



ILLUMINATOR INVESTMENT COMPANY LIMITED ABN 48 107 470 333

2006 ANNUAL REPORT



**ILLUMINATOR
INVESTMENT**
COMPANY LIMITED



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HIGHLIGHTS

Achievements

- Declared final dividend of 0.6 cents per share, up 20% on last year's final dividend.
- Shareholders equity increased by \$93,753 or 15.40%.

Key Financial Statistics

	2006	2005	2004
Net profit (loss) after tax	\$7,990	\$18,601	\$(528)
Earnings per Share (cents per share)	0.62	1.47	-0.04
Dividends per Share (cents per share)	1.1	0.5	-
Total Assets	\$826,651	\$632,502	\$595,074
Total Liabilities	\$124,059	\$23,663	\$20,552
Shareholders Funds	\$702,592	\$608,839	\$574,477
Total Shareholders Return*	12.71%	5.43%	-%
Return on Shareholders Fund	1.31%	3.24%	-0.09%
Net Asset backing per share	\$0.53	\$0.48	\$0.46
Shares on issue	1,301,453	1,273,189	1,260,264
Number of Shareholders	116	116	115
Options on issue	1,260,262	1,260,262	1,260,262
Number of Option holders	115	115	115

* Total shareholders return consists of the dividends paid together with the change in net asset backing per share.

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 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.

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 10.5% 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.

The directors have announced the payment of a final dividend in respect of the 2006 financial year which will be at the rate of 0.6 cents per share fully franked, an increase of 20% on last year's final dividend. This brings the full year dividend to 1.2 cents per share, up 20%.

The following table shows the progress 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	18,601	596,809	1,273,189	608,839
2006	1.1	7,991	610,893	1,301,453	702,592

Trading Portfolio

The trading portfolio contributed positively to the results of the Company and produced a profit before tax from dividends received and gains in the value of the investments held in the portfolio of \$22,418. It is the Investment Manager's general policy that the Company's trading portfolio will not exceed 10% of the total portfolio. At year ended the total value of the Company's trading portfolio was \$33,992 or 4.3% of the Company's total portfolio.

Investment Portfolio

The value of the Company's investment portfolio as at 30 June 2006, stood at \$741,344, and the Company held approximately 1.5% 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 50 issues represented in its portfolio.

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

INVESTMENT MANAGER'S REPORT (CONTINUED)

Details of Investments Held as at 30 June 2006

Name of Investment	Holding	Market Value \$	Portfolio %
Investment Portfolio			
Australian Equities			
Aevum Limited	10,000	17,150	2.18
Alumina Limited	2,000	13,500	1.72
Amazing Loans Limited	2,620	6,550	0.83
APN Regional Property Fund	10,358	7,976	1.02
ARB Corporation Limited	5,000	15,750	2.01
AVFM Limited	43,881	38,615	4.92
Bendigo Bank Limited	1,517	19,569	2.49
Brumby's Bakeries Holdings Limited	10,000	15,000	1.92
Cabcharge Australia Limited	3,000	19,080	2.43
Campbell Brothers Limited	1,500	27,165	3.46
Cochlear Limited	1,000	54,630	6.96
Concept Hire Limited	8,123	20,714	2.64
Equity Trustees Limited	2,566	47,471	6.04
Felix Resources Limited	5,098	8,233	1.05
Flight Centre Limited	1,000	9,930	1.26
Florin Mining Investment Company Limited	87,400	22,287	2.84
Florin Mining Investment Company Limited Series A Options	75,000	1,125	0.14
Florin Mining Investment Company Limited Series B Options	75,000	1,500	0.19
Funtastic Limited	5,000	7,975	1.02
Green's Foods Limited	16,710	10,360	1.32
Harvey Norman Holdings Limited	10,000	39,400	5.02
Hills Industries Limited	3,434	16,552	2.11
Infomedia Limited	20,000	12,500	1.59
KH Foods Limited	1,500	765	0.09
Lycopodium Limited	5,000	13,750	1.75
National Australia Bank Limited	1,190	41,840	5.33
Peoplebank Australia Limited	20,000	13,600	1.73
Pritchard Equity Limited - A Ordinary	6,250	5,313	0.68
Pritchard Equity Limited - B Ordinary	6,250	5,938	0.76
Pritchard Equity Limited - Series 1 Options	6,250	63	0.01
Pritchard Equity Limited - Series 2 Options	3,125	31	0.01
Pritchard Equity Limited - Series 3 Options	3,125	31	0.01
Record Realty	37,500	36,750	4.68
Reece Australia Limited	444	6,815	0.87
Rural Press Limited	1,500	15,960	2.03
STW Communication Group Limited	7,100	19,951	2.54
Tabcorp Holdings Limited	750	11,400	1.45
Telstra Corporation Limited	4,000	14,720	1.87
Warrnambool Cheese & Butter Factory Company Holdings Limited	6,745	22,933	2.92
Westfield Group Stapled Securities	500	8,665	1.10
Waterco Limited	3,000	7,200	0.92
Total Australian Equities		658,757	83.88

INVESTMENT MANAGER'S REPORT (CONTINUED)

Details of Investments Held as at 30 June 2006 (continued)

Name of Investment	Holding	Market Value \$	Portfolio %
International Equities			
Berkshire Hathaway Inc. Class B Common Stock	4	16,398	2.09
Diageo PLC	500	11,330	1.44
Fletcher Building Limited	1,000	7,540	0.96
Foster's Group Pacific Limited	500	10,545	1.34
Guinness Peat Group PLC	12,007	24,734	3.15
Mallet PLC	2,000	12,040	1.53
Total International Equities		82,587	10.50
Total Investment Portfolio		741,344	94.38
Trading Portfolio			
Australian Equities			
Amerod Resources Limited	22,632	22,632	2.88
Amerod Resources Limited - Unlisted Options	2,632	-	-
Coles Myer Limited	1,000	11,360	1.45
Total Australian Equities		33,992	4.33
Total Trading Portfolio		33,992	4.33
Cash			
ING Bank (Aust) Limited - Business Optimiser Account		7	0.01
National Australia Trustees Limited Common Fund Account		10,038	1.28
Total Cash		10,045	1.29
Total Portfolios		785,381	100.00

INVESTMENT MANAGER'S REPORT (CONTINUED)

Comments on Selected Investments

AVFM Limited

AVFM Limited (AVU) invests in financial services businesses where it acquires part ownership which it believes creates a continuing motivation for the principals of investees to manage and grow the business.

