

ILLUMINATOR Investment Company Limited

ABN 48 107 470 333



**ILLUMINATOR  
INVESTMENT  
COMPANY LIMITED**

**2005 Annual Report**



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# ILLUMINATOR INVESTMENT COMPANY LIMITED

## HIGHLIGHTS

### Achievements

- Operating profit after tax of \$26,737.
- Paid maiden dividend of 0.5 cents per share on 21<sup>st</sup> April 2005.
- Shareholders equity increased by \$34,362 or 5.98%.

### Key Financial Statistics

	2005	2004
Net profit (loss) after tax	\$26,737	\$(528)
Earnings per Share (cents per share)	2.12	-0.04
Total Assets	\$632,502	\$595,074
Total Liabilities	\$23,663	\$20,552
Shareholders Funds	\$608,839	\$574,477
Return on Shareholders Funds	4.39%	-0.09%
Net Asset backing per share	\$0.48	\$0.46
Shares on issue	1,273,189	1,260,264
Number of Shareholders	116	115
Options on issue	1,260,262	1,260,262
Number of Option holders	115	115

### Benefits of Investing in Illuminator Shares

Illuminator Investment Company Limited was incorporated in 2003, and listed on the Stock Exchange of Newcastle Limited on 18<sup>th</sup> June 2004. Illuminator Investment Company Limited was the first Newcastle based company to list on the Stock Exchange of Newcastle Limited and the first Newcastle based listed institutional investor. Some of the benefits of investing in Illuminator Investment Company Limited shares include:

#### ▪ **Diversification of risk**

In order to diversify the risk in its investment portfolio, Illuminator intends to manage its investment portfolio with a view to building the number of issuers in the Portfolio to a minimum of 20 and a maximum of 40.

#### ▪ **Professional Management**

The investment portfolio of Illuminator is managed by Pritchard & Partners Pty. Limited, which is a participant of the Stock Exchange of Newcastle Limited and licensed by the Australian Securities & Investments Commission.

#### ▪ **Fixed Capital Base Not Affected by Unexpected Cash Inflows or Outflows**

Illuminator is able to invest for the medium to long term, as it has a fixed capital base and does not need to manage constant inflows and outflows of additional capital.

#### ▪ **Regular Reporting to the Stock Exchange of Newcastle Limited**

Illuminator reports its performance to the NSX and shareholders on a bi annual basis and it announces its net asset backing to the NSX monthly. In addition, as a listed company, Illuminator complies with the continuous disclose requirements of the NSX. Copies of all announcements to the NSX are also posted on the Illuminator internet site [www.illuminator.com.au](http://www.illuminator.com.au).

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## INVESTMENT MANAGER'S REPORT

During the course of the year your Company made significant progress towards building a long term investment portfolio. As a long term investor, your Company is continually seeking to acquire investments in companies with sound fundamentals and growth prospects.

It continues to be difficult to find value in the Australian share markets and as a consequence of this your Company has invested approximately 10.3% of its investment portfolio overseas. It is not expected, that at any time, significantly more than 10% of the Company's total portfolio will be held in overseas investments.

On the 21 April 2005 your Company, paid its maiden dividend of 0.5 cents per share, which was fully franked, and the directors have announced the payment of a final dividend in respect of the 2005 financial year which will also be at the rate of 0.5 cents per share fully franked.

The following table shows the progress of of Illuminator Investment Company Limited

Year	Dividends Cents Per Share	Net Profit /(loss) \$	Contributed Capital \$	Issued Ordinary Shares	Net Assets \$
2004	-	(528)	575,005	1,260,264	574,477
2005	0.5	26,737	581,306	1,273,189	608,839

### Trading Portfolio

During the year your Company established a small trading portfolio to enable the company to take advantage of short term trading opportunities. The trading portfolio contributed positively to the results of the Company produced a profit before tax from dividends received and gains in the value of the investments held in the portfolio of \$11,634. It is the Investment Manager's general policy for the Company's trading portfolio that it not exceed 10% of the total portfolio. At year ended the total value of the Company's trading portfolio was \$38,975 or 6.5% of the Company's total portfolio.

### Investment Portfolio

The value of the Company's investment portfolio as at 30 June 2005, stood at \$544,070, and the Company held approximately 3% of its portfolio in cash whilst awaiting for additional investment opportunities to arise.

### Investment Objectives

The investment objectives of Illuminator Investment Company Limited, are to;

- Preserve the capital of the Company;
- Achieve a high real rate of return, comprising both income and capital growth; and
- Deliver investors a secure income stream in the form of fully franked dividends.

### Investment Philosophy

The Manager, in order to achieve the Company's investment objectives, seeks to invest for the medium to long-term in companies and construct an investment portfolio for the Company which will;

- Focus on the investment merits of individual stocks rather than market and economic trends;
- Invest in shares which it expects to yield dividends;
- Invest in securities which it assesses to be undervalued relative to their long term potential;
- Have the securities of between 20 and 40 issues represented in its portfolio.

The Manager does not intend to follow the weightings of any index.

In accordance with its long-term investment philosophy, the Company does not intend to seek to increase profit for distribution to Shareholders by selling investments held in its investment portfolio.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## INVESTMENT MANAGER'S REPORT (CONTINUED)

### Details of Investments Held as at 30 June 2005

Name of Investment	Holding	Market Value \$	Portfolio %
<b>Investment Portfolio</b>			
<b>Australian Equities</b>			
Aevum Limited	10,000	14,000	2.33
Allco Equity Partners Limited	2,000	2,840	0.47
Alumina Limited	2,000	11,140	1.86
APN Regional Property Fund	10,358	7,976	1.33
Australian Value Funds Management Limited	11,881	3,921	0.65
Bendigo Bank Limited	1,500	14,805	2.47
Brumby's Bakeries Holdings Limited	10,000	12,000	2.00
Campbell Brothers Limited	2,000	18,800	3.13
CMI Limited – Converting Preference	9,000	12,240	2.04
Cochlear Limited	1,000	39,200	6.65
Equity Trustees Limited	1,000	11,100	1.85
Felix Resources Limited	3,598	10,290	1.72
Flight Centre Limited	1,250	17,500	2.92
Florin Mining Investment Company Limited	75,000	11,250	1.88
Florin Mining Investment Company Limited Series A Options	75,000	1,875	0.31
Florin Mining Investment Company Limited Series B Options	75,000	1,875	0.31
Fox Resources Limited Options	20,000	2,300	0.38
Green's Foods Limited	16,000	9,600	1.60
Harvey Norman Holdings Limited	10,000	25,000	4.17
Hills Industries Limited	3,250	14,040	2.34
Infomedia Limited	20,000	9,800	1.63
Integrated Tree Cropping Limited	10,000	12,000	2.00
KH Foods Limited	1,500	7,500	1.25
Lycopodium Limited	5,000	9,000	1.50
National Australia Bank Limited	1,190	36,604	6.10
Record Realty	25,000	21,750	3.63
Rural Press Limited	1,000	10,470	1.75
STW Communication Group Limited	7,067	19,788	3.30
Tower Limited	8,650	16,867	2.81
Warrnambool Cheese & Butter Factory Company Holdings Limited	6,578	23,549	3.93
<b>Total Australian Equities</b>		<b>409,080</b>	<b>68.21</b>

