere Group.

Russell J Fynmore AO Age: 69, Member of the Audit Committee and Investment Committee. He is a Company Director. Appointed a Director 12 February 1999.

Director of Djerriwarth Investments Limited and Hartec Limited.

Guy J Paynter Age: 60, Member of the Investment Committee. He is a stockbroker. Appointed a Director on 17 December 1998.

Chairman of Aircruising Australia Limited and a Director of the JBWere Group.

Geoff A Tomlinson Age: 55, Chairman of the Audit Committee and a Member of the Investment Committee. He is a Company Director. Appointed a Director on 12 February 1999.

Chairman of Funtastic Limited, Programmed Maintenance Services Limited, Neverfail Springwater Limited and Reckon Limited, Deputy Chairman of Hansen Technologies Limited and a Director of Amcor Limited and National Australia Bank Limited.

Report of the Directors *continued*

Review of Operations and Activities

Overview

Mirrabooka's principal activity is investment in small to medium size companies listed on the Australian and New Zealand Stock Exchanges. There have been no changes in the nature of the Company's activities during the year. Operations began on 22 April 1999.

Performance Indicators and Outcomes

Total return from growth in net asset backing plus dividends was 6.0 per cent. Last year it was 2.0 per cent.

Profit was \$2.95 million in the year to 30 June 2003. In the preceding year profit was \$2.70 million. The increase in profit was 9.1 per cent.

Financial Condition

The Company's financing consists primarily of shareholders' funds. There was no outstanding interest bearing debt at 30 June 2003. The Company also has an agreement with the National Australia Bank to accept and discount bills of exchange up to a total of \$10 million (see note 10). The borrowing expense relates to the facility fees and interest that the Company was charged for these agreements.

Significant Changes in the State of Affairs

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.

Likely Developments

The Company intends to continue its investment activities in future years as it has done since its inception in 1999. 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 results over the medium to long term to provide shareholders with attractive returns.

Environmental Regulations

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

Dividends

Dividends paid by the Company during the financial year were as follows:

	2003 \$'000
Final dividend for the year ended 30 June 2002 of 3 cents per share fully franked at 30 per cent paid on 15 August 2002	2,552
Interim dividend for the year ended 30 June 2003 of 2 cents per share fully franked at 30 per cent paid on 12 March 2003	1,701
	4,253

Included as part of the final dividend for the year ended 30 June 2002 was an amount of 1.5 cents per share that relates to Listed Investment Company capital gains. LIC capital gains entitle certain shareholders to a special deduction in their taxation return, as set out in the dividend statement.

In addition to the above dividends, since the end of the financial year the Directors have declared the payment of a final dividend of \$2,628,884 (3 cents per share fully franked at 30 per cent) to be paid on 25 August 2003, out of retained profits and the Asset Realisation Reserve. There are no LIC capital gains attached with this dividend.

11

Meetings of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2003, 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	11	9	23	18	-	-
RE Barker	11	10	23	22	-	2*
RJ Fynmore	11	10	23	20	2	2
GJ Paynter	11	10	23	22	-	-
GA Tomlinson	11	8	23	15	2	2

* Attended meeting(s) by invitation.

Report of the Directors continued

Directors' and Executives' Emoluments

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

Details of the nature and amounts of each Director's emoluments in respect of the year to 30 June 2003 were as follows:

	Fee \$	Super- annuation \$	Total Paid \$	Retirement Allowance \$	Total Paid & Provided For \$
TA Campbell	58,000	5,220	63,220	36,750	99,970
RE Barker*	29,000	2,610	31,610	18,375	49,985
RJ Fyrmore	29,000	2,610	31,610	18,375	49,985
GJ Paynter	29,000	2,610	31,610	18,375	49,985
GA Tomlinson	29,000	2,610	31,610	18,375	49,985

* Please note, Directors fees for RE Barker are paid to Australian Foundation Investment Company Limited as part of his employment contract.

- 12 Amounts shown as retirement allowance have not been paid to the Director in the current financial year. These are provisions made to fund payment of Directors' retirement allowances when they retire. Under the Directors' Deed (as approved by shareholders at the AGM in October 1999), a retirement allowance becomes payable to a Director upon retirement. The amount of that payment is equal to the three years of Directors' fees received immediately preceding retirement where the Director has held office for five years or more and a proportionate part for less than five years service. The current year's provision brings the amount set aside by the Company to the level required if all Directors were to have retired as at 30 June 2003.

Directors Holdings of Securities Issued by the Company

As at the date of this report, Directors 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:

	Number of Shares
TA Campbell	370,001 ^(a)
RE Barker	235,001
RJ Fyrmore	150,000
GJ Paynter	205,001 ^(a)
GA Tomlinson	50,000

(a) Includes 145,000 shares held by a trustee company of which TA Campbell and GJ Paynter are Directors and shareholders.

Insurance of Directors and Officers

During the financial year the Company paid insurance premiums in respect of Directors' and officers' liability insurance, covering Directors named in this report. Directors contributed 1 per cent of the total insurance premium. The terms of the insurance contract restricts disclosure of further details.

Events Since Balance Date

At the meeting of the Board on 24 July 2003 the Directors approved a one for four renounceable rights issue at \$1.00 per share for shareholders on the register as at 20 August 2003 to raise an additional \$22 million of capital. The new shares resulting from this issue will not rank for any interim dividend which may become payable in March 2004, but will rank for dividends thereafter. Proceeds of this issue will be used to enable further investment in small and medium sized companies located in Australia and New Zealand, in line with the Company's current investment criteria.

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.