AVU reported a net profit after tax for the year of \$1.904 million which was up 235% on the previous year.

Its foundation investments were in the specialist financial planning businesses of Carroll, Pike and Piercy Pty Ltd and Garnaut Private Client Advisers, which both performed strongly during the year and are well positioned for future growth.

AVU also has an investment in the recently formed corporate advisory business of Balnave Corporate Limited, which delivered a strong maiden result and is well advanced in terms of developing its own client and corporate referral base.

In May 2006, AVU announced that it was acquiring a material interest in Armytage Private Limited, which is an established boutique funds management business which has a strong profit record and currently has more than \$200m funds under management.

AVU board of directors has proven experience and expertise in growing and acquiring successful businesses.

Fletcher Building Limited

Fletcher Building Limited (FBU) operates in building products, concrete, steel, construction, property and housing and distribution. Fletcher Building's activities span across New Zealand, the South Pacific, South America and Australia.

FBU has a strong competitive position and is assisted by industry leading brands and a nation-wide distribution network. FBU has expanded into Australia through acquisitions, this enhances the earnings reliability of FBU, whilst also providing FBU access to a bigger albeit a more competitive market. Approximately 31% of earnings is derived from Australia.

FBU reported a net profit of NZ\$379 million for the full year ended 30 June 2006, an increase of 9.2%. The company advised that the full year result reflected a more difficult market environment, offset by the benefits of acquisitions and ongoing productivity improvements. While residential markets have slowed in both New Zealand and Australia, the company expects commercial and infrastructure markets to make a solid contribution over the coming year. This is evident in the record construction order backlog of NZ\$802 million.

Foster's Group Pacific Limited

Foster's Group Pacific Limited (FGP) operates in Fiji & Samoa. The company has offices in Suva and Apia; brewing operations in Suva, Lautoka and Apia; and a distillery in Lautoka, and exports to over 20 other Pacific Island markets.

Foster's Group Pacific Limited is a 60.60% owned subsidiary of Australia's Foster's Group Limited which has effective management control. FGP is the owner of 93.8% of the shares in Samoa Breweries Limited.

Foster's Group Pacific Limited has stated that it is aiming to become the leading multi-beverage supplier in the Pacific community.

The shares in Foster's Group Pacific Limited are listed on the South Pacific Stock Exchange, but with Foster's Group Limited controlling over 60% of the shares they are thinly traded.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Funtastic Limited

Funtastic Limited (FUN) is a wholesaler and distributor of children's products including toys, bags, apparel, stationery and food. FUN also has operations in confectionery, footwear, publishing, pet accessories and homeware products.

The toys division is the largest, with products distributed through retailers such as Coles Myer, Woolworths, David Jones and Toys 'R' Us. Some of the licensed brands include Marvel, Ninja Turtles, Spiderman, Barbie, Harry Potter, Winnie the Pooh and Hulk.

FUN reported a net profit of \$4.9 million, down 8.9%, for the half year ended 30 June 2006. Whilst revenues were up 12.3%, to \$155.9 million for the six months. It is important to note, the company generates the majority of its sales and profits in the second half of the year, particularly in the lead-up to the busy Christmas retail shopping period.

Peoplebank Australia Limited

Peoplebank Australia Limited (PBA) is one of Australia's largest specialist IT&T recruitment companies. It recruits for positions across the entire spectrum of IT&T and has developed preferred supply relationships with many of the best-known companies in the Banking & Finance, IT, Manufacturing, Retail and Government sectors.

For the 2006 financial year the company reported an increase in revenue of 15% and a record net profit of \$4.1 million which was an increase of 160% over the 2005 year.

PBA has stated that the growth in revenue and profit was largely due to prevailing market conditions and strong demand for quality recruitment services in the IT&T area, combined with improved efficiencies as a result of the increased scale of the Company's business.

PBA has focused on client service and delivery, particularly in the permanent recruitment area and this has resulted in improved operating margins.

Contracting services represents 97% of PBA revenue. These services entail the provision of IT&T contractors to clients for an average length of three to six months. Typically these contracts are renewed depending on the length of the IT project, with many contractors remaining with the same client for 18 to 36 months. Revenue from contracting improved by 14% on the previous year and the number of full-time equivalent billable contractors reached 971 by the end of the year.

Recruitment services - the traditional placing of permanent staff with clients for a placement fee - had represented less than 2% of revenue in recent years. However, strong market conditions saw recruitment services' share of revenue grow to 3%, which was up 84% from the previous year.

Reece Australia Limited

Reece Australia Limited (REH) specialises in plumbing, building and hardware supplies with over 260 stores across Australia. The first Reece plumbing hardware store commenced operations in Caulfield, Victoria trading under the name "HJ Reece" in 1920. REH now has over 200 showrooms where retail customers can choose a wide range of bathroom products including Australian and international brands. Most showrooms also display a range of laundry and kitchen products.

REH reported a net profit of \$86.9 million for the year ended 30 June 2006, an increase of 14.6%. During the year REH commenced trading from 30 new locations throughout Australia and 2 locations in Auckland, New Zealand, following the acquisition of L G Carder Limited in March 2006, a long established and respected operator servicing the Auckland market. REH plans to build a viable network in New Zealand over the longer term by greenfielding additions or through acquisition if and when opportunities arise.