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## INVESTMENT MANAGER'S REPORT (CONTINUED)

### Details of Investments Held as at 30 June 2005 (continued)

Name of Investment	Holding	Market Value \$	Portfolio %
<b>International Equities</b>			
Berkshire Hathaway Inc. Class B Common Stock	4	14,577	2.43
Diageo PLC	500	9,746	1.62
Guinness Peat Group PLC	7,796	14,189	2.37
Mallet PLC	2,000	12,220	2.04
<b>Total International Equities</b>		<b>50,732</b>	<b>8.46</b>
<b>Fixed Interest</b>			
Commonwealth Bank of Australia FRN Exc. Res Conv Pref	204	41,636	6.94
Woolworths Limited Income Securities	404	42,622	7.11
<b>Total Fixed Interest</b>		<b>84,258</b>	<b>14.05</b>
<b>Total Investment Portfolio</b>		<b>544,070</b>	<b>90.72</b>
<b>Trading Portfolio</b>			
<b>Australian Equities</b>			
Golden Cross Resources Limited	100,000	3,200	0.53
Metabolic Pharmaceuticals Limited	40,000	24,600	4.10
<b>Total Australian Equities</b>		<b>27,800</b>	<b>4.64</b>
<b>International Equities</b>			
News Corporation Inc. Class B Common Voting Stock	500	11,175	1.86
<b>Total International Equities</b>		<b>11,175</b>	<b>1.86</b>
<b>Total Trading Portfolio</b>		<b>38,975</b>	<b>6.50</b>
<b>Cash</b>			
ING Bank (Aust) Limited – Business Optimiser Account		314	0.05
National Australia Trustees Limited Common Fund Account		16,339	2.72
<b>Total Cash</b>		<b>16,653</b>	<b>2.78</b>
<b>Total Portfolios</b>		<b>599,698</b>	<b>100.00</b>

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## INVESTMENT MANAGER'S REPORT (CONTINUED)

### Comments on Selected Investments

#### **Berkshire Hathaway Inc.**

Berkshire Hathaway Inc. (BRKB) is chaired by Warren Buffett, the world's second-wealthiest individual. This investment vehicle has a diverse portfolio of assets composed of opportunities in different areas, with its assets split approximately 40% in cash and bonds, 40% in wholly owned subsidiaries and 20% in listed equities. The largest and most important subsidiary is that of the insurance businesses. The success of the insurance businesses has generated an insurance float, an insurance float is a form of indefinite loan with no actual repayment date. As management employs a long-term approach to running the insurance businesses new premiums continually come in and so replenish the float as payments are made on claims.

The strong growth in cash flows generated by the insurance businesses has allowed Berkshire to diversify its assets with the acquisition of whole businesses in various industries including furniture and jewellery retail, as well as strategic holdings in global franchise companies including Coca-Cola, Gillette and American Express.

The continued growth in cash balances held, as at 30 June 2005 the company held approximately \$US 43,253 million in cash, places Berkshire in a strong position to take advantage of any opportunities in the future to benefit shareholders.

#### **Brumby's Bakeries Holdings Limited**

Brumby's Bakeries Holdings Limited (BBH) is a specialty bread retailer and one of Australia's largest and most successful franchise groups.

Brumby's had a modest beginning. The first store, known then as "Old Style Bread Centre", was opened in the Victorian suburb of Ashburton in 1975. Over the next decade the "Old Style Bread Centre" was introduced and expanded in Queensland. During the '80s, it was believed that the brand would be stronger with a "truly Australian" identity" – so the Brumby's brand was born. By the early '90s, Brumby's had become a true franchise success story.

Today Brumby's franchise chain has grown to over 290 throughout Australia and New Zealand.

Brumby's Bakeries Holdings Limited announced a 25% increase in its earnings on an operating basis from \$1.99 million to \$2.49 million for the current year.

Brumby's Bakeries Holdings Limited, is listed on the Bendigo Stock Exchange Limited.

#### **Cochlear Limited**

Cochlear Limited (COH) is a manufacturer and marketer of cochlear implants which are used to stimulate impaired hearing. Cochlear has over 58,000 implant recipients and more than 1,000 clinics in over 80 countries worldwide. Cochlear is in a leading global position, with approximately a 70% share of global cochlear implants.

The 2005 financial year was a turnaround year for the company, with profit after tax increasing 59% to \$58.3m. Cochlear acquired Entific Medical Systems in March of 2005, Entific has a complimentary product line known as Baha implants. The Baha implant is used for conductive hearing loss and single sided deafness. Cochlear anticipates that the acquisition will immediately be cash earnings per share positive.

#### **Diageo plc**

Diageo plc (DGE) is one of the worlds biggest liquor makers, and owns an unrivalled collection of well-known brands such as Captain Morgan's rum, Guinness, Johnie Walker whisky, Smirnoff vodka and Tanqueray gin. For the financial year just ended, the sales volume of its eight most important brands were up by 4%. The company is also on an efficiency drive in a bid to make it self leaner and fitter. This cost-cutting together with price increases are forecast to deliver an improvement in operating margins from 29 per cent for the year just ended, to over 32 per cent by 2006-2007.

Diageo plc is listed on the London Stock Exchange plc.



## ILLUMINATOR INVESTMENT COMPANY LIMITED

### INVESTMENT MANAGER'S REPORT (CONTINUED)

#### **Lycopodium Limited**

Lycopodium Limited (LYL) provides consulting engineering services to both the mining and manufacturing industries. It specialises in engineering, procurement and construction management type contracts, providing a complete service to its clients from feasibility study through process development and construction management to implementation.

Lycopodium listed on the ASX in December 2004 after issuing a prospectus to raise \$6m. The company reported a net profit after tax for the 2005 financial year of \$5.451m, \$1.171m above the forecast indicated in its prospectus. The company has since announced three new projects, one being the engineering, procurement and construction management contract for Newmont Mining Corporations Akyem Gold project located in the eastern region of Ghana, West Africa.