13

Rounding of Amounts

The Company is of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



Terry Campbell
Chairman

Melbourne
24 July 2003

Statement of Financial Performance

For the year ended 30 June 2003

	Notes	2003 \$'000	2002 \$'000
Income from investments, deposits and bank bills		3,968	3,764
Income from dealing in securities and derivatives held for short term purposes		106	222
Income from other operating activities		5	34
Total income from ordinary activities		4,079	4,020
Borrowing expenses		(45)	(127)
Administration expenses		(1,098)	(1,155)
Profit from ordinary activities before income tax expense		2,936	2,738
Income tax	3	11	(37)
Profit from ordinary activities after income tax expense		2,947	2,701
Net increase (decrease) in asset realisation reserve	14	968	812
Net increase (decrease) in asset revaluation reserve	14	2,011	(1,673)
Total valuation adjustments recognised directly in equity		2,979	(861)
Total changes in equity other than those resulting from transactions with owners as owners		5,926	1,840
		Cents	Cents
Earnings per share	25	3.44	3.18

This statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2003

	Notes	2003 \$'000	2002 \$'000
Current assets			
Cash	4	7,509	4,048
Receivables	5	175	135
Tax refund		-	229
Total current assets		7,684	4,412
Non-current assets			
Investment securities	6	95,772	95,396
Future income tax benefit	7	144	100
Total non-current assets		95,916	95,496
Total assets		103,600	99,908
Current liabilities			
Payables	8	272	966
Tax payable		24	-
Provisions	9	-	2,552
Options written	11	39	-
Total current liabilities		335	3,518
Non-current liabilities			
Deferred tax liabilities		12	3
Provisions	12	444	333
Total non-current liabilities		456	336
Total liabilities		791	3,854
Net assets		102,809	96,054
Shareholders' equity			
Contributed equity	13	86,625	84,095
Reserves	14	14,563	11,959
Retained profits	15	1,621	-
Total shareholders' equity	16	102,809	96,054

This statement should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2003

		2003 \$'000	2002 \$'000
	Notes	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Sales of short term securities		143	13,834
Interest received		496	859
Dividends received		3,151	2,856
Other distributions received		270	154
Other receipts		5	34
Borrowing expenses		(45)	(45)
Income taxes paid		204	(376)
Administration expenses		(968)	(983)
Net cash inflows/(outflows) from operating activities	17	3,256	16,333
Cash flows from investing activities			
Purchases of investment securities		(15,499)	(38,269)
Sales of investment securities		17,427	33,253
Net cash inflows/(outflows) from investing activities		1,928	(5,016)
Cash flows from financing activities			
Repayment of borrowings		-	(10,000)
Share issues		2,530	-
Dividend paid		(4,253)	(4,253)
Net cash inflows/(outflows) from financing activities		(1,723)	(14,253)
Net increase/(decrease) in cash held		3,461	(2,936)
Cash at the beginning of the financial year		4,048	6,984
Cash at the end of the financial year	4	7,509	4,048

*This statement should be read in conjunction with the accompanying notes.
Note 4 provides details of the composition of cash.*

Notes to the Financial Statements

1. Principal Accounting and Valuation Policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001. Interpretations of specific relevance to the Company are stated in this note. These policies have not changed since the prior period except as indicated.

(a) Basis of Accounting

The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with the historical cost convention.

(b) Holdings of Securities

(i) *Balance Sheet Classification*

'Current assets' include holdings of short term securities, if any.

'Non-current assets' include holdings of securities which the Directors intend to retain on a long term basis.

'Current Liabilities' include option contracts under which the Company is obliged to deliver or receive securities at the option of the other party.

17

(ii) *Sales of Securities*

The treatment of disposals of long-term investments is described in note 1(b)(iii) below. Realised gains or losses on sales of short term securities, based on the carrying value of the securities, are taken into account in determining the operating profit of the Company.

(iii) *Valuation of Holdings of Securities*

Securities, including listed and unlisted shares, notes and options, are initially brought to account at cost.

Long term investment securities are revalued to market values continuously. Increments and decrements are taken to the Asset Revaluation Reserve while it has a positive balance, otherwise they are included in profit from ordinary activities. Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Asset Revaluation Reserve to the Asset Realisation Reserve while this reserve has a positive balance, otherwise they are included in profit from ordinary activities.

Each holding of short term securities is reviewed regularly. If Directors were to consider that a loss is almost certain on any holding then it would be written down to realisable value as estimated by Directors. After any individual write-downs have been made, the portfolio is valued at the lower of cost and market value in aggregate.

Notes to the Financial Statements *continued*

The portfolio of options written is revalued to current market value. Increments and decrements are taken to the Asset Revaluation Reserve while it has a positive balance, otherwise they are included in profit from ordinary activities.

Market value for the purpose of valuing holdings of securities and options is determined by reference to market prices prevailing at balance date, where the security is traded on an organised market.

(iv) Income From Holdings of Securities

Distributions relating to listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Distributions relating to unlisted securities are recognised as income when received.

The premium received on options written is recorded as a current liability of the Company until the option expires, is exercised or is repurchased from the holder. When one of these events occurs, the net gain or loss arising on the option contract is included in profit from ordinary activities.

18

(c) Taxation – Disposal of Long Term Investments

No provision is made for any taxes that could arise on disposal of investments as there is no intention to dispose of them. Where the Company disposes of investments, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes offset against any capital losses carried forward. Any applicable tax is charged to Asset Realisation Reserve.

(d) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(e) Cash Flows

For the purpose of the statement of cash flows, 'cash' includes cash, deposits held at call and discounted bills of exchange.

(f) Bills of Exchange

Bills of exchange have been purchased in the market, at a discount to face value. Bills purchased are carried at an amount representing cost. The discount is brought to account by amortising it over the life of the bill and is accounted for as interest received or interest paid as applicable.

(g) Net Fair Value of Financial Assets and Liabilities

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

(h) Options Portfolio

During the financial year the Company began writing options. The premium received on these options is recorded as a current liability of the company until the option expires, is exercised or is repurchased from the holder. When one of these events occurs, the net gain or loss arising is included in profit from ordinary activities.