The company anticipates continued but moderate growth in the coming year, however is reluctant to forecast specific growth rates at a time of renewed interest rate uncertainty, subdued building activity in some areas and the continued upward pressure on business costs.

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.

DIRECTORS' REPORT

Your directors present their report on the Company for the financial year ended 30 June 2006. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

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

Steven Shane Pritchard

Daniel Di Stefano

Darval Warwick Thomas

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

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.

Operating Results

The profit of the Company after providing for income tax amounted to \$7,990 (2005:\$18,601).

Dividends Paid or Recommended

Dividends paid or declared for payment are as follows:

Final ordinary dividend of 0.5 cents per share paid on 21 October 2005.

\$6,366

Interim ordinary dividend of 0.6 cents per share paid on 21 April 2006.

\$7,717

Final ordinary dividend of 0.6 cents per share recommended by the Directors payable on 21 October 2006.

\$7,809

Review of Operations

The Company's total return for the period was 12.71% as measured by the movement in the net asset backing per share plus dividends paid to shareholders.

The Company continued to enjoy a strong flow of fully franked dividends from the companies in the portfolio as general conditions remained robust. Overall revenue from the investment portfolio increased \$5,471 to \$24,929 or 28%.

The manager was also able to generate a good result from the trading portfolio, with overall return from the trading portfolio increasing by \$10,784 to \$22,418 or 92.7%.

Shareholders equity increased by \$93,753 to \$702,592 or 15.4% for the year. As a result of the reinvestment of dividends, 13,057 new shares were issued at a price of \$0.49 per share in October 2005 and 15,207 new shares were issued at a price of \$0.51 per share in April 2006.

Significant Changes in State of Affairs

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

Adoption of Australian Equivalents to IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to AIFRS is included in Note 26 to this report.

DIRECTORS' REPORT (CONTINUED)

After Balance Date Events

The Company lodged a prospectus with the Australian Securities & Investments Commission to issue up to 20 million ordinary shares and 20 million options and a bonus issue of options to existing shareholders of 1 option for every 2 shares on 20 September 2006. No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significant affect the operations of the company, the results of those operations, or the state of affairs of the company in the future.

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 from time to time 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.

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

Steven Shane Pritchard - Chairman (Executive)

Qualifications

Bachelor of Commerce, Certified Practising Accountant, Registered Tax Agent, Fellow Taxation Institute of Australia, Graduate Diploma Applied Finance and Investment, and Fellow of Financial Services Institute of Australasia

Experience

Appointed Chairman 2003. Board member since 2003

Interest in Shares and Options

444,532 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), Pritchard Equity Limited (since 10 May 2002) and Winpar Holdings Limited (since 4 July 2004)

Daniel DiStefano - Director (Executive) and Company Secretary

Qualifications

Bachelor of Commerce; Certified Practising Accountant, Graduate Diploma of Applied Finance and Investment, and Fellow of Financial Services Institute of Australasia

Experience

Board member and company secretary since 2003

Interest in Shares and Options

141,824 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).

Darval Warwick Thomas - 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

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT

This report details the nature and amount of remuneration for each director of Illuminator Investment Company Limited, and for the executives receiving the highest remuneration.

Remuneration policy

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.

Remuneration Report

Details of remuneration for year ended 30 June 2006

The Company has only two executives, Steven S Pritchard and Daniel DiStefano (2005: two executives), both of whom are Directors of the Company. Details of the remuneration for each Director of the Company was as follows:

2006	Salary & Fees \$	Superannuation Contributions \$	Other \$	Total \$
Steven Shane Pritchard	-	-	-	-
Daniel Di Stefano	-	-	-	-
Darval Warwick Thomas	-	-	-	-
	-	-	-	-

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

DIRECTORS' REPORT (CONTINUED)

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

Shareholdings

Number of Shares Held by Directors

	Balance 1.7.2005	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.6.2006
Steven Shane Pritchard	409,105	-	-	35,427	444,532
Daniel Di Stefano	109,147	-	-	32,677	141,824
Darval Warwick Thomas	40,800	-	-	-	40,800
Total	559,052	-	-	68,104	627,156

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

Optionsholdings

Number of Options Held by Directors

	Balance 1.7.2005	Granted as Remuneration	Options Exercised	Net Change Other*	Balance 30.6.2006	Total Exercisable 30.6.2006
Steven Shane Pritchard	404,480	-	-	-	404,480	404,480
Daniel Di Stefano	8,040	-	-	-	8,040	8,040
Darval Warwick Thomas	40,800	-	-	-	40,800	40,800
Total	453,320	-	-	-	453,320	453,320

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

DIRECTORS' REPORT (CONTINUED)

Options

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

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

During the year ended 30 June 2006 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.

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.

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 2006 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 28th day of September 2006.

DIRECTORS' REPORT (CONTINUED)



Forsythes

Financial Planning
Business Valuation
Corporate Accounting
Succession
IT & Training

**AUDITORS INDEPENDENCE DECLARATION
TO THE DIRECTORS OF ILLUMINATOR INVESTMENT COMPANY LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Illuminator Investment Company Limited.

As lead audit partner for the audit of Illuminator Investment Company Limited financial statements for the year ended 30 June 2006, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- i. the independence requirements of the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.