#### **Mallett PLC**

Mallett PLC (MAE) is an antique dealer which was founded in Bath, England in 1865. Today Mallett PLC has two shops in London and one in New York. Whilst trading has been respectable, it has been effected by the weakness of the dollar and lack of visitors to London. Mallett PLC owns the leasehold interest in a property situated in the heart of Mayfair, London, which is included in its financial statements at a 1994 valuation of £3,538,000. Mallett PLC is presently in the process of attempting to convert the title on this property to freehold.

Mallett PLC is listed on the London Stock Exchange plc.

#### **Warrnambool Cheese & Butter Factory Company Holdings Limited**

Warrnambool Cheese and Butter Factory Company Holdings Limited (WCB) is the holding company for the Warrnambool Cheese & Butter Factory which was established in Warrnambool, Victoria in 1888, making it the oldest surviving Dairy Company in Australia.

It produces a variety of dairy products for both the domestic and export markets.

The Company's cheese plant is one of the largest and most modern cheese plants in Australia. The majority of cheese produced at the plant is of the standard cheddar variety. In addition, low fat cheddar, skim milk, gouda, romano and swiss style cheeses are also produced. The cheese plant is highly computerised and is capable of manufacturing approximately 110 tonnes of cheese per day from 1.2 million litres of milk.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## CORPORATE GOVERNANCE STATEMENT

The Board has the responsibility of ensuring the Company is properly managed so as to protect and enhance shareholders interests in a manner that is consistent with the Company's responsibility to meet its obligations to all parties with which it interacts. To this end, the Board has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and nature of activities.

The main corporate governance policies are summarised below.

### **Appointment and Retirement of Non-Executive Directors**

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case by case basis and on conformity with the requirements of the Listing Rules and the Corporations Act.

### **Director's Access to Independent Professional Advice**

It is the Board's policy that any committees established by the Board should:

- Be entitled to obtain independent professional or other advice at the cost of the Company, unless the Board determines otherwise.
- Be entitled to obtain such resources and information from the Company including direct access to employees of and advisers to the Company as they might require.
- Operate in accordance with the terms of reference established by the Board.

### **Audit Committee**

The Audit Committee intends to meet with the external auditors at least twice a year. This committee addresses the financial and compliance oversight responsibilities of the Board. The specific activities include assessing and monitoring:

- The adequacy of the Company's internal controls and procedures to ensure compliance with all applicable legal obligations.
- The adequacy of the financial risk management processes.
- The appointment of the external auditor, any reports prepared by the external auditor and liaising with the external auditor.

### **Board Participation in Management**

Under the Management Agreements, the Manager has discretion to acquire and dispose of investments on behalf of the Company. Investments consistent with the Investment Guidelines may be undertaken without consultation with the Board.

Any proposed investment that does not fall within this Investment Strategy or any change in the Investment Strategy proposed by the Manager requires the prior approval of the Board which may be withheld in its absolute discretion.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2005.

### Directors

The names of directors in office at any time during or since the end of the financial year are:

Steven Shane Pritchard

Daniel Di Stefano

Darval Warwick Thomas

All directors have been in office since the start of the financial year to the date of this report.

### Company Secretary

Daniel Di Stefano held the position of company secretary at the end of the financial year. Further details in respect of the qualifications of the Company Secretary are contained in the Information on Directors.

### Principal Activities

The principal activity of the Company during the financial year was making medium to long term investments in securities.

There were no significant changes in the nature of the Company's principal activities during the financial year.

### Review of Operations & Operating Results

The net profit of the Company after providing for income tax was \$26,737.

The Company's total return for the period was 6.07% as measured by the movement in the net asset backing per share plus dividends paid to shareholders.

### Dividends Paid or Declared

Dividends paid or declared for payment are as follows:

Interim ordinary dividend of 0.5 cents per share paid on 21 April 2005 totalling \$6,301.

Since the year end the directors have declared a fully franked final dividend of 0.5 cents per share to be paid on 21 October 2005.

### Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the financial year.

### After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

### Future Developments, Prospects and Business Strategies

The Company will continue to pursue its investment objectives for the long-term benefit of members. This will require the continued review of the investment strategy that is in place and may require some changes to that strategy.

Further information on likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under the law of the Commonwealth and State.

### Information on Directors

Particulars of directors and their interests in shares in Illuminator Investment Company Limited for the whole of the financial year and up to the date of this report.

<b>Steven Shane Pritchard</b>	—	Chairman (Executive)
Qualifications	—	Bachelor of Commerce, Certified Practising Accountant, Registered Tax Agent, Fellow Taxation Institute of Australia, Graduate Diploma Applied Finance and Investment, and Associate Securities Institute of Australia
Experience	—	Appointed Chairman 2003. Board member since 2003.
Interest in Shares and Options	—	409,105 Ordinary Shares in Illuminator Investment company Limited and options to acquire a further 404,480 ordinary shares
Special Responsibilities	—	Steven Pritchard is a Member of the Audit Committee
Directorships held in other listed entities	—	Current director of Florin Mining Investment Company Limited (since 29 September 2004), and Winpar Holdings Limited (since 4 July 2004)
<b>Daniel DiStefano</b>	—	Director (Executive) and Company Secretary
Qualifications	—	Bachelor of Commerce; Certified Practising Accountant
Experience	—	Board member and company secretary since 2003.
Interest in Shares and Options	—	110,147 Ordinary Shares of Illuminator Investment Company Limited and options to acquire a further 8,040 ordinary shares.
Special Responsibilities	—	Daniel Di Stefano is a Member of the Audit Committee
Directorships held in other listed entities	—	Current director of Florin Mining Investment Company Limited (since 29 September 2004).
<b>Darval Warwick Thomas</b>	—	Director (Non-Executive)
Qualifications	—	Fellow of CPA Australia, Registered Company Auditor, Registered Tax Agent
Experience	—	Board member since 2003
Interest in Shares and Options	—	40,800 Ordinary Shares of Illuminator Investment Company Limited and options to acquire a further 40,800 ordinary shares
Special Responsibilities	—	Darval Thomas is a Member of the Audit Committee

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### Remuneration Report

#### a. Principals used to determine nature and amount of Directors' Remuneration

All issues in relation to remuneration of both Executive Directors and Non-Executive Directors are dealt with by the board of the Company.