This liability is regularly revalued to current market value. Increments are taken to the Asset Revaluation Reserve. Decrements are charged to this reserve while it has a positive balance, otherwise they are included in profit from ordinary activities.

(i) Director Retirement Benefits

Liabilities for Director retirement benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for retirement has been developed and a valid expectation has been raised in those Directors affected that the retirement will be carried out. The liabilities for retirement benefits are recognised as current provisions if they are expected to be settled within 12 months. These are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are recognised as non-current provisions. These are measured as the estimated cash outflows, discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future payments, where the effect of discounting is material.

19

Note that in prior periods, Director retirement benefits were generally calculated based on current rates. The comparative amount has not been restated as the Directors do not believe that the difference arising would be material.

(j) Change in Accounting Policy for Providing for Dividends

Provision is only made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the year but not distributed at balance date.

The above policy was adopted with effect from 1 July 2002 to comply with *AASB 1044 Provisions, Contingent Liabilities and Contingent Assets* released in October 2001. In previous periods, in addition to providing for the amount of any dividends declared, determined or publicly recommended by the Directors on or before the end of the period but not distributed at balance date, provision was made for dividends to be paid out of retained profits at the end of the period where the dividend was proposed, recommended or declared between the end of the period and the completion of the financial report.

Notes to the Financial Statements *continued*

An adjustment of \$2,552,000 was made against the retained profits at the beginning of the year to reverse the amount provided at 30 June 2002 for the proposed final dividend for that year that was recommended by the Directors between the end of the year and the completion of the financial report. This reduced the current liabilities-provisions and total liabilities at the beginning of the financial year by \$2,552,000 with corresponding increases in the net assets, retained profits, total equity and the total dividends provided for or paid during the current period.

The restatement of retained profits, current provisions and total dividends provided for or paid during the year set out below show the information that would have been disclosed had the new accounting policy always been applied.

	30 June 2003 \$'000	30 June 2002 \$'000 (Restated)
Restatement of retained profits		
Previously reported retained profits at the end of the previous period	-	-
Change in accounting policy for providing for dividends	2,552	2,552
Restated retained profits at the beginning of the period	2,552	2,552
Net profit attributable to members of the Company	2,947	2,701
Net transfers from reserves	375	1,552
Total available for appropriation	5,874	6,805
Dividends provided for or paid	(4,253)	(4,253)
Restated retained profits at the end of the period	1,621	2,552

Restatement of current liabilities – provisions

Previously reported carrying amount at the end of the period	-	2,552
Adjustment for change in accounting policy	-	(2,552)
Restated carrying amount at the end of the period	-	-

Restatement of total dividends provided for or paid

Previously reported total dividends provided for or paid during the period	4,253	4,253
Adjustment for change in accounting policy	-	-
Restated total dividends provided for or paid during the period	4,253	4,253

(k) Rounding of Amounts

The Company is of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order, to the nearest thousand dollars, or in certain cases to the nearest dollar.

2. Operating Profit

Profit from ordinary activities before income tax expense includes the following specific gains and expenses:

	2003 \$'000	2002 \$'000
(a) Net Gains		
Dividends	3,209	2,760
Income from trusts	254	267
Interest from investments	330	653
Interest from deposits and income from bank bills	175	84
Income from options written	106	222
Sub-underwriting commission	5	34
	4,079	4,020
(b) Expense		
Borrowing expenses	45	127
Administration costs	1,056	1,120
Remuneration to the auditors for:		
- auditing the financial statements	20	15
- other assurance services	-	1
- taxation services	20	19
- taxation consulting services	2	-
	1,143	1,282
Profit from ordinary activities before income tax	2,936	2,738

21

3. Income Tax

The amount of income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as set out below:

	2003 \$'000	2002 \$'000
Prima facie income tax at 30 per cent	881	821
Tax effect of permanent differences which (reduce)/increase tax payable:		
- franked dividends	(846)	(749)
- sundry items	(10)	(52)
Prima facie tax adjust for permanent differences	25	20
- (over)/under provision in prior year	(36)	17
Income tax attributable to profit from ordinary activities	(11)	37

Notes to the Financial Statements *continued*

	2003 \$'000	2002 \$'000
3. Income Tax (continued)		
Income tax attributable to profit from ordinary activities was comprised of:		
- current	61	(309)
- deferred	5	(80)
- future income tax benefit	(41)	409
- (over)/under provision in prior year	(36)	17
	<u>(11)</u>	<u>37</u>

4. Current Assets – Cash

Cash at bank and on hand	4	3
Deposits at call	1,532	55
Discounted bills of exchange	5,973	3,990
Total cash	<u>7,509</u>	<u>4,048</u>

22

Deposits at call yielded an average floating rate of 4.66 per cent (2002: 4.42 per cent). Discounted bills of exchange yielded an average fixed return 4.79 per cent (2002: 4.65 per cent) and have a fixed term up to six months.

The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest. Purchased bills of exchange are carried on the statement of financial position at an amount less than the amount realisable at maturity.

The credit risk exposure of the Company regarding purchased bills of exchange is the carrying value, which is comprised of the cost of the bank bills and the income accrued to balance date.

5. Current Assets – Receivables

	2003 \$'000	2002 \$'000
Dividends receivable	58	-
Trust income receivable	98	114
Interest receivable	19	11
Outstanding settlements	-	10
	<u>175</u>	<u>135</u>

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

The credit risk exposure of the Company in relation to receivables is the carrying amount.