FORSYTHES



WJ Lewis
Partner
Chartered Accountants

NEWCASTLE
28 September 2005

Level 2, Hunter West Chambers, 175 Street Street, (PO Box 709) L19 2912 Newcastle NSW 2290 Australia
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INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
Income from investment portfolio	2a	24,929	19,458
Income from trading portfolio	2b	22,418	11,634
Income from deposits	2c	946	8,804
Other income	2d	1,520	955
Total income from ordinary activities		49,813	40,851
Administration expenses		(17,671)	(20,250)
Borrowing costs expense		(2,696)	(758)
Management fees		(7,040)	(5,864)
Performance fees		(20,653)	(2,638)
Other expenses from ordinary activities		-	(809)
Operating profit before income tax and realised gains/(losses) on the investment portfolio	3	1,753	10,532
Income tax (expense)/credit relating to ordinary activities *	4	7,342	702
Operating profit before realised gains/(losses) on the investment portfolio		9,095	11,234
Realised gains/(losses) on the investment portfolio		(1,578)	10,524
Income tax (expense)/credit thereon *	4	473	(3,157)
Net realised gains/(losses) on investment portfolio		(1,105)	7,367
Profit attributable to members of the company		7,990	18,601
Overall Operations			
Basic earnings per share (cents per share)	7	0.62	1.47
Diluted earnings per share (cents per share)	7	0.62	1.47
* Total tax expense/(benefit)		(7,816)	2,455

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	10,461	18,022
Receivables	9	5,564	3,261
Trading Portfolio	10	33,992	38,975
Other	11	600	600
TOTAL CURRENT ASSETS		50,617	60,858
NON-CURRENT ASSETS			
Investment Portfolio	12	741,344	544,070
Deferred tax assets	13	34,690	27,574
TOTAL NON-CURRENT ASSETS		776,034	571,644
TOTAL ASSETS		826,651	632,502
LIABILITIES			
CURRENT LIABILITIES			
Payables	14	37,197	9,599
Borrowings	15	36,186	-
TOTAL CURRENT LIABILITIES		73,383	9,599
NON-CURRENT LIABILITIES			
Deferred tax liabilities	16	50,676	14,064
TOTAL NON-CURRENT LIABILITIES		50,676	14,064
TOTAL LIABILITIES		124,059	23,663
NET ASSETS		702,592	608,839
EQUITY			
Contributed equity	17	610,893	596,809
Reserves	18	92,283	7,625
Retained earnings		(584)	4,405
TOTAL EQUITY		702,592	608,839

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	Note	Issued Capital \$	Retained Profits \$	Capital Profits Reserve \$	Investment Revaluation Reserve \$	Total \$
Balance at 1 July 2004		575,005	(528)	-	-	574,477
Dividends paid and dividend reinvestment plan	6 & 17	6,301	(6,301)	-	-	-
Other issued capital adjustments		15,503	-	-	-	15,503
Profit for the year		-	18,601	-	-	18,601
Revaluation of investment portfolio (net of tax)	18b	-	-	-	258	258
Transfers to/(from) reserves	18	-	(7,367)	7,367	-	-
Balance at 30 June 2005		596,809	4,405	7,367	258	608,839
Balance at 1 July 2005		596,809	4,405	7,367	258	608,839
Dividends paid and dividend investment plan	6 & 17	14,084	(14,084)	-	-	-
Profit for the year		-	7,990	-	-	7,990
Revaluation of investment portfolio (net of tax)	18b	-	-	-	85,763	85,763
Transfers to/(from) reserves	18	-	1,105	(1,105)	-	-
Balance at 30 June 2006		610,893	(584)	6,262	86,021	702,592

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

	Note	2006 \$	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Sales from trading portfolio		122,346	138,127
Purchases for trading portfolio		(104,271)	(168,055)
Dividends received		25,676	13,658
Interest received		946	8,804
Sub underwriting fees		672	580
Trust distributions		1,047	575
Other receipts		750	5,810
		<u>47,166</u>	<u>(501)</u>
Administration expenses		(19,271)	(17,492)
Bank charges		(222)	(216)
Borrowing costs		(2,244)	-
Management fees		(6,894)	(5,363)
Performance fees		(2,398)	-
Net cash provided by / (used in) operating activities	20	<u>16,137</u>	<u>(23,572)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales from investment portfolio		194,172	146,405
Purchases for investment portfolio		(253,826)	(641,216)
Net cash provided by / (used in) investing activities		<u>(59,654)</u>	<u>(494,811)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,026	1,154
Initial public offer costs		-	(14,097)
Proceeds from borrowings		197,937	-
Repayment of borrowings		(161,981)	-
Dividends paid		(2,026)	(1,154)
Net cash provided by / (used in) financing activities		<u>35,956</u>	<u>(14,097)</u>
Net increase / (decrease) in cash held		(7,561)	(532,480)
Cash at beginning of financial year		18,022	550,502
Cash at end of financial year	8	<u>10,461</u>	<u>18,022</u>

The accompanying notes form part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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 financial report of Illuminator Investment Company Limited as an individual entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

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.

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Illuminator Investment Company Limited as an individual entity has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

Judgements made by management in the application of AIFRS that have significant effects on the financial statements and

estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

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.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the company's accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These accounts are the first financial statements of Illuminator Investment Company Limited to be prepared in accordance with Australian equivalents to IFRS.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 26 to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The financial statements were authorised for issue by the directors on 28 September 2006.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

Accounting Policies

a. Investment and Trading Portfolios

(i) Balance Sheet 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'.

Ordinary securities within the investment portfolio are classified as 'assets available for sale', whilst securities within the trading portfolio are classified as 'assets measured at fair value through the Income Statement'.

(ii) Valuation of investment portfolio

Securities, including listed and unlisted shares and notes and options, are initially brought to account at cost, which is the cost of acquisition including transaction costs, and are revalued to market values continuously. Increments and decrements on Ordinary Securities 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 to the Income Statement. Subsequently, any revaluation increment or decrement relating to the disposal of an investment is transferred to the Capital Profits Reserve.

(iii) Valuation of trading portfolio

Securities, including listed and unlisted shares and notes, are initially brought to account at cost which is the cost of acquisition including transaction costs and are revalued to market values continuously.

Increments and decrements on the value of securities in the trading portfolio are taken directly through the Income Statement.