The constitution of Illuminator Investment Company Limited requires approval by the shareholders in general meetings of a maximum amount of remuneration per year 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 Directors. The amount of remuneration currently approved by shareholders for Non-Executive Directors is a maximum of \$45,000 per annum.

Non-Executive 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.

Non-Executive Directors do not receive any performance based remuneration.

#### b. Directors' Remuneration

2005	Salary & Fees	Superannuation Contributions	Other	Total
	\$	\$	\$	\$
Steven Shane Pritchard	--	--	--	--
Daniel Di Stefano	--	--	--	--
Darval Warwick Thomas	--	--	--	--
	--	--	--	--

2004	Salary & Fees	Superannuation Contributions	Other	Total
	\$	\$	\$	\$
Steven Shane Pritchard	--	--	--	--
Daniel Di Stefano	--	--	--	--
Darval Warwick Thomas	--	--	--	--
	--	--	--	--

#### c. Executives' Remuneration

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

The Company has only two executives, SS Pritchard and D DiStefano (2004: two executives). As all of the Executives are Directors of the Company, remuneration in respect of those Executive Directors is included in Directors' Remuneration.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### d. Shareholdings

#### Number of Shares Held by Directors

	Balance 1.7.2004	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.6.2005
Steven Shane Pritchard	369,481	--	--	39,624	409,105
Daniel Di Stefano	108,041	--	--	1,106	109,147
Darval Warwick Thomas	40,800	--	--	--	40,800
<b>Total</b>	<b>518,322</b>	<b>--</b>	<b>--</b>	<b>40,730</b>	<b>559,052</b>

\* Net change other refers to shares purchased or sold during the financial year.

### e. Optionsholdings

#### Number of Options Held by Directors

	Balance 1.7.2004	Granted as Remuneration	Options Exercised	Net Change Other*	Balance 30.6.2005	Total Exercisable 30.6.2005
Steven Shane Pritchard	371,480	--	--	33,000	404,480	404,480
Daniel Di Stefano	108,040	--	--	(100,000)	8,040	8,040
Darval Warwick Thomas	40,800	--	--	--	40,800	40,800
<b>Total</b>	<b>520,320</b>	<b>--</b>	<b>--</b>	<b>(67,000)</b>	<b>453,320</b>	<b>453,320</b>

\* Net change other refers to options purchased or sold during the financial year.

### Meetings of Directors

During the financial year, 4 meetings of directors (including committees) were held. Attendances were:

	DIRECTORS MEETINGS		AUDIT COMMITTEE MEETINGS	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
Steven Shane Pritchard	4	4	1	1
Daniel Di Stefano	4	4	1	1
Darval Warwick Thomas	4	4	1	1

### Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.

### Options

At the date of this report, the unissued ordinary shares of Illuminator Investment Company Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
18 June 2004	15 December 2006	\$0.50	1,260,262

During the year ended 30 June 2005 no shares were issued pursuant to the exercise of any options. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 13 of the directors' report.

Signed in accordance with a resolution of the Board of Directors.



**Steven Shane Pritchard**

Director



**Daniel Di Stefano**

Director

Dated this 28<sup>th</sup> day of September 2005.



## Independence Declaration to the Directors of Illuminator Investment Company Limited

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2005 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

FORSYTHES

V J Lewis  
Partner  
Chartered Accountants

Newcastle, 28 September 2005



## ILLUMINATOR INVESTMENT COMPANY LIMITED

### STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

	Note	2005 \$	2004 \$
Income from investment portfolio	2a	19,458	--
Income from trading portfolio	2b	11,634	--
Income from deposits	2c	8,804	3,246
Other income	2d	955	--
<b>Total income from ordinary activities</b>		<b>40,851</b>	<b>3,246</b>
Administration expenses		(20,792)	(3,411)
Borrowing costs expense		(216)	(77)
Management fees		(5,864)	--
Performance fees		(2,638)	--
Other expenses from ordinary activities		(809)	--
Unrealised losses on investment portfolio		--	(512)
<b>Profit/(Loss) from ordinary activities before income tax expense</b>	3	<b>10,532</b>	<b>(754)</b>
<b>Income tax benefit/(expense) relating to ordinary activities</b>	4	<b>16,205</b>	<b>226</b>
<b>Profit/(Loss) from ordinary activities after related income tax expense</b>		<b>26,737</b>	<b>(528)</b>
Direct adjustments against equity			
Realised gains/(losses) on investment portfolio (net of tax)	17a	7,367	--
Unrealised gains/(losses) on investment portfolio (net of tax)	17b	258	--
Total valuation adjustments attributable to members and recognised directly in equity		7,625	--
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>34,362</b>	<b>(528)</b>
Basic earnings per share (cents per share)	7	2.12	-0.04
Diluted earnings per share (cents per share)	7	2.12	-0.04

The Statement of Financial Performance should be read in conjunction with the accompanying notes

**ILLUMINATOR INVESTMENT COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005**

	Note	2005 \$	2004 \$
<b>CURRENT ASSETS</b>			
Cash assets	8	18,022	550,502
Receivables	9	3,261	3,788
Trading portfolio	10	38,975	--
Other	11	600	752
<b>TOTAL CURRENT ASSETS</b>		<b>60,858</b>	<b>555,042</b>
<b>NON-CURRENT ASSETS</b>			
Investment portfolio	12	544,070	38,930
Deferred tax assets	13	27,574	1,102
<b>TOTAL NON-CURRENT ASSETS</b>		<b>571,644</b>	<b>40,032</b>
<b>TOTAL ASSETS</b>		<b>632,502</b>	<b>595,074</b>
<b>CURRENT LIABILITIES</b>			
Payables	14	9,599	19,722
Current tax liabilities	15	--	830
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,599</b>	<b>20,552</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	15	14,064	45
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>14,064</b>	<b>45</b>
<b>TOTAL LIABILITIES</b>		<b>23,663</b>	<b>20,597</b>
<b>NET ASSETS</b>		<b>608,839</b>	<b>574,477</b>
<b>EQUITY</b>			
Contributed equity	16	581,306	575,005
Reserves	17	7,625	--
Retained profits	18	19,908	(528)
<b>TOTAL EQUITY</b>		<b>608,839</b>	<b>574,477</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes

**ILLUMINATOR INVESTMENT COMPANY LIMITED**

**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005**

	Note	2005 \$	2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Sales from trading portfolio		138,127	--
Purchases for trading portfolio		(168,055)	--
Dividends and distributions received		14,233	--
Interest received		8,804	3,246
Other receipts		6,390	--
Administration expenses		(17,492)	(274)
Borrowing expenses		(216)	(77)
Management fees		(5,363)	--
Performance fees		--	--
<b>Net cash provided by (used in) operating activities</b>	21	<u>(23,572)</u>	<u>2,895</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sales from investment portfolio		146,405	--
Purchases for investment portfolio		(641,216)	(39,483)
<b>Net cash (used in) investing activities</b>		<u>(494,811)</u>	<u>(39,483)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,154	626,682
Initial public offer costs		(14,097)	(39,592)
Dividends paid		(1,154)	--
<b>Net cash provided by (used in) financing activities</b>		<u>(14,097)</u>	<u>587,090</u>
Net increase (decrease) in cash held		(532,480)	550,502
Cash at the beginning of the financial year		550,502	--
<b>Cash at the end of the financial year</b>	8	<u>18,022</u>	<u>550,502</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, the *Corporations Act 2001* and other requirements of the law.