6. Non-Current Assets – Investment Securities

	2003 \$'000	2002 \$'000
Listed securities:		
- shares and trust units at market value	89,747	91,760
- converting and convertible notes at market value	5,830	3,298
Unlisted securities – at Directors' valuation	195	338
	95,772	95,396

If all holdings of securities held as non-current investments had been sold at balance date a net capital gains tax liability of \$4.6 million (2002: \$3.5 million) would have arisen. However, Directors do not intend to dispose of the portfolio and therefore do not expect that the tax associated with such a disposal would be incurred.

Credit risk exposures to the Company arise in relation to converting and convertible notes to the extent of their carrying values in the event of a shortfall on winding-up of the issuing companies.

23

7. Non-Current Assets – Future Income Tax Benefits

The Company's future income tax benefit of \$144,029 (2002: \$100,035) arises from timing differences in the incidence of taxation. The key contributors are:

- tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out; and
- provisions and expenses charged to the accounting profit which are not yet tax deductible.

The future income tax benefit arising from provisions and expenses charged but not yet tax deductible, will be obtained when the relevant items become tax deductible, provided that the Company derives sufficient assessable income to enable the benefit from the deductions to be taken in that year and there are no intervening changes in tax legislation adversely affecting the Company's ability to claim the tax deduction.

8. Current Liabilities – Payables

	2003 \$'000	2002 \$'000
Outstanding settlements	106	822
Other payables	166	144
	272	966

Payables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

Notes to the Financial Statements *continued*

9. Current Liabilities – Provisions

	2003 \$'000	2002 \$'000
Dividend	-	2,552
	-	2,552

10. Associated Financial Arrangements

Standby arrangements and credit facilities:

The Company is party to an agreement under which National Australia Bank has agreed to accept or accept and discount bills of exchange up to a total amount of \$10 million (2002: \$10 million). The facility was undrawn at 30 June 2003.

11. Current liabilities – Options Written

	2003 \$'000	2002 \$'000
Listed securities at market value:		
- options written by the Company		
- calls	39	-
	39	-

24

The Company enters into option contracts for the purpose of enhancing returns, offsetting risk or providing opportunities to acquire or sell stock at advantageous prices. Most of these contracts are exchange-traded share options and are entered into within the constraints and controls imposed by the Australian Derivatives Market and the Australian Stock Exchange Limited or the New Zealand Futures and Options Exchange. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily. The Investment Committee meets regularly (normally fortnightly) to consider, review and approve the investment, trading and sub-underwriting transactions of the Company and related matters.

Collateral security to cover written option positions and actual and prospective margin calls is lodged with the Options Clearing House and/or the Sydney Futures Exchange Clearing House as required by their rules.

Option-related contracts are accounted for in accordance with the accounting policy described in Note 1(b)(i) to (iv).

Trading opportunities may arise where attractive 'over the counter' options and other derivatives are available to the Company. The Company may choose to participate in such transactions in the future provided that the risk is acceptable and they relate to the Company's holding of underlying listed securities.

Collateral security to cover 'over the counter' written option positions is lodged with the counter party.

12. Non-Current Liabilities – Provisions

	2003 \$'000	2002 \$'000
Director retirement benefits	444	333
	444	333

Movements in Provisions

Movements in each class of provision, other than employee benefits, are set out below.

	Directors Retirement Benefits \$'000	Dividends \$'000	Total \$'000
Carrying amount at the start of the year	333	2,552	2,885
Adjustment from change in accounting policy (note 1(j))	-	(2,552)	(2,552)
Additional provisions recognised	111	-	111
Carrying amount at the end of the year	444	-	444

25

Provision is made for Directors retirement benefits in accordance with the accounting policy described in note 1(i).

13. Shareholders' Equity – Contributed Equity

	2003 Shares '000	2003 \$'000	2002 Shares '000	2002 \$'000
(a) Share capital				
Ordinary shares – fully paid	87,629	86,625	85,065	84,095
	87,629	86,625	85,065	84,095

(b) Movements in Share Capital of the Company for the Year were as Follows
(no movements in share capital occurred in the prior year):

Date	Details	Notes	Number of Shares '000	Issue Price	Paid-up Capital \$'000
30/06/2002	Balance		85,065		84,095
10/04/2003	Share Acquisition Plan	(i)	2,564	\$1.00	2,564
Various	Cost of share issues				(34)
30/06/2003	Balance		87,629		86,625

Notes to the Financial Statements *continued*

- (i) The Company operates a Share Acquisition Plan which permits Directors to allot shares to a maximum value per year of \$5,000 per holder of shares or convertible notes. On 10 April 2003, shares were issued under this Plan at a price of \$1.00 each, being 4.4 per cent less than the average closing price on the Australian Stock Exchange in the three trading days up to and including 12 February 2003.

14. Shareholders' Equity – Reserves

	2003 \$'000	2002 \$'000
(a) Balances		
Asset revaluation reserve	13,191	11,180
Asset realisation reserve	1,372	779
	14,563	11,959
(b) Movements		
<i>(i) Asset Revaluation Reserve</i>		
- opening balance	11,180	12,853
- revaluation of long term investments	3,010	(479)
- revaluation of options written	(3)	-
- transfer to asset realisation reserve	(996)	(1,194)
Closing balance	13,191	11,180
<i>(ii) Asset Realisation Reserve</i>		
- opening balance	779	1,519
- transfer to retained profits*	(375)	(1,552)
- transfer from asset revaluation reserve	996	1,194
- tax on disposals of long term investments	(28)	(382)
Closing balance	1,372	779

* Part of the final dividend for 2002 of which a proportion relates to the distribution of LIC gains.

(c) Nature and Purpose of Reserves

(i) Asset Revaluation Reserve

This reserve is used to record increments and decrements on the revaluation of non-current assets as described in accounting policy note 1(b)(iii).

(ii) Asset Realisation Reserve

This reserve records gains or losses arising from disposal of long term investments as described in accounting policy note 1(b)(iii). It is adjusted for applicable tax on such disposals, if any, as described in note 1(c). As the balance relates to net realised gains it may be distributed as cash dividends at the discretion of Directors.