(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 and distributions relating to unlisted securities are recognised as income when received. If the distributions are capital returns on ordinary securities the amount of the distribution is treated as an adjustment to the carry value of the securities.

b. Fair Value of Financial Assets and Liabilities

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

c. Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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.

d. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments.

e. 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 Tax 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

f. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

g. Foreign Currency Transactions and Balances

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

h. Borrowings

The Company is party to an agreement under which BT Securities Limited have agreed to accept listed securities beneficially held by the Company as security under the loan facility.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 2: REVENUE

	2006 \$	2005 \$
a. Income from Investment Portfolio		
- dividends received	23,868	17,678
- trust distributions received	1,061	1,780
Total Income from Investment Portfolio	<u>24,929</u>	<u>19,458</u>
b. Income from Trading Portfolio		
- sales revenue	125,667	138,127
- cost of sales	(109,249)	(129,080)
- net gains/(losses) from trading portfolio sales	16,418	9,047
- dividends received	6,000	2,587
Total Income from Trading Portfolio	<u>22,418</u>	<u>11,634</u>
c. Income from deposits		
- interest income	946	8,804
Total income from deposits	<u>946</u>	<u>8,804</u>
d. Other income		
- foreign currency translation gain	1,223	-
- sub-underwriting fees	297	955
Total other revenue	<u>1,520</u>	<u>955</u>
Total revenue	<u>49,812</u>	<u>40,851</u>

NOTE 3: PROFIT FOR THE YEAR

	2006 \$	2005 \$
Operating profit before income tax has been determined after:		
Expenses		
Administration expenses	12,170	14,750
Bank expenses	222	542
Borrowing costs	2,474	216
Foreign currency translation losses	-	809
Listing fees	5,500	5,500
Management fees	7,040	5,864
Performance fees	20,653	2,638
Profit/(loss) from operating activities before income tax and realised gains on the investment portfolio	<u>1,753</u>	<u>10,532</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 4: INCOME TAX EXPENSE

	2006 \$	2005 \$
a. The components of tax expense comprise:		
Current taxation provision	-	291
Increase / (decrease) in deferred tax liabilities - other	496	750
(Increase) / decrease in deferred tax assets - investment portfolio	(474)	-
(Increase) / decrease in deferred tax assets - other	(7,837)	1,414
	<u>(7,815)</u>	<u>2,455</u>
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit before income tax expense and realised gains on investment portfolio	1,753	10,532
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2005: 30%)	526	3,160
Add:		
Tax effect of:		
- Imputation gross-up on dividends received	3,372	1,656
- Franking credits on dividends received	(11,240)	(5,516)
	<u>(7,342)</u>	<u>(702)</u>
Income tax expense on operating profit before realised gains on investment portfolio	(7,342)	(702)
Realised gains (losses) on investment portfolio	<u>(1,578)</u>	<u>10,524</u>
Prima facie tax payable (credit) calculated at 30% (2005: 30%)	(473)	3,157
Income tax expense (credit) on realised gains (losses) on investment portfolio	(473)	3,157
Total income tax expense (credit)	<u>(7,815)</u>	<u>2,455</u>
c. Amounts recognised directly in equity		
Increase / (decrease) in deferred tax liabilities relating to capital gains on the increase in unrealised gains on securities in the investment portfolio	36,117	13,314
(Increase) / decrease in deferred tax assets relating to capital losses on the increase in unrealised losses on securities in the investment portfolio	1,194	(13,505)
	<u>37,311</u>	<u>(191)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 5: AUDITORS' REMUNERATION

	Note	2006 \$	2005 \$
Remuneration of the auditor of the company for: Forsythes			
- auditing or reviewing the financial report		<u>5,800</u>	<u>7,050</u>

NOTE 6: DIVIDENDS

	Note	2006 \$	2005 \$
a. Dividends Paid			
Final fully franked ordinary dividend for the year ended 30 June 2005 of 0.5 (2005: Nil) cents per share paid on 21 October 2005		6,366	-
Interim fully franked ordinary dividend for the year ended 30 June 2006 of 0.6 (2005: 0.5) cents per share paid on 21 April 2006		<u>7,718</u>	<u>6,301</u>
		<u>14,084</u>	<u>6,301</u>
b. Dividends Declared			
Final fully franked ordinary dividend of 0.6 (2005: 0.5) cents per share payable on 21 October 2006. This dividend has not been brought to account in the financial statements for the year ended 30 June 2006 but will be recognised in subsequent financial reports.		<u>7,809</u>	-
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 and it does not reflect the impact of dividends declared after balance date.		<u>13,882</u>	<u>3,360</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 7: EARNINGS PER SHARE

	2006 Number	2005 Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	1,285,120	1,262,778
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 earnings per share	1,285,120	1,262,778
a. Basic and diluted earnings per share	\$	\$
Profit attributable to members of the company	7,991	18,601
	Cents	Cents
Basic earnings per share including realised gains(losses) on the investment portfolio	0.62	1.47
Diluted earnings per share including realised gains(losses) on the investment portfolio	0.62	1.47
b. Basic and diluted operating earnings per share excluding realised gains/(losses) on the investment portfolio	\$	\$
Operating profit before realised gains/(losses) on the investment portfolio	9,095	11,234
	Cents	Cents
Basic operating earnings per share excluding realised gains/(losses) on the investment portfolio	0.71	0.89
Diluted operating earnings per share excluding realised gains/(losses) on the investment portfolio	0.71	0.89
c. Classification of securities	Number	Number
The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:		
- Options outstanding	1,260,262	1,260,262

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 8: CASH AND CASH EQUIVALENTS

	Note	2006 \$	2005 \$
Cash at bank and in hand		416	1,369
Deposits at call		10,045	16,653
		<u>10,461</u>	<u>18,022</u>

The effective interest rate on deposits at call was 4.80% (2005: 4.7%). 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 cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	<u>10,461</u>	<u>18,022</u>
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NOTE 9: TRADE AND OTHER RECEIVABLES

	Note	2006 \$	2005 \$
CURRENT			
Dividends and trust distributions receivable		1,799	2,273
Outstanding settlements - investment portfolio		-	-
Outstanding settlements - trading portfolio		3,336	-
Other debtors		429	988
		<u>5,564</u>	<u>3,261</u>

Receivables are non-interest bearing and unsecured.