The financial report covers Illuminator Investment Company Limited as an individual entity. Illuminator Investment Company Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

#### a. Basis of Accounting

The financial report has been prepared on an accruals basis and using the valuation methods described below in relation to the Company's holdings of securities. All other items have been treated in accordance with the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets.

#### b. Holdings of Securities

##### (i) Statement of financial position classification

The Company has two portfolios of securities, the investment portfolio and the trading portfolio.

The investment portfolio relates to holdings of securities which the directors intend to retain on a long-term basis.

The trading portfolio comprises securities held for short term trading purposes.

The investment portfolio is classified as a 'non-current asset', whereas the trading portfolio is classified as a 'current asset'.

##### (ii) Valuation of investment portfolio

Securities, including listed and unlisted shares and notes and options, are initially brought to account at cost and are revalued to market values continuously. Increments and decrements are taken to the Investment Revaluation Reserve while it has a credit balance in total, otherwise they are included in Profit from ordinary activities before income tax expense. Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Investment Revaluation Reserve while this reserve has a credit balance in total, otherwise they are included in Profit from ordinary activities before income tax expense.

##### (iii) Valuation of trading portfolio

Securities, including listed and unlisted shares and notes, are initially brought to account at cost. Each holding in the trading portfolio is initially brought to account at cost and is revalued to market values continuously, with all increments and decrements being included in the Profit from ordinary activities before income tax expense of the Company.

##### (iv) Determination of market value

Market value for the purposes of valuing holdings of securities is determined by reference to market prices prevailing at balance date, predominantly last sale price, where the securities are traded on an organised market. Where a security is not so traded, its fair value is determined by the Directors.

##### (v) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities are quoted ex-distribution basis. Distributions relating to unlisted securities are recognised as

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

income when received unless the distributions are capital returns in which case the amount of the distribution is treated as an adjustment to the cost base of the securities.

#### **c. Reporting Periods**

The financial statements have been prepared for the period 1<sup>st</sup> July 2004 to 30<sup>th</sup> June 2005 with the comparatives being for the period 23<sup>rd</sup> December 2003, being the date of incorporation of the Company until the 30<sup>th</sup> June 2004.

#### **d. Income Tax**

The Company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

#### **e. Cash**

For the purpose of the statement of cash flows, cash includes:

- Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts

#### **f. Goods and Services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables.

Cashflows are included in the statement of cashflows on a gross basis. The GST component of cashflows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cashflows.

#### **g. Initial Public Offer Costs**

The costs incurred in the establishment of the Company and its subsequent initial public offer have been charged directly against contributed equity.

#### **h. Comparative figures**

The Company was incorporated on 23 December 2003 and accordingly only current period figures covering the financial period ended 30 June 2004 from incorporation are shown.

#### **i. Foreign Currency Transactions and Balances**

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

<b>NOTE 2: REVENUE</b>	<b>2005</b> <b>\$</b>	<b>2004</b> <b>\$</b>
<b>a. Income from investment portfolio</b>		
— dividends received	17,678	--
— trust distributions received	1,780	--
Total income from investment portfolio	19,458	--
<b>b. Income from trading portfolio</b>		
— sales revenue	138,127	--
— cost of sales	(129,080)	--
Net gains/(losses) from trading portfolio sales	9,047	--
— dividends received	2,587	--
— trust distributions received	--	--
Total income from trading portfolio	11,634	--
<b>c. Income from deposits</b>		
— deposit income	8,804	3,246
Total income from deposits	8,804	3,246
<b>d. Other income</b>		
— sub-underwriting fees	955	--
Total other income	955	--
Total Revenue	40,851	3,246

<b>NOTE 3: PROFIT FROM ORDINARY ACTIVITIES</b>	<b>2005</b> <b>\$</b>	<b>2004</b> <b>\$</b>
Profit from ordinary activities before income tax has been determined after		
Expenses		
Administration expenses	14,750	3,260
Bank expenses	542	77
Borrowing costs	216	--
Foreign currency translation losses	809	--
Listing fees	5,500	151
Management fees	5,864	--
Performance fees	2,638	--
Unrealised losses on investment portfolio	--	512
Profit/(loss) from ordinary activities before income tax	10,532	(754)

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

<b>NOTE 4: INCOME TAX EXPENSE</b>	<b>2005</b> <b>\$</b>	<b>2004</b> <b>\$</b>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2004: 30%)	3,160	(226)
Add:		
Tax effect of permanent differences:		
— Imputation gross-up on dividends received	1,655	--
— Franking credits on dividends received	(5,516)	--
— Other – Tax deductible expenses	(15,504)	--
Income tax expense attributable to profit from ordinary activities	(16,205)	(226)
Income tax expense attributable to profit from ordinary activities before income tax was comprised of		
— Current taxation provision	291	--
— Deferred taxation provision	750	--
— Future income tax benefit	(17,246)	--
	(16,205)	(226)

<b>NOTE 5: AUDITORS' REMUNERATION</b>	<b>2005</b> <b>\$</b>	<b>2004</b> <b>\$</b>
Remuneration of the auditor of the Company for:		
—auditing or reviewing the financial report	7,050	3,000
—other services	--	--
—other services provided by related practice of auditor	--	--
	7,050	3,000

The auditor of Illuminator Investment Company Limited is Forsythes.

<b>NOTE 6: DIVIDENDS</b>	<b>2005</b> <b>\$</b>	<b>2004</b> <b>\$</b>
<b>a. Dividends Paid</b>		
Interim fully franked ordinary dividend of 0.5 (2004: Nil) cents per share paid on 21 April 2005.	6,301	--
<b>b. Dividends Declared</b>		
Final fully franked ordinary dividend of 0.5 (2004: Nil) cents per share payable on 21 October 2005. This dividend has not been brought to account in the financial statements for the year ended 30 June 2005 but will be recognised in subsequent financial reports.	6,366	--

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

#### NOTE 6: DIVIDENDS (CONTINUED)

##### c. Franking Account

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.