15. Shareholders' Equity – Retained Profits

	2003 \$'000	2002 \$'000
Opening balance	-	-
Adjustment resulting from change in accounting policy for providing for dividends	2,552	-
Net profit of the Company	2,947	2,701
Net transfers from reserves	375	1,552
Dividends provided for or paid	(4,253)	(4,253)
	<u>1,621</u>	<u>-</u>

16. Total Shareholders' Equity

Total equity at the beginning of the financial year	96,054	98,467
Adjustment resulting from change in accounting policy for providing for dividends	2,552	-
Total changes in equity recognised in the statement of financial performance	5,926	1,840
Transactions with owners as owners:		
- contributions of equity, net of transaction costs	2,530	-
- dividends provided or paid	(4,253)	(4,253)
Total equity at the end of the financial year	<u>102,809</u>	<u>96,054</u>

27

17. Reconciliation of Net Cash Flows From Operating Activities to Profit From Ordinary Activities After Income Tax

Profit from ordinary activities after income tax	2,947	2,701
Capital gains tax provision included in asset realisation reserve	(28)	(382)
Decrease (increase) in current receivables	(50)	198
Decrease (increase) in future income tax benefit	(44)	406
Decrease (increase) in other securities	-	13,613
Increase (decrease) in options written	36	-
Increase (decrease) in current payables	22	1
Increase (decrease) in provision for tax liability	253	(285)
Increase (decrease) in provision for deferred tax liability	9	(81)
Increase (decrease) in non current provisions	111	162
Net cash flows from operating activities	<u>3,256</u>	<u>16,333</u>

Notes to the Financial Statements *continued*

18. Dividends

	2003 \$'000	2002 \$'000
Interim dividend of 2 cents per share fully franked at 30 per cent (2002: 2 cents fully franked at 30 per cent), paid 12 March 2003 (2002: 14 March 2002)	1,701	1,701
Final dividend of 3 cents per share fully franked at 30 per cent paid on 15 August 2002 recognised as a liability at 30 June 2002 but adjusted against retained profits at the beginning of the financial year due to the change in accounting policy for providing for dividends (note 1 (j)).	2,552	2,552
	4,253	4,253

Dividends Declared After Balance Date

Since the end of the year Directors have declared a final dividend of 3 cents per ordinary share, fully franked at 30 per cent. The aggregate amount of the final dividend for the year to 30 June 2003, to be paid on 25 August 2003, but not recognised as a liability at the end of the financial year as a result of the change in accounting policy for providing for dividends (note 1 (j)).

2,629

19. Franking Credits

Balance on the franking account after allowing for tax payable in respect of the current year's profits, the receipt of dividends recognised as receivables and the payment of dividends recognised as a liability at the reporting date.

1,179	690
Credit	Credit

Under legislation that took effect on 1 July 2002, the amount recorded in the franking account is the amount of Australian income tax paid, plus tax imputed on dividends received. Prior to that date, franking credits were based on after tax profits and the amount of franked dividends received. The amounts debited to that account in respect of dividends paid after 30 June 2002 are the franking credits attaching to those dividends rather than the gross amount of those dividends. In accordance with this legislation, the franking credits available at 30 June 2002 of \$1,611,000 based on after tax profits, were converted so that the opening balance on 1 July 2002 reflected the underlying tax paid amount of \$690,000 which is shown as the comparative amount above.

20. Related Parties

Persons who were Directors of Mirrabooka Investments Limited throughout the financial year ended 30 June 2003 were:

TA Campbell
 RE Barker
 RJ Fyrmore
 GJ Paynter
 GA Tomlinson

	2003 \$'000	2002 \$'000
(a) Income received by the Company from:		
- JBWere Limited for sub-underwriting/placement commission revenue	-	10
- JBWere Capital Markets Limited for interest revenue	95	92
(b) Expenses paid or payable by the Company to:		
- JBWere Limited for brokerage expenses	20	83
- JBWere Limited for investment research expense	496	511
(c) Sale of Securities to JBWere Limited as principal	-	29
(d) Purchases of bank bills from JBWere Capital Markets Limited as principal (includes replacements of maturing bills)	22,947	28,930
(e) Sales of bank bills to JBWere Capital Markets Limited as principal	6,992	7,972
(f) Expense paid or payable to JBWere Capital Markets Limited for management of the cash and bank bill portfolio	2	-
(g) Deposits held at call with JBWere Capital Markets Limited	1,532	55

29

Directors TA Campbell, and GJ Paynter are interested in the transactions described above as Directors, managers, employees and/or shareholders of JBWere Stockbroking Limited, JBWere Capital Markets Limited and JBWere Group Holdings Pty Ltd.

Director RE Barker was interested in the transactions described above as a shareholder of the JBWere Group during the 2002 financial year.

Prior to 30 June 2002 RE Barker ceased to be a shareholder of the JBWere Group.

Notes to the Financial Statements *continued*

(h) Transactions of Directors and Director Related Entities Concerning Shares or Share Options

Aggregate numbers of shares and share options of the Company acquired or disposed of by Directors of the Company or their Director-related entities:

	2003 Units	2002 Units
Acquisition		
- shares	145,000	100,000
Disposals		
- shares	-	105,000*

* Disposal of shares held by a trustee company of which TA Campbell and GJ Paynter are Directors.

(i) Holdings of Securities

At balance date, shares issued by the Company and held directly, indirectly or beneficially by Directors of the Company, or by entities to which they were related

6,525,003	6,380,003
-----------	-----------

Director and Director-related entities receive only normal dividends on these shares.

The above 2003 figure includes 5,660,000 shares (2002: 5,660,000 shares) held by Invia Custodian Pty Limited and 145,000 shares (2002: 145,000 shares) held by TAAP Superannuation Pty Ltd an entity to which Directors TA Campbell and GJ Paynter are related. All other related party information is included in the notes to the financial statements.