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

NOTE 10: TRADING PORTFOLIO

	Note	2006 \$	2005 \$
CURRENT			
Listed investments, at market value			
-Shares		<u>33,992</u>	<u>38,975</u>

NOTE 11: OTHER ASSETS

	Note	2006 \$	2005 \$
CURRENT			
Prepayments		<u>600</u>	<u>600</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 12: INVESTMENT PORTFOLIO

	Note	2006 \$	2005 \$
NON-CURRENT			
Listed Investments, at market value			
- Fixed interest securities		-	84,258
- Options		2,750	6,050
- Shares		693,868	424,036
- Trust units		44,726	29,726
		<u>741,344</u>	<u>544,070</u>

NOTE 13: DEFERRED TAX ASSETS

	Note	2006 \$	2005 \$
The deferred tax assets is made up of the following estimated tax benefits:			
- Tax losses		7,987	-
- Timing differences		26,703	27,574
		<u>34,690</u>	<u>27,574</u>

NOTE 14: PAYABLES

	Note	2006 \$	2005 \$
CURRENT			
Trade Creditors		-	-
Outstanding settlements - investment portfolio		-	1,210
Outstanding settlements - trading portfolio		11,132	-
Sundry creditors and accrued expenses		26,065	8,389
		<u>37,197</u>	<u>9,599</u>

NOTE 15: BORROWINGS

	Note	2006 \$	2005 \$
CURRENT			
Short-term borrowings		<u>36,186</u>	<u>-</u>

The above short-term borrowings are secured by listed securities held in the company's investment and trading portfolio's. Repayment of the facility is done either through the use of cash received from dividends and distributions or the sale of securities.

NOTE 16: DEFERRED TAX LIABILITIES

	Note	2006 \$	2005 \$
NON-CURRENT			
Provision for deferred income tax attributable to:			
- Timing differences		1,245	750
- Deferred capital gains tax		49,431	13,314
		<u>50,676</u>	<u>14,064</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 17: CONTRIBUTED EQUITY

	Note	2006 \$	2005 \$
1,301,453 (2005: 1,273,189) fully paid ordinary shares	17a	<u>610,893</u>	<u>596,809</u>
a. Ordinary shares			
At the beginning of reporting period		596,809	590,508
Shares issued during the year			
- 12,925 on 21 April 2005		-	6,301
- 13,057 on 21 October 2005		6,366	-
- 15,207 on 21 April 2006		7,718	-
At reporting date		<u>610,893</u>	<u>596,809</u>

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to 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 2006 there were 1,260,262 (2005:1,260,262) unissued ordinary shares for which options were outstanding.

NOTE 18: RESERVES

	Note	2006 \$	2005 \$
Capital profits	18a	6,262	7,367
Investment revaluation	18b	<u>86,021</u>	<u>258</u>
		<u>92,283</u>	<u>7,625</u>

18a. Capital Profits Reserve Movements During the Year

Opening balance	7,367	-
Transfer (to)/from retained earnings	(1,105)	7,367
Closing Balance	<u>6,262</u>	<u>7,367</u>

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

18b. Investment Revaluation Reserve Movements During the Year

Opening balance	258	-
Revaluation of investment portfolio (net of tax)	<u>85,763</u>	<u>258</u>
Closing Balance	<u>86,021</u>	<u>258</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 19: 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:

2006	Revenue \$	Unrealised Gains	Market Value	Portfolio %
Australia	46,114	130,608	692,749	8.20
Fiji	-	(587)	10,545	1.34
Great Britain	1,232	3,847	48,104	6.12
New Zealand	-	16	7,540	0.96
United States of America	-	1,850	16,398	2.09
Sub Total	47,346	135,734	775,336	98.71
Cash	946	-	10,045	1.29
Total	48,292	135,734	785,381	100.00

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
Sub Total	31,093	(686)	583,045	97.22
Cash	8,804	-	16,653	2.78
Total	39,897	(686)	599,698	100.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 20: CASH FLOW INFORMATION

	Note	2006 \$	2005 \$
Reconciliation of Cash Flow from Operations with Profit after Income Tax			
Profit after income tax		7,990	18,601
Cash flows excluded from profit attributable to operating activities			
Net realised (gains)/losses on the investment portfolio		1,105	(7,367)
Dividends received as securities under DRP investments		(3,777)	(595)
(Increase)/decrease in current receivables		1,033	(1,008)
(Increase)/decrease in the trading portfolio		4,983	(38,975)
Increase/(decrease) in current payables		12,145	6,474
Increase/(decrease) in income taxes balances		(7,342)	(702)
Cash flow from operations		<u>16,137</u>	<u>(23,572)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 21: RELATED PARTY TRANSACTIONS

	Note	2006 \$	2005 \$
Transactions with related parties:			
Expenses paid or payable by the company to:			
- Investment management and performance fees paid to Pritchard & Partners Pty. Limited		27,693	8,502
- Brokerage paid to Pritchard & Partners Pty. Limited		3,730	6,188
- Accounting fees paid to Rees Pritchard Pty. Limited		300	250
Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Pritchard & Partners Pty. Limited and Rees Pritchard Pty. Limited.			
- Newcastle Capital Markets Registries Pty. Limited for share registry costs.		2,429	2,544
Steven Pritchard is interested in the above transaction as a director and beneficial shareholder of Newcastle Capital Markets Registries Pty. Limited			
The Company subscribed for 75,000 shares, 75,000 A Series options, and 75,000 B Series options in the initial public offer of Florin Mining Investment Company Limited. Both Steven Pritchard and Daniel Di Stefano are Directors and have a beneficial interest in the securities of Florin Mining & Investment Company Limited		15,000	-
The Company subscribed for 6,250 A Ordinary shares, 6,250 B Ordinary Shares, 6,250 Series 1 options, 3,125 Series 2 options and 3,125 Series 3 options in the initial public offer of Pritchard Equity Limited. Steven Pritchard is a director and has a beneficial interest in the securities of Pritchard Equity Limited.		12,500	-
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.			

