

**ILLUMINATOR INVESTMENT COMPANY LIMITED**

**ABN 48 107 470 333**

**2010 ANNUAL REPORT**

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# ILLUMINATOR INVESTMENT COMPANY LIMITED

## HIGHLIGHTS

### Key Financial Statistics

	2010	2009	2008	2007	2006
Net profit (loss) after tax	1,722	\$(125,800)	\$(20,794)	\$49,632	\$7,990
Earnings per Share (cents per share)	0.07	(5.17)	(0.90)	2.87	0.62
Dividends per Share (cents per share)	1.00	0.75	1.55	1.35	1.10
Total Assets	1,440,196	\$1,262,389	\$1,460,900	\$1,687,925	\$826,651
Total Liabilities	454,349	\$429,307	\$427,555	\$362,752	\$124,059
Shareholders Funds	985,847	\$833,082	\$1,033,345	\$1,325,173	\$702,592
Total Shareholders Return*	9.09%	(21.51)%	(25.83)%	15.75%	12.71%
Return on Shareholders Funds	0.08%	(2.35)%	(1.49)%	7.06%	1.31%
Net Asset backing per share	\$0.38	\$0.33	\$0.43	\$0.60	\$0.53
Shares on issue	2,620,822	2,491,048	2,384,246	2,214,261	1,301,453
Number of Shareholders	153	153	152	145	116
Options on issue	-	-	-	827,472	1,260,262
Number of Option holders	-	-	-	138	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 60.

- **Professional Management**

The investment portfolio of Illuminator is managed by Pritchard & Partners Pty. Limited, which is a participant of the National Stock Exchange of Australia Limited (NSX), formerly 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 National Stock Exchange of Australia 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

### 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; and
- Have the securities of between 20 and 60 issues represented in its portfolio.

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

### Investment Manger's Comments

The year saw a general improvement in global market conditions and the general economic outlook, particularly here in Australia, however, a number of dark clouds remain on the horizon particularly in relation to the sovereign debt position of a number of European countries.

Whilst the ongoing level of income generated by the investment portfolio fell as predicted in last years report, as many of the companies in which Illuminator invests maintain or cut their dividends, it was not as great as what we had expected.

Given these conditions we believe that our results for the current year were satisfactory with a increase in the net assets of the company of \$152,765 the first such increase since 2007.

Only minor changes were made to the investment portfolio during the year, and we are generally pleased with its contents and performance.

We will continue to make minor adjustments to the portfolio from time to time but do not envisage making any wholesale changes to its composition in the foreseeable future.

Readers of this year's annual report will notice that it has again grown in length and now includes a new Comprehensive Income Statement. The setters of accounting standards in Australia, the Australian Accounting Standards Board (AASB), would appear to be looking for some sense academic purity in the presentation of financial statements, with the result that they are becoming larger and larger and less and less meaningful to the average shareholder.

Each year, the amount of information required to be included changes and the name of various items change for no apparent logical reason, for example, shareholders may have noticed that over the last few years, the name of the balance sheet has change from balance sheet, to statement of financial position, back to balance sheet and now for the current year, back to statement of financial position. When we made enquiries with the AASB as to why this was the case, we were advised that it was to comply with International Accounting Standards, however a perusal of the financial statements of United Kingdom and United States of America companies, indicate that they still call a balance sheet a balance sheet, so we are not sure, which countries the AASB is referring to.

For a company such as ours, we find it amazing that so much information needs to be collated and audited and included in the financial statements, in order to comply with accounting standards most of which will be unread nor understandable by the average shareholder.

From our experience the average shareholder in a company such as ours wishes to know, the amount of income the company received, its expenses, the value of the investment portfolio, its net tangible assets per share, and the dividends it paid.

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### INVESTMENT MANAGER'S REPORT (CONTINUED)

Given the better than expected performance your directors have resolved to pay a final dividend in respect of the 2010 financial year at the rate of 1.00 cent per share fully franked, being an increase of 33 1/3% on last years dividend. As the final dividend is sourced from Listed Investment Company capital gains, most shareholders will be able to benefit by claiming some of this amount as a tax deduction.