21. Directors' and Executives' Remuneration

	2003 \$	2002 \$
(a) Directors' Remuneration		
Fees	174,000	174,000
Provision for retirement benefits	110,250	162,352
Superannuation Guarantee amounts	15,660	13,920
	299,910	350,272

The numbers of Directors whose total income, excluding retirement benefits, from the entity was within the specified bands are as follows:

	Number of Directors	
	2003	2002
\$30,000 - \$39,999	4	4
\$60,000 - \$69,999	1	1

(b) Executive Remuneration

The Company had no employees in the current and prior year.

22. Directors' Service and Retirement Benefits Agreements

Service agreements, in a form approved by the Company in a general meeting, have been entered into with each Director which include provisions for retirement benefits. Entitlements of Directors under these agreements are provided for in determining profit but have not been separately funded.

23. Superannuation Commitments

The Company contributes to various external superannuation funds on behalf of Directors to meet its obligations in relation to the Superannuation Guarantee Charge. There are no other superannuation obligations.

24. Financial Reporting by Segments

The Company operates predominantly in the securities industry in Australia.

25. Earnings Per Share

	2003 Cents	2002 Cents
Basic earnings per share	3.44	3.18
	Number	Number
Weighted average number of shares used as the denominator	85,627,076	85,065,003
	\$'000	\$'000
Earnings used in calculating earnings per share	2,947	2,701

31

26. Contingencies

As at balance date the Company had sold call options which potentially required the Company to deliver securities to the value of \$0.95 million (2002: \$0). There were no other material contingent liabilities or contingent assets.

27. Events Since Balance Date

At the meeting of the Board on 24 July 2003 the Directors approved a one for four renounceable rights issue at \$1.00 per share for shareholders on the register as at 20 August 2003 to raise an additional \$22 million of capital. The new shares resulting from this issue will not rank for any interim dividend which may become payable in March 2004, but will rank for dividends thereafter. Proceeds of this issue will be used to enable further investment in small and medium sized companies located in Australia and New Zealand, in line with the Company's current investment criteria.

Directors' Declaration

The Directors declare that the financial statements and notes set out on pages 14 to 31:

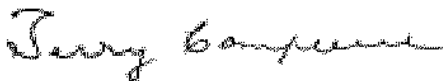
- (a) comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's financial position as at 30 June 2003 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with Corporations Act 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

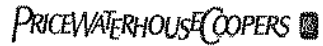
32



Terry Campbell
Chairman

Melbourne
24 July 2003

Independent Audit Report



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Independent audit report to members of Mirrabooka Investments Limited.

Audit Opinion

In our opinion, the financial report of Mirrabooka Investments Limited:

- gives a true and fair view of the financial position of Mirrabooka Investments Limited at 30 June 2003, and of its performance for the year ended on that date; and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia.

This opinion must be read in conjunction with the rest of our audit report.

33

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Mirrabooka Investments Limited, for the year ended 30 June 2003.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

Independent Audit Report *continued*

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

We read the other information in the Annual Report to determine whether it contained any material inconsistencies with the financial report.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

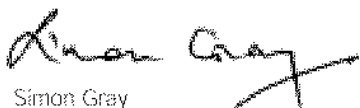
Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.



PricewaterhouseCoopers
Chartered Accountants



Simon Gray
Partner

Melbourne
24 July 2003

Corporate Governance

Board Role

The role of the Board of Directors is to set goals and policies for the operation of the Company, to oversee the Company's activities, to regularly review performance and to generally monitor the Company's affairs in the best interests of its shareholders. For these responsibilities, the Board is accountable to its shareholders.

The Company's primary goal is to provide an attractive total return for shareholders over the medium to long term.

The Board has been managing the Company to enable it to meet its goals.

The Directors are committed to the highest standards of compliance, ethical behaviour and corporate governance applicable to the Company's particular activities.

In March 2003 the ASX Corporate Governance Council published its 'Principles of Good Corporate Governance and Best Practice Recommendations'. The ASX requires listed companies to comply with these recommendations, or if they do not, to explain departures from them, in Annual Reports published from 2004. The Directors are currently reviewing the Company's corporate governance policies in light of the ASX Corporate Governance Council report.

35

Board Membership

The board is comprised of a Non-Executive Chairman, Managing Director and three Non-Executive Directors all of whom have a personal financial interest in the Company.

Selection of Directors to fill vacancies, and their nomination for election at the next meeting of shareholders, is a matter for the Board as a whole. Matters considered by the Board include the ability of the Director to contribute towards achievement of the Company's goals, breadth of business experience and knowledge of the Australian investment scene.

The Directors meet formally as a Board at least 11 times per year. Additional commitment of time is required for committee meetings described below.

Investment Committee

An Investment Committee approves all investment decisions, reviews performance of investments, sets investment policies, reviews sub-underwriting offers and deals with other portfolio related activities such as voting instructions and lodgement of proxies. The Committee comprises five Directors and meets regularly (normally fortnightly).

Audit Committee

An Audit Committee comprised of two Directors (presently GA Tomlinson, chairman of the committee and RJ Fynmore) meets periodically to review issues relating to the controls applied to the Company's activities, accounting policies, the content of financial statements and related issues. Meetings of the committee are attended by a partner from the Company's auditors, PricewaterhouseCoopers and the Managing Director, RE Barker by invitation.

Corporate Governance continued

Continuous Disclosure

As a listed entity, the Company has an obligation under the Listing Rules to maintain an informed market with respect to its securities. Accordingly, we keep the market advised of all information required to be disclosed under the Rules which we believe would have material affect on the price or value of the Company's securities.