	3,360	--
--	-------	----

#### NOTE 7: EARNINGS PER SHARE

	2005 \$	2004 \$
a. Earnings used in the calculation of basic EPS	26,737	(528)
Earnings used in the calculation of dilutive EPS	26,737	(528)
b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS	1,262,778	1,260,264
Weighted average number of options outstanding	1,260,262	1,260,262
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS	1,262,778	1,260,264
c. Classification of securities		
The following securities have been classified as potential ordinary shares and are included in determination of dilutive EPS:		
— Options outstanding	1,260,262	--

#### NOTE 8: CASH ASSETS

	2005 \$	2004 \$
Cash at bank	1,369	4
Deposits at call	16,653	550,498
	18,022	550,502

Deposits at call yield an average floating interest rate of 4.70% (2004: 5.21%)

The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

#### Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash	18,022	550,502
------	--------	---------



## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

<b>NOTE 9: RECEIVABLES</b>	<b>2005</b> \$	<b>2004</b> \$
<b>CURRENT</b>		
Dividends and trust distributions receivable	2,273	--
Other debtors	988	3,788
	3,261	3,788

Receivables are non-interest bearing and unsecured.

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

<b>NOTE 10: TRADING PORTFOLIO</b>	<b>2005</b> \$	<b>2004</b> \$
<b>CURRENT</b>		
Listed investments, at market value		
— Shares	38,975	--
	38,975	--

<b>NOTE 11: OTHER ASSETS</b>	<b>2005</b> \$	<b>2004</b> \$
<b>CURRENT</b>		
Prepayments	600	752
	600	752

<b>NOTE 12: INVESTMENT PORTFOLIO</b>	<b>2005</b> \$	<b>2004</b> \$
<b>NON-CURRENT</b>		
Listed investments, at market value		
— Fixed interest securities	84,258	4,209
— Options	6,050	--
— Shares	424,036	29,497
— Trust units	29,726	5,224
	544,070	38,930

<b>NOTE 13: DEFERRED TAX ASSETS</b>	<b>2005</b> \$	<b>2004</b> \$
Future income tax benefit		
The future income tax benefit is made up of the following estimated tax benefits:		
— tax losses	--	--
— timing differences	27,574	1,102
	27,574	1,102

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

<b>NOTE 14: PAYABLES</b>	<b>2005</b> \$	<b>2004</b> \$
<b>CURRENT</b>		
Trade creditors	1,210	16,722
Sundry creditors and accrued expenses	8,389	3,000
	9,599	19,722

<b>NOTE 15: TAX LIABILITIES</b>	<b>2005</b> \$	<b>2004</b> \$
<b>CURRENT</b>		
Income tax payable	--	830
<b>NON-CURRENT</b>		
Provision for deferred income tax attributable to:		
— Timing differences	750	--
— Deferred capital gains tax	13,314	45
	14,064	45

<b>NOTE 16: CONTRIBUTED EQUITY</b>	<b>Note</b>	<b>2005</b> \$	<b>2004</b> \$
1,273,189 (2004:1,260,264) fully paid ordinary shares	16a	581,306	575,005
<b>a. Ordinary shares</b>			
At the beginning of the financial year		575,005	--
Shares issued during the year			
— 2 on 23 December 2003		--	1
— 1,260,262 on 17 June 2004		--	630,131
— 12,925 on 21 April 2005		6,301	--
Transaction costs relating to share issues		--	(55,127)
Balance at the end of the financial year		581,306	575,005

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### **b. Options**

On 17 June 2004, 1,260,262 options were granted to the holders of ordinary shares at an exercise price of \$0.50 each. The option is exercisable on or before 15 December 2006.

At 30 June 2005 there were 1,260,262 (2004:1,260,262) unissued ordinary shares for which options were outstanding.

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

<b>NOTE 17: RESERVES</b>	<b>Note</b>	<b>2005 \$</b>	<b>2004 \$</b>
Capital profits	17a	7,367	--
Investment revaluation	17b	258	--
		7,625	--
		7,625	--

#### **17a. Capital Profits Reserve**

##### **Movements During the Year**

Opening balance	--	--
Transfer from investment revaluation reserve	7,367	--
Closing balance	7,367	--
	7,367	--

The capital profits reserve records capital profits made upon the sale of investments in the Company's investment portfolio.

#### **17b. Investment Revaluation Reserve**

##### **Movements During the Year**

Opening balance	--	--
Revaluation of the investment portfolio	7,625	--
Transfer to capital profits reserve	(7,367)	--
Closing balance	258	--
	258	--

The investment revaluation reserve records revaluations of the Company's investment portfolio.

<b>NOTE 18: RETAINED PROFITS</b>	<b>Note</b>	<b>2005 \$</b>	<b>2004 \$</b>
Retained profits/(loss) at the beginning of the financial year		(528)	--
Net profit attributable to the members of the Company		26,737	(528)
Dividends provided for or paid	6	(6,301)	--
Retained profits/(loss) at the end of the financial year		19,908	(528)

#### **NOTE 19: DIRECTORS AND EXECUTIVES DISCLOSURE**

In accordance with the Corporations Amendments Regulation 2005 (No.4) the Company has transferred the disclosure required by AASB 1046 from the notes to the Financial Statements to the Directors' Report under the heading of Remuneration Report.

#### **NOTE 20: INVESTMENT TRANSACTIONS**

The total number of contract notes that were issued for transactions in investments during the financial year was 135 (2004: 5). Each contract note may involve multiple transactions. The total brokerage paid on these contract notes was \$6,188 (2004: \$300).