The following table shows the progress of Illuminator Investment Company Limited since incorporation:

Year	Dividends Cents Per Share	Net Profit /(loss) \$	Issued Capital \$	Issued Ordinary Shares	Net Assets \$
2004	-	(528)	575,005	1,260,264	574,477
2005	0.50	18,601	596,809	1,273,189	608,839
2006	1.10	7,990	610,893	1,301,453	702,592
2007	1.35	49,632	1,053,631	2,214,261	1,325,173
2008	1.55	(20,794)	1,143,893	2,384,246	1,033,345
2009	0.75	(125,800)	1,178,505	2,491,048	833,082
2010	1.00	1,772	1,222,974	2,620,822	985,847

#### Trading Portfolio

The Company continued to take a cautious approach to its short term trading activities and undertook significantly less trading activities in the trading portfolio this year. During the current year the trading portfolio made a profit of \$12,667 compared to a loss last year of \$11,045.

It remains the general policy of the Company's that the trading portfolio will not exceed 10% of the Company's total portfolio. At year end the total value of the Company's trading portfolio was \$16,830 or 1.39% of the Company's total portfolio.

#### Investment Portfolio

The value of the Company's investment portfolio stood at \$1,114,790 on the 30 June 2010, compared to \$953,879, as at 30 June 2009. The portfolio consisted of \$987,639 in Australian equities (2009: \$815,068), and \$127,152 (2009: \$138,811) in international equities.

The Company will add to the investment portfolio as further investments are identified which we believe provide opportunities for sustainable long term returns for the Company.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## INVESTMENT MANAGER'S REPORT (CONTINUED)

### Details of Investments Held as at 30 June 2010

Name of Investment	Holding	Market Value \$	Portfolio %
<b>Investment Portfolio</b>			
<b>Australian Equities</b>			
Alumina Limited	11,679	17,810.47	1.47
AMP Limited	3,000	15,630.00	1.29
ANZ Banking Group Limited	750	16,207.50	1.34
ARB Corporation Limited	10,888	62,061.60	5.14
Bendigo and Adelaide Bank Limited	4,000	32,720.00	2.71
BHP Billiton Limited	350	13,177.50	1.09
Blackmores Limited	1,401	31,242.30	2.59
Cabcharge Australia Limited	5,000	25,700.00	2.13
Cochlear Limited	1,000	74,320.00	6.15
Commonwealth Bank Of Australia Limited	413	20,088.32	1.66
CSL Limited	1,000	32,580.00	2.70
Equity Trustees Limited	1,500	22,800.00	1.89
Fairfax Media Limited	10,000	13,150.00	1.09
Florin Mining Investment Company Limited	246,774	41,951.58	3.47
Florin Mining Investment Company Limited Series C Options	111,465	1,114.65	0.09
G.U.D. Holdings Limited	2,500	21,625.00	1.79
Graincorp Limited A Class	2,500	13,325.00	1.10
Hamilton Securities Limited A Class Non Voting	2,000	1,000.00	0.08
Hamilton Securities Limited B Class	8,000	8,000.00	0.66
Hamilton Securities Limited B Class Options	13,158	0.00	0.00
Harvey Norman Holdings Limited	10,000	33,100.00	2.74
Hills Industries Limited	8,214	17,660.10	1.46
Hunter Hall international Limited	3,341	17,406.61	1.44
IOOF Holdings Limited	3,000	17,970.00	1.49
Kingsgate Consolidated NL	1,000	9,470.00	0.78
Korvest Limited	6,000	27,900.00	2.31
Lycopodium Limited	10,000	31,400.00	2.60
Metcash Limited	11,000	46,090.00	3.81
National Australia Bank Limited	452	10,522.56	0.87
Platinum Asset Management Limited	8,000	37,440.00	3.10
Prime Financial Group Limited	60,000	10,200.00	0.84
Pritchard Equity Limited – A Ordinary	20,000	22,500.00	1.86
Pritchard Equity Limited – B Ordinary	10,000	11,000.00	0.91
Pritchard Equity Limited – Series 2 Options	3,125	31.25	0.00
Pritchard Equity Limited – Series 3 Options	3,125	31.25	0.00
Pritchard Equity Limited – Preferred Income Equity Securities	30	3,000.00	0.25

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## INVESTMENT MANAGER'S REPORT (CONTINUED)