NOTE 22: 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 23: INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in investments during the year was 82 (2005: 135). Each contract note may involve multiple transactions. The total brokerage paid on these contract notes was \$3,730 (2005: \$6,188).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 24: COMPANY DETAILS

The registered office and principle place of business of Illuminator Investment Company Limited is:
10 Murray Street
HAMILTON NEW SOUTH WALES 2303

NOTE 25: FINANCIAL RISK MANAGEMENT

Accounting Standards identify three types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

a. Credit Risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as noted in the Notes to the financial statements with respect to cash and trade and other receivables. None of these assets are over-due or considered to be impaired.

b. Liquidity Risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash-flow requirements and ensures that it has either cash or access to short term borrowing facilities sufficient to meet any payments.

The assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

c. Market Risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market price.

By its nature as the Company invests a substantial proportion of its assets in tradeable securities the Company is always subject to market risk as it invests its capital in securities which are not risk free i.e. the market price of these securities can fluctuate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 26: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

	Note	Previous GAAP at 1.7.2004 \$	Adjustments on introduction of Australian equivalents to IFRS \$	Australian equivalents to IFRS at 1.7.2004 \$
Reconciliation of Equity at 1 July 2004				
ASSETS				
CURRENT ASSETS				
Cash assets		550,502	-	550,502
Receivables		3,788	-	3,788
Trading Portfolio	26a	-	-	-
Other		752	-	752
TOTAL CURRENT ASSETS		555,042	-	555,042
NON-CURRENT ASSETS				
Investment Portfolio	26a	38,930	-	38,930
Deferred tax assets		1,102	-	1,102
TOTAL NON-CURRENT ASSETS		40,032	-	40,032
TOTAL ASSETS		595,074	-	595,074
CURRENT LIABILITIES				
Payables		19,722	-	19,722
Current tax liabilities		830	-	830
TOTAL CURRENT LIABILITIES		20,522	-	20,522
NON-CURRENT LIABILITIES				
Deferred tax liabilities	26c&d	45	-	45
TOTAL NON-CURRENT LIABILITIES		45	-	45
TOTAL LIABILITIES		20,597	-	20,597
NET ASSETS		574,477	-	574,477
EQUITY				
Issued capital		575,005	-	575,005
Reserves		-	-	-
Retained earnings	26e	(528)	-	(528)
TOTAL EQUITY		574,477	-	574,477

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 26: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

	Note	Previous GAAP at 30.6.2005 \$	Adjustments on introduction of Australian equivalents to IFRS \$	Australian equivalents to IFRS at 30.6.2005 \$
Reconciliation of Equity at 30 June 2005				
ASSETS				
CURRENT ASSETS				
Cash assets		18,022	-	18,022
Receivables		3,261	-	3,261
Trading Portfolio	26a	38,975	-	38,975
Other		600	-	600
TOTAL CURRENT ASSETS		60,858	-	60,858
NON-CURRENT ASSETS				
Investment Portfolio	26a	544,070	-	544,070
Deferred tax assets		27,574	-	27,574
TOTAL NON-CURRENT ASSETS		571,644	-	571,644
TOTAL ASSETS		632,502	-	632,502
CURRENT LIABILITIES				
Payables		9,599	-	9,599
Current tax liabilities		-	-	-
TOTAL CURRENT LIABILITIES		9,599	-	9,599
NON-CURRENT LIABILITIES				
Deferred tax liabilities	26c&d	14,064	-	14,064
TOTAL NON-CURRENT LIABILITIES		14,064	-	14,064
TOTAL LIABILITIES		23,663	-	23,663
NET ASSETS		608,839	-	608,839
EQUITY				
Issued capital	26f	581,306	15,503	596,809
Reserves		7,625	-	7,625
Retained earnings		19,908	(15,503)	4,405
TOTAL EQUITY		608,839	-	608,839

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 26: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

	Note	Previous GAAP	Effect of transition to Australian equivalents to IFRS	Australian equivalents to IFRS
		\$	\$	\$
Reconciliation of Profit or Loss for the year 30 June 2005				
Income from investment portfolio		19,458	-	19,458
Income from trading portfolio	26b	11,634	-	11,634
Income from deposits		8,804	-	8,804
Other income		955	-	955
Total income from ordinary activities		40,851	-	40,851
Administration expenses		20,792	-	20,792
Borrowing costs expense		216	-	216
Management fees		5,864	-	5,864
Performance fees		2,638	-	2,638
Other expenses from ordinary activities		809	-	809
Profit from ordinary activities before income tax expense		10,532	-	10,532
Income tax benefit/(expense) relating to ordinary activities	26c	16,205	(15,503)	702
Profit from ordinary operating activities after related income tax expense		26,737	(15,503)	11,234
Realised gains / (losses) on investment portfolio	26e	-	10,524	10,524
Income tax expense thereon	26e	-	(3,157)	(3,157)
Profit attributable to members of the company		26,737	(8,136)	18,601
Direct adjustments against equity				
Realised gains/(losses) on investment portfolio (net of tax)	26e	7,367	(7,367)	-
Unrealised gains/(losses) on investment portfolio (net of tax)	26d	258	-	258
Total valuation adjustments recognised directly in equity		7,625	(7,367)	258
Total changes in equity other than those resulting from transactions with owners as owners		34,362	(15,503)	18,859

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2006

NOTE 26: FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT'D)

Notes to the Reconciliations of Equity and Profit and Loss at 1 July 2004 and 30 June 2005