In addition to the Half Yearly and Annual reporting requirements, there is a constant stream of information being provided to the Stock Exchange. Of particular note, is the disclosure after each month-end of the Company's Net Asset Backing per Share. This is also disclosed at other times if a material change in value has occurred. All important Stock Exchange announcements are also posted to the Company's internet website.

Risk Management

The Company seeks to reduce investment risk by a policy of diversification of investments across industries and companies operating in the small to mid-cap sectors of the market.

Remuneration of Directors

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.

Dealing With Conflicts of Interest

From time to time matters arise at the Board and Investment Committee which may involve one or more Directors with an actual or perceived conflict of interest. In such instances, the Company fully complies with applicable regulatory requirements relating to dealing with conflicts of interest, such that interested Directors do not take part in the discussion or vote on the matter concerned.

Dealings by Directors and Officers in Company Securities

Specific rules have been adopted by the Board in relation to buying or selling by Directors and officers, of securities in the Company itself. These rules preclude any buying or selling in the period of five days before any scheduled announcement, the day of the announcement and the day after, and require pre-notification of intent to the Chairman and post-notification of execution. In addition, Directors and officers must not buy or sell the Company's securities if they possess information which is not generally available and which may materially affect the value of the Company's securities.

Details of all securities transactions by Directors are publicly reported to the Australian Stock Exchange within five business days of their occurrence as required by the Listing Rules.

Information About Shareholders

At 18 July 2003 there were 3,184 holdings of shares. These holders were distributed in the following categories:

Size of Holding	Share Holdings Number
1 to 1,000	62
1,001 to 5,000	356
5,001 to 10,000	1,088
10,001 to 100,000	1,621
100,001 and over	57
	3,184
Percentage held by the 20 largest holders	31.65%
There were five holdings of less than an economic parcel of \$500 (421 shares).	

Major Shareholders

The 20 largest holdings of the Company's ordinary shares as at 18 July 2003 are noted below:

	Held Units	%
1 Invia Custodian Pty Ltd	6,559,000	7.48%
2 Australian Foundation Investment Company Limited	5,244,000	5.98%
3 MF Custodians Ltd	5,030,000	5.74%
4 Djerriwarth Investments Limited	5,000,000	5.71%
5 Tower Trust Limited	1,291,490	1.47%
6 Rosebery Investments Pty Ltd	867,000	0.99%
7 RBC Global Services Australia Nominees Pty Limited	420,750	0.48%
8 SDS Holdings Pty Ltd	400,000	0.46%
9 Corporate Data Control Pty Limited	395,000	0.45%
10 Ian Tweedie, Ian Fraser and John Hannaford	300,000	0.34%
11 Yelgarn Pty Ltd	255,000	0.29%
12 Bromyard Investments Pty Ltd	250,000	0.29%
13 Jane Cameron	250,000	0.29%
14 Baker Custodian Corporation	240,000	0.27%
15 Terrence Arthur Campbell	225,001	0.26%
16 Clayef Pty Ltd	205,000	0.23%
17 Annie Oceania Pty Ltd	200,000	0.23%
18 Chalcott Nominees Pty Ltd	200,000	0.23%
19 Christine Elizabeth Cicutto	200,000	0.23%
20 Ainslie Robert Telford	200,000	0.23%

Substantial Shareholders

The Company has been notified of substantial shareholdings as follows:

Holder	Number of Shares	Date Notified
Australian Foundation Investment Company Ltd	5,200,000	28/08/2001
Djeriwarri Investments Limited	5,000,000	28/08/2001
MF Custodians Ltd	5,000,000	02/07/2001
JBWere Group Holdings Pty Ltd	5,660,000	20/01/2003

Holdings of Securities

As at 30 June 2003

Details of the Company's portfolio is 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.

Code	Company	Principal Activities	Units '000	Market Value \$'000
ALN	Alinta	West Australian gas retailer and distributor	440	2,468
APNG	APN News & Media 7.25 per cent Unsecured Convertible Notes	Publishing	1,349	5,830
AVJ	AVJennings Homes	Residential housing construction and land development	1,100	1,804
BAX	Baxter Group	Waste management	200	400
BCA	Baycorp Advantage	Credit reference bureau	400	568
BGN	Bresagen	Developing drugs for potential treatment of breast cancer and leukemia	350	110
BNO	Bionomics	Gene research for validated drug targets	500	125
CAB	Cabcharge Australia	Taxi charge service	541	1,595
CEY	Centennial Coal Company	Producer of domestic and export thermal and coking coal	534	1,164
CGO	CPT Global	IT Training and consulting	710	284
CPU	Computershare	Share registry services	500	935
CPUPA	Computershare 5.5 per cent reset convertible preference	Share registry services	13	1,258
DVC	DCA Group	Health care provider	1,185	2,583
DVCO**	DCA Group Options expiring 30/09/05	Health care provider	195	56
ENE	Energy Developments	Electricity generator	137	238
FOA	Foodland Associated	Retailer and wholesaler	230	4,531
FUN	Funtastic	Distributor and marketer of children's products	1,504	2,226
FWD	Fleetwood Corporation	Provider of mobile accommodation	250	1,020
GNS	Gunns	Forestry products	250	2,902
GRO	GroPep	Growth factor research	300	156
GUD	G.U.D. Holdings	Auto parts and equipment	485	2,284