### Details of Investments Held as at 30 June 2010 (continued)

Name of Investment	Holding	Market Value \$	Portfolio %
Reece Australia Limited	2,000	48,400.00	4.01
Telstra Corporation Limited	15,000	48,750.00	4.03
Transfield Services Infrastructure Fund	15,000	9,375.01	0.78
Treasury Group Limited	3,000	15,180.00	1.26
Trust Company Limited	3,000	16,560.00	1.37
Warrnambool Cheese & Butter Factory Company Holdings Limited	9,241	32,343.50	2.68
Westfield Group Stapled Securities	2,998	36,515.66	3.02
Westpac Banking Corporation	528	11,209.44	0.93
Woodside Petroleum Limited	217	9,079.28	0.75
<b>Total Australian Equities</b>		<b>987,638.58</b>	<b>81.73</b>
<b>International Equities</b>			
Berkshire Hathaway Inc. Class B Common Stock	300	28,059.87	2.32
Conygar Investment Company PLC	4,000	7,487.60	0.62
Diageo PLC	1,000	8,696.34	0.72
Dr. Pepper Snapple Group Inc.	240	10,532.40	0.87
Fletcher Building Limited	3,000	19,140.00	1.58
McMullen & Sons Limited – Preferred Ordinary	2,500	16,517.00	1.37
NYSE Euronext Inc	200	6,485.92	0.54
Royal Dutch Shell PLC B Ordinary	500	14,367.50	1.19
Unilever PLC	500	15,865.05	1.31
<b>Total International Equities</b>		<b>127,151.68</b>	<b>10.52</b>
<b>Total Investment Portfolio</b>		<b>1,114,790.26</b>	<b>92.25</b>
<b>Trading Portfolio</b>			
<b>International Equities</b>			
News Corporation Inc	1,000	16,830.00	1.39
<b>Total International Equities</b>		<b>16,830.00</b>	<b>1.39</b>
<b>Total Trading Portfolio</b>		<b>16,830.00</b>	<b>1.39</b>
<b>Investment portfolio cash &amp; cash equivalents &amp; receivables</b>			
Macquarie Bank Limited		71,190.11	5.59
National Australia Trustees Limited Common Fund Account		1,915.17	0.16
Income Accrued but not Paid		3,692.68	0.31
<b>Total Cash &amp; Equivalents</b>		<b>76,797.96</b>	<b>6.36</b>
<b>Total Portfolios</b>		<b>1,208,418.22</b>	<b>100.00</b>

# 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 meets with the external auditors at least once 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 Guidelines or any change in the Investment Guidelines 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 2010. 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 persons held the position of company secretary at the end of the financial year:

Daniel Di Stefano held the position of joint 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 of Directors.

Enzo Pirillo held the position of joint company secretary at the end of the financial year. Enzo has a Bachelor of Commerce degree from the University of Newcastle and is a Certified Practising Accountant.

### 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 \$1,772 (2009:(\$125,800)).

### Dividends Paid or Recommended

Dividends paid or declared for payment are as follows:

2009 Final ordinary dividend of 0.75 cents per share paid on 23 October 2009.	\$19,388
2010 Final ordinary dividend of 1.00 cents per share payable on 27 October 2010.	\$26,208

### Listed Investment Company Capital Gains

In 2001 the Government made changes to Capital Gains Tax relating to Listed Investment Companies ("LIC's"). The changes affect the company in situations where the Company makes a taxable capital gain on the sale of equity securities from their investment portfolios which have been held for longer than one year. This means that Illuminator is able to pass on to certain classes of shareholders a special tax deduction which is attached to its dividend. Its purpose is to put shareholders into a similar after-tax position to that which would apply if the capital gain had been made by them directly.

Arising from the sale of some of our holdings, the company has made some taxed LIC capital gains this year. This year's final dividend will be sourced from these gains. The amount which shareholders may be able to claim as a tax deduction depends upon their individual situation. The shareholders should also refer to the information provided on the dividend statement.

### Review of Operations

The Company incurred a profit of \$1,772 for the year compared to a loss of \$125,800 last year.

The amount of dividends and distributions received by the Company decreased by 4.10% to \$53,959 which was a decrease of \$2,309.

Shareholders equity grew during the year by \$152,766 to \$985,848 or 18.34%. This was as a result of the increase in the share capital of the Company to \$1,222,974 from \$1,178,505 through the issue of additional shares during the year and the increase in reserves and retained profits.

### Significant Changes in State of Affairs

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

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### After Balance Date Events

There have been no other activities which significantly affected or may significantly 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.

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly, we do not provide a forecast of the likely results of our activities.