- (a) Investments measured at market value
All investments (including the trading portfolio) are measured at market value.
- (b) Unrealised gains/losses on the trading portfolio
All unrealised gains or losses on the trading portfolio are included in the Income Statement for that period.
- (c) Provision for deferred tax on unrealised gains/losses in the Income Statement
A provision for the tax that would be due on unrealised gains or the credit receivable on unrealised losses that are included in the Income Statement is made on the Balance Sheet, and changes to this provision are reflected in the Income Statement.
- (d) Provision for deferred capital gains tax on unrealised gains through the Investment Revaluation Reserve
A provision for the tax that would be due on unrealised gains or the credit receivable on unrealised losses that are included in the Investment Revaluation Reserve is made on the Balance Sheet, and changes to this provision are reflected directly through equity.
- (e) Realised gains or losses on securities in the investment portfolio
All realised gains or losses, and the tax payable/tax credit receivable thereon, are accounted for through the Income Statement, and are therefore part of the Profit attributable to Members. The net gains/losses may be transferred through reserves from Retained Earnings to the Capital Profits Reserve which is available for distribution.
- (f) Recognition of deferred tax assets on transaction costs on issue of equity instruments
Under AIFRS, the expenses incurred in issuing equity instruments are deducted from issued capital net of any tax benefit. The tax benefit is claimed over a five year period and gives rise to a deferred tax asset.
- (g) Effect of AIFRS on the cash flow statement for the financial year ended 30 June 2006
There are no material differences between the cash flow statement presented under AIFRS and the cash flow statement presented under the superseded accounting policies.



DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 35, 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 2006 and of the performance for the year ended on that date of the company;
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 director's 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.

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

Steven Shane Pritchard
Director

Daniel Di Stefano
Director

Dated this 28 day of September 2006

Forsythes

Financial Reporting
Taxation
Forensic Accounting
Advisory
Trust Accounting

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF ILLUMINATOR INVESTMENT COMPANY LIMITED

SCOPE

The financial report, compensation disclosures and directors' responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement, accompanying notes to the financial statements, and the directors' declaration for Illuminator Investment Company Limited (the company) for the year ended 30 June 2026.

The company has disclosed information about the compensation of key management personnel as required by paragraphs Aus 25.4 to Aus 25.12 of Accounting Standard AASB 124 Related Party Disclosures ("AASB 124") (the compensation disclosures) under the heading "Remuneration Report" in pages 10 to 11 of the Directors' Report, as permitted by ASIC Class Order 06/20 and ASIC Class Order 06/103.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards in Australia and the Corporations Act 2001. This includes responsibility for the maintenance of adequate financial 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. The directors are also responsible for the compensation disclosures contained in the Directors' Report.

Audit approach

We conducted an independent audit of the financial report and the compensation disclosures in order to express an opinion on them 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 and the compensation disclosures comply with AASB 124. The nature of an audit is influenced by factors such as the use of professional judgment, 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.

We performed procedures to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards in Australia and the Corporations Act 2001 so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations, its changes in equity and its cash flows and whether the compensation disclosures comply with AASB 124.



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 compensation disclosures, and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting 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.

The audit opinion expressed in this report has been formed on this basis.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

AUDIT OPINION

In our opinion:

- (1) 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 company's financial position as at 30 June 2006 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
- (2) the compensation disclosures that are contained in pages 10 to 11 of the Director's Report comply with Accounting Standard paragraphs Aus 25.4 to Aus 25.72 of AASB 124.


FORSYTHES

VJ LEWIS
Partner
Chartered Accountants

Newcastle, 29 September 2006

STOCK EXCHANGE INFORMATION

Top 20 Shareholders as at 14 September 2006.

Shareholder	No. of Shares	% of Issued
Henley Underwriting & Investment Company Pty Limited	129,771	9.97
Steven Pritchard Investments Pty Limited	105,318	8.09
Pritchard & Partners Pty Limited	62,777	4.82
Mr Stephen Gaterell	61,953	4.76
Pritchard & Company Pty Limited	52,660	4.05
Kerteh Holdings Pty Limited	41,303	3.17
Melville King Pty Ltd	40,885	3.14
Hafoba Pty Ltd	40,800	3.13
Richardson Investment Holdings Pty Ltd	40,000	3.07
Mr Laurence George Cable	30,978	2.38
RFC Investment Holdings Pty Ltd	26,576	2.04
Pritchard Equity Limited	25,970	1.99
Superannuation Nominees Pty Limited	21,065	1.62
Pirenz Nominees Pty Limited	20,746	1.59
Cumarex Pty Limited	20,653	1.59
Mrs Ann Z Kisonas	20,653	1.59
Mrs Lola Bernice Heddles & Mr Murray Allan Heddles	20,653	1.59
Newcastle Capital Markets Registries Pty Limited	20,653	1.59
Saxonit Pty Ltd	20,653	1.59
Bond Street Custodians Limited	20,000	1.53
	824,067	63.32

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

24
34
22
31
3
2

Substantial Shareholders

As at 14 September 2006 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	434,204	33.36
Margaret Pritchard	183,080	14.38
Daniel Di Stefano	131,496	10.10

STOCK EXCHANGE INFORMATION

Top 20 Optionholders as at 14 September 2006.

Optionholder	No. of Options	% of Issued
Pritchard Equity Limited	200,000	15.87
Steven Pritchard Investments Pty Limited	102,000	8.09
Mr Stephen Gaterell	60,000	4.76
Hafoba Pty Ltd	40,800	3.24
Kerteh Holdings Pty Limited	40,000	3.17
Melville King Pty Ltd	40,000	3.17
Richardson Investment Holdings Pty Ltd	40,000	3.17
Pritchard & Company Pty Limited	37,600	2.98
Mr Laurence George Cable	30,000	2.38
RFC Investment Holdings Pty Ltd	25,000	1.98
Superannuation Nominees Pty Limited	20,400	1.62
Cumarex Pty Limited	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	20,000	1.59
Saxonit Pty Ltd	20,000	1.59
Mr Steven Shane Pritchard	15,300	1.21
Bissaker Investments Pty Limited	15,000	1.19
Pirenz Nominees Pty Limited	14,280	1.13
	800,380	63.51

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

20
41
32
18
1
2

CORPORATE DIRECTORY

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