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

<b>NOTE 21: CASH FLOW INFORMATION</b>	<b>2005</b> \$	<b>2004</b> \$
<b>Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax</b>		
Profit / (Loss) from ordinary activities after income tax	26,737	(528)
Cash flows excluded from profit from ordinary activities attributable to operating activities		
Dividends received as securities under DRP investments	(595)	--
(Increase)/decrease in current receivables	(1,008)	--
(Increase)/decrease in unrealised losses	--	524
(Increase)/decrease in the trading portfolio	(38,975)	--
Increase/(decrease) in current payables	6,474	3,125
Increase/(decrease) in income taxes balances	(16,205)	(226)
Cash flow from operations	(23,572)	2,895

#### NOTE 22: SEGMENT REPORTING

The Company operates in one business segment, being that of a listed investment company. The Company operates from Australia only and therefore has only one geographical segment. However the Company has investment exposures in different countries which are shown below. The Company invests in securities listed on overseas stock exchanges. Details of the geographical exposures are as follows:

2005	Revenue \$	Unrealised Gains	Market Value \$	Portfolio %
Australia	30,761	492	521,138	86.90
Great Britain	332	(1,880)	36,155	6.02
United States of America	--	702	25,752	4.30
<b>Sub Total</b>	31,093	(686)	583,045	97.22
Cash	8,804	--	16,653	2.78
<b>Total</b>	39,897	(686)	599,698	100.00

2004	Revenue \$	Unrealised Gains	Market Value \$	Portfolio %
Australia	--	(512)	38,930	6.60
Great Britain	--	--	--	--
United States of America	--	--	--	--
<b>Sub Total</b>	--	(515)	38,930	6.60
Cash	3,246	--	550,498	93.40
<b>Total</b>	3,246	(512)	589,428	100.00

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

<b>NOTE 23: RELATED PARTY TRANSACTIONS</b>	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<p>Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless stated.</p> <p>Transactions with related parties:</p>		
<p>Expenses paid or payable by the company to:</p>		
– Investment management and performance fees paid to Pritchard & Partners Pty. Limited	8,502	--
– Brokerage paid to Pritchard & Partners Pty. Limited	6,188	300
– Accounting fees paid to Rees Pritchard Pty. Limited	250	--
– Pritchard & Partners Pty. Limited for reimbursement of initial public offer costs.	--	4,578
– Pritchard & Partners Pty. Limited for handling fees on subscriptions made under the initial offer of shares in the Company.	--	8,799
<p>Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Pritchard &amp; Partners Pty. Limited and Rees Pritchard Pty. Limited.</p>		
– Cameron Stockbrokers Limited for handling fees on subscriptions made under the initial offer of shares in the Company.	--	572
<p>Steven Pritchard is interested in the above transaction as a director of Cameron Stockbrokers Limited and as a director and beneficial shareholder of Cameron Capital Limited.</p>		
<p>Daniel Di Stefano is interested in the above transaction as a director and beneficial shareholder of Cameron Capital Limited.</p>		
<p>Cameron Stockbrokers Limited is a wholly owned subsidiary of Cameron Capital Limited.</p>		
– Newcastle Capital Markets Registries Pty. Limited for share registry costs	2,544	1,411
<p>Steven Pritchard is interested in the above transaction as a director and beneficial shareholder of Newcastle Capital Markets Registries Pty. Limited.</p>		
– Daniel Di Stefano for reimbursement of initial public offer costs.	--	488

#### **NOTE 24: COMPANY DETAILS**

The registered office of the company is:

10 Murray Street  
HAMILTON NSW 2303

The principal place of business is:

10 Murray Street  
HAMILTON NSW 2303

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2005

### NOTE 25: IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company must comply with Australian equivalents to International Financial Reporting Standards (AIFRS), as issued by the Australian Accounting Standards Board, for reporting periods beginning on or after 1 January, 2005. The adoption of AIFRS will be reflected in the Company's financial statements for the half-year ending 31 December, 2005.

Entities complying with AIFRS for the first time will be required to restate their comparative financial statements reported under the Australian Generally Accepted Accounting Principles (AGAAP) to amounts reflecting the application of AIFRS to that comparative period.

The Company has analysed and quantified below the impact the effects of the change AIFRS will have on its financial statements that have been reported at 30 June, 2005.

The adjustments disclosed in this note are held to be materially correct based upon the Company's knowledge of standards and interpretations at this time but here may be changes to these figures as a result of future pronouncements or clarifications from the Australian Accounting Standards Board.

**a. Realised gains on investment portfolio included in Net Profit**

The revaluation adjustment relating to realised long-term investments standing in the Investment Revaluation Reserve at the time of realisation, which is currently transferred direct to Capital Profits Reserve, will be included in the net profit of the Company before being transferred to the Capital Profits Reserve. The net realised gains after tax of \$7,367 as disclosed in Note 17a would have been included in the Statement of Financial Performance before being transferred to Capital Profits Reserve.

**b. Recognition of deferred tax assets on transaction costs on the issue of equity instruments**

Currently, the transaction costs arising on the issue of equity instruments are deducted from contributed equity and a related tax benefit is recognised.

Under AIFRS, the expenses incurred in issuing equity instruments are to be deducted from contributed equity net of any realised tax benefit. The tax benefit can be claimed over a five year period and will give rise to a deferred tax asset. At balance date this would result in a decrease in retained profits and an increase in contributed equity to the value of \$15,503.

**c. The expected financial effects of adopting AIFRS are shown as a reconciliation of net profit after income tax under current AGAAP to AIFRS.**

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTE 25: IMPACT OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

#### Statement of Financial Performance for the Financial Year Ended 30 June 2005

	As per AGAAP	Adjustment	As per AIFRS
	\$	\$	\$
Income from investment portfolio	19,458	--	19,458
Income from trading portfolio	11,634	--	11,634
Income from deposits	8,804	--	8,804
Other income	955	--	955
<b>Total income from ordinary activities</b>	<b>40,851</b>	<b>--</b>	<b>40,851</b>
Administration expenses	(20,250)	--	(20,250)
Borrowing costs expense	(758)	--	(758)
Management Fees	(5,864)	--	(5,864)
Performance Fees	(2,638)	--	(2,638)
Other expenses from ordinary activities	(809)	--	(809)
<b>Profit from ordinary activities before income tax expense</b>	<b>10,532</b>	<b>--</b>	<b>10,532</b>
<b>Income tax benefit/(expense) relating to ordinary activities</b>	<b>16,205</b>	<b>(15,503)</b>	<b>702</b>
<b>Profit from ordinary operating activities after related income tax expense</b>	<b>26,737</b>	<b>(15,503)</b>	<b>11,234</b>
Realised gains on investment portfolio (net of tax)	--	7,367	7,367
<b>Profit from ordinary activities after related income tax expense</b>	<b>26,737</b>	<b>(8,136)</b>	<b>18,601</b>
Direct adjustments against equity			
Realised gains/(losses) on investment portfolio (net of tax)	7,367	(7,367)	--
Unrealised gains/(losses) on investment portfolio (net of tax)	258	--	258
<b>Total valuation adjustments recognised directly in equity</b>	<b>7,625</b>	<b>(7,367)</b>	<b>258</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>34,362</b>	<b>(15,503)</b>	<b>18,859</b>

#### Statement of Financial Position as at 30 June 2005

	As per AGAAP	Adjustment	As per AIFRS
Total Assets	632,502	--	632,502
Total Liabilities	23,663	--	23,663
Net Assets	608,839	--	608,839
Equity			
Contributed Equity	581,306	15,503	596,809
Reserves	7,625	--	7,625
Retained profits	19,908	(15,503)	4,405
Total Equity	608,839	--	608,839

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 28 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company and economic entity;
2. the Chief Executive Officer and Chief Finance Officer have each declared that:
  - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
4. the directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

At the date of this declaration, there are reasonable grounds to believe that the company will be able to meet its obligations and liabilities as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to section 295(5) of the *Corporations Act 2001*.