Holdings of Securities *continued*

As at 30 June 2003

Code	Company	Principal Activities	Units '000	Market Value \$'000
GWT	GWA International	Manufacturing and marketing of household products	770	2,079
HIL	Hills Industries	Diversified manufacturer	900	3,132
HLX*	Hills Motorway Group	Toll road operator	700	4,059
HSP	Healthscope	Hospital owner and operator	2,132	5,289
HWI	Housewares International	Distributor of consumer products	1,000	2,060
ILU	Iluka Resources	Mining of titanium and other minerals	500	2,025
ION	ION	Auto parts and equipment	800	1,600
IWF	Integrated Group	Workforce recruitment and supply	1,400	1,904
JHX*	James Hardie Industries	Construction materials	551	3,850
KAZ	KAZ Group	IT outsourcing and data processing	2,700	392
MCP	McPherson's	Manufacturer of houseware products	100	328
MiG	Macquarie Infrastructure Group	Toll roads	1,050	3,770
NAL	Norwood Abbey	Drug delivery technology	500	410
***	Ninety East Corporation	Security solutions for e-commerce	18	19
NUF	Nufarm	Agricultural, industrial and pharmaceutical chemicals	1,026	4,297
ORG	Origin Energy	Oil and gas producer and supplier	600	2,430
ORI	Orica	Diversified chemicals	20	203
PBB	Pacifica Group	Diversified manufacturing	799	2,958
PEM	Perilya	Diversified minerals exploration company	900	396
PLT	Polartechncis	Medical instruments for cancer detection	177	196
PME	Pro Medicus	Practical management computer systems for radiologists	471	396
PPX	PaperlinX	Paper products manufacturer	250	1,145
PRG	Programmed Maintenance Services	Maintenance painting and other services	1,157	2,580
PRK	Patrick Corporation	Stevedoring and logistics	93	1,167
PRKPA	Patrick Corporation 6 per cent Converting Preference	Stevedoring and logistics	270	3,456
ROC	Roc Oil Company	Oil and gas exploration and production	750	870

Code	Company	Principal Activities	Units '000	Market Value \$'000
SBC	Southern Cross Broadcasting (Australia)	Television and radio broadcasting	189	1,646
SFC	Schaffer Corporation	Construction materials	120	1,470
SHV	Select Harvests	Almond producer and exporter	320	1,565
SPT	Spotless Group	Catering, other services and plastic product manufacturer	506	1,777
SSX	Smorgon Steel Group	Manufacture of scrap metal and steel products	1,600	1,856
STP	Stericorp	Medical waste disposal	4,250	893
TEN	Ten Network Holdings	Television network operator	750	1,613
**	UCMS Incorporated	Outsourcer for telecommunication, utility and financial services sector	1,100	176
VSL	Vision Systems	Fire detection and security technology	1,307	1,189
Total			40,949	95,733

41

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

** Unlisted.

Major Changes to the Investment Portfolio

(a) Acquisitions (Above \$0.75 Million)	Units '000	Cost \$'000
APN News and Media 7.25 per cent unsecured convertible notes	545	2,034
Smorgon Steel Group	1,600	1,703
AVJennings Homes	1,100	1,171
PaperlinX	250	1,115
Centennial Coal Company	534	1,099
Fleetwood Corporation	250	838

(b) Disposals (Above \$0.75 Million)	Units '000	Proceeds \$'000
Goodman Fielder	1,350	2,490
Housewares International	1,000	1,915
Patrick Corporation 6 per cent converting preference	79	1,065
Hills Industries	313	1,063
Gunns	110	1,022
Neverfail Springwater	417	1,010
Tranz Rail Holdings	1,389	908
G.U.D. Holdings	210	858
Sirtex Medical	175	830
Hills Motorway Group	150	808
Schaffer Corporation	60	759

Sub-Underwriting

During the year the Company participated as a sub-underwriter of issues of securities. The principal underwriter and securities involved were:

Company	Underwritten By	Description	Quantity Underwritten
Centennial Coal	Macquarie Equity Capital Markets	Placement of 51 million shares at \$1.55 per share	300,000

Broker Dealings

Mirrabooka has dealt with the following brokers/investment banks during the year:

43

Austock
EL & C Baillieu Stockbroking
Burdett Buckeridge Young
Citigroup
Credit Suisse First Boston
Deutsche Securities
Euroz Securities
JBWere
Lonsdale Securities
Macquarie Equities
JP Morgan Securities Australia
Shaw Stockbroking
UBS Wealth Management
Wilson HTM

Transactions included on-market purchases/sales, participation in floats, share placements and sub-underwriting.

Key Statistics

	2003	2002	2001	2000
Profit After Tax (\$ Million)	2.95	2.70	3.02	2.90
Investments at Market Value (\$ Million)	95.73	95.40	103.94	97.98
Earnings Per Share (Cents)	3.44	3.18	3.55	3.50
Dividends Per Share (Cents)	5	5	5	4
Net Asset Backing Per Share (Cents)^(a)	117.21	115.80	118.49	111.82
Number of Shareholders (30 June)	3,169	3,020	2,808	2,871

(a) Net asset 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.

Company Particulars

Mirraboooka Investments Limited

ABN 31 085 290 928

Directors

Terrence A Campbell, Chairman
Ross E Barker, Managing Director
Russell J Fynmore, AO
Guy J Paynter
Geoff A Tomlinson

Secretary

Mark A Licciardo

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office

Level 20, 101 Collins Street
Melbourne Victoria 3000

Contact Details

Mail GPO Box 2114S
Melbourne Victoria 3001
Telephone (03) 9650 9911
Facsimile (03) 9650 9100
Email invest@mira.com.au
Website www.mira.com.au

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

Telephone (toll free) 1800 780 784

Share Registrar

Name ASX Perpetual Registrars Ltd
Mail PO Box 1736
Melbourne Victoria 3001
Level 4, 333 Collins Street
Melbourne Victoria 3000

Shareholder

enquiry line 1300 554 474
+ 613 9615 9947 (from overseas)

Facsimile (03) 9615 9900

Email registrars@asxperpetual.com.au

Website www.asxperpetual.com.au

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

Stock Exchange

Code MIR

Annual General Meeting

Time 10:00am

Date Friday 10 October 2003

Venue Hilton on the Park

Location 192 Wellington Parade
East Melbourne, Victoria