**Steven Shane Pritchard**

Director



**Daniel Di Stefano**

Director

Dated this 28<sup>th</sup> day of September 2005.



## Independent audit report to the members of Illuminator Investment Company Limited

### 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 Illuminator Investment Company Limited (the company), for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of this 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 the 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 judgment, selective testing, the inherent limitations of control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with 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 account estimates made by the directors.

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.

### Independence

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

### Audit opinion


In our opinion, the financial report of Illuminator Investment Company Limited is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Illuminator Investment Company Limited's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



FORSYTHES

VJ Lewis  
28 September 2005



Partner  
Newcastle, NSW

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 Shareholders as at 14<sup>th</sup> day of September 2005.

Shareholder	No. of Shares	% of Issued
Steven Pritchard Investments Pty Limited	103,041	8.09
Henley Underwriting & Investment Company Pty Limited	101,022	7.93
Pritchard Equity Pty Limited	75,000	5.89
Mr Stephen Gaterell	60,613	4.76
Pritchard & Company Pty Limited	51,521	4.05
Hafoba Pty Ltd <STDT Super Fund No1>	40,800	3.20
Kerteh Holdings Pty Limited <Super Fund Account>	40,409	3.17
Melville King Pty Ltd	40,000	3.14
Richardson Investment Holdings Pty Ltd <Richardson Super Fund>	40,000	3.14
Mr Laurence George Cable	30,307	2.38
RFC Investment Holdings Pty Ltd <RF Cameron Super Fund A/C>	26,000	2.04
Superannuation Nominees Pty Limited	20,609	1.62
Cumarex Pty Limited <Tulips Superannuation Fund>	20,205	1.59
Mrs Ann Z Kisonas	20,205	1.59
Mrs Lola Bernice Heddles & Mr Murray Allan Heddles	20,205	1.59
Newcastle Capital Markets Registries Pty Limited	20,205	1.59
Donald Edward Campbell & Denise Margaret Campbell <Port Stephens Publishers S/F>	20,205	1.59
Saxonit Pty Ltd <Harrison Super Fund>	20,205	1.59
Mr Steven Shane Pritchard	16,467	1.29
Bissaker Investments Pty Ltd	15,154	
	782,173	61.43

#### Number of ordinary shares held

1 – 1,000
1,001 – 5,000
5,001 – 10,000
10,001 – 50,000
50,001 – 100,000
100,001 and over

#### Number of Shareholders

22
35
25
32
3
2

#### Substantial Shareholders

As at 14<sup>th</sup> day of September 2005 the names and holdings of substantial shareholders as disclosed in notices received by the Company are as follows:-

Substantial Shareholder	No. of shares	% of total
Steven Pritchard	409,105	32.13
Margaret Pritchard	183,080	14.38
Daniel Di Stefano	109,147	8.57

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 Optionholders as at 14<sup>th</sup> day of September 2005.

Optionholder	No. of Options	% of Issued
Steven Pritchard Investments Pty Limited	102,000	8.09
Pritchard Equity Pty Limited	100,000	7.93
Pritchard & Partners Pty Limited	86,600	6.87
Mr Stephen Gaterell	60,000	4.76
Pritchard & Company Pty Limited	51,000	4.05
Hafoba Pty Ltd <STDT Super Fund No1>	40,800	3.24
Kerteh Holdings Pty Limited <Super Fund Account>	40,000	3.17
Melville King Pty Ltd	40,000	3.17
Richardson Investment Holdings Pty Ltd <Richardson Super Fund>	40,000	3.17
Mr Laurence George Cable	30,000	2.38
RFC Investment Holdings Pty Ltd <RF Cameron Super Fund A/C>	25,000	1.98
Superannuation Nominees Pty Limited	20,400	1.62
Cumarex Pty Limited <Tulips Superannuation Fund>	20,000	1.59
Mrs Ann Z Kisonas	20,000	1.59
Mrs Lola Bernice Heddles & Mr Murray Allan Heddles	20,000	1.59
Newcastle Capital Markets Registries Pty Limited	20,000	1.59
Donald Edward Campbell & Denise Margaret Campbell <Port Stephens Publishers S/F>	20,000	1.59
Saxonit Pty Ltd <Harrison Super Fund>	20,000	1.59
Mr Steven Shane Pritchard	15,300	1.21
Bissaker Investments Pty Limited	15,000	1.19
	786,100	62.38

#### Number of options held

1 – 1,000
1,001 – 5,000
5,001 – 10,000
10,001 – 50,000
50,001 – 100,000
100,001 and over

#### Number of Optionholders

19
43
31
17
4
1

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## CORPORATE DIRECTORY

<b>Directors</b>	Steven Pritchard Daniel Di Stefano Darval Thomas
<b>Company Secretary</b>	Daniel Di Stefano
<b>Registered Office</b>	10 Murray Street Hamilton. NSW 2303 Telephone 02 4920 2877 Facsimile 02 4920 2878 Email: mail@illuminator.com.au Web: www.illuminator.com.au
<b>Manager</b>	Pritchard & Partners Pty. Limited 10 Murray Street Hamilton. NSW 2303 Telephone 02 4920 2877 Facsimile 02 4920 2878
<b>Share Registry</b>	Newcastle Capital Markets Registry Pty Limited 10 Murray Street Hamilton. NSW 2303 Telephone 02 4920 2877 Facsimile 02 4920 2878
<b>Auditors</b>	Forsythes Level 5, Hunter Mall Chambers 175 Scott Street Newcastle NSW 2300 Telephone 02 4926 2699 Facsimile 02 4929 1435
<b>Solicitors</b>	Baker & McKenzie Level 27, AMP Centre 50 Bridge Street Sydney NSW 1223 Telephone 02 9225 0200 Facsimile 02 9225 1595
<b>Bankers</b>	National Australia Bank Limited Hamilton District Commercial Branch 31 Beaumont Street Hamilton NSW

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