### 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

<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 Fellow of Financial Services Institute of Australasia
Experience	—	Appointed Chairman 2003. Board member since 2003
Interest in Shares	—	1,012,311 Ordinary Shares in Illuminator Investment Company Limited
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), Hamilton Securities Limited (since 08 July 2009), Pritchard Equity Limited (since 10 May 2002) and Winpar Holdings Limited (since 4 July 2004)
<b>Daniel Di Stefano</b>	—	Director (Executive)
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	—	158,228 Ordinary Shares of Illuminator Investment Company Limited
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)

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### DIRECTORS' REPORT (CONTINUED)

<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	—	81,600 Ordinary Shares of Illuminator Investment Company Limited
Special Responsibilities	—	Darval Thomas is a Member of the Audit Committee

### 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 2010

The Company has only two executives, Steven S Pritchard and Daniel Di Stefano (2009: two executives), both of whom are Directors of the Company.

Details of the remuneration for each Director of the Company was as follows:

2010	Salary & Fees	Superannuation Contributions	Other	Total
	\$	\$	\$	\$
Steven Shane Pritchard	-	-	-	-
Daniel Di Stefano	-	-	-	-
Darval Warwick Thomas	-	-	-	-
	-	-	-	-

2009	Salary & Fees	Superannuation Contributions	Other	Total
	\$	\$	\$	\$
Steven Shane Pritchard	-	-	-	-
Daniel Di Stefano	-	-	-	-
Darval Warwick Thomas	-	-	-	-
	-	-	-	-

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### Meetings of Directors

During the financial year, 5 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	0
Darval Warwick Thomas	4	4	1	1

### Shareholdings

#### Number of Shares Held by Directors

	Balance 1.7.2009	Received as Remuneration	Options Exercised	Net Change Other*	Balance 30.6.2010
Steven Shane Pritchard	978,524	-	-	33,787	1,012,311
Daniel Di Stefano	155,315	-	-	2,913	158,228
Darval Warwick Thomas	81,600	-	-	-	81,600
<b>Total</b>	<b>1,215,439</b>	<b>-</b>	<b>-</b>	<b>36,700</b>	<b>1,252,139</b>

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

### Options

At the date of this report, no options were outstanding.

### 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 2010 has been received and can be found on page 11 of the annual report.

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



**Steven Shane Pritchard**

Director

Dated this 13th day of September 2010.



**AUDITOR'S 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 2010, 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



MJ Matthews  
Partner  
Chartered Accountants  
Newcastle, 13 September 2010

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
Income from investment portfolio	2a	53,959	56,268
Income from trading portfolio	2b	12,667	(11,045)
Income from deposits	2c	1,584	1,009
<b>Total income from ordinary activities</b>		<b>68,210</b>	<b>46,232</b>
Administration expenses		(40,942)	(42,255)
Finance costs		(31,745)	(33,077)
Management fees		(12,506)	(11,109)
<b>Operating loss before income tax and realised gains/(losses) on the investment portfolio</b>	3	<b>(16,983)</b>	<b>(40,209)</b>
Income tax benefit relating to ordinary activities *	4b	17,776	20,594
<b>Operating Profit/(loss) before realised gains/(losses) on the investment portfolio</b>		<b>793</b>	<b>(19,615)</b>
Net gains/(losses) on equity securities sold from the investment portfolio before 31 December 2009/30 June 2009		1,398	(115,581)
Income tax (expense)/benefit thereon *	4	(419)	34,674
AASB 139 'impairment' revaluation charge on investment portfolio - sold from the investment portfolio before 31 December 2009		-	(36,122)
Tax credit on above*		-	10,834
<b>Profit/(loss) attributable to members of the company</b>		<b>1,772</b>	<b>(106,185)</b>
 <b>Overall Operations</b>			
Basic earnings per share (cents per share)	7	0.07	(5.17)
Diluted earnings per share (cents per share)	7	0.07	(5.17)
* Total tax benefit		(17,357)	(66,102)

The accompanying notes form part of these financial statements.

Note that the comparative figures have been restated as a result of the early adoption of AASB 9 – See note 27.

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	30 June 2010			30 June 2009		
	Revenue	Capital	Total	Revenue	Capital	Total
	\$	\$	\$	\$	\$	\$
Operating profit(loss) for the year	793	-	793	(19,615)	-	(19,615)
<b>Other Comprehensive income</b>						
Unrealised gains/(losses) for the period on securities in the portfolio at 30 June	-	174,613	174,613	-	(166,197)	(166,197)
Deferred tax expense on above	-	(52,384)	(52,384)	-	49,859	49,859
Cumulative gains for the period on securities realised after 31 December 2009	-	5,263	5,263	-	-	-
Tax (expense)/credit on above	-	(1,579)	(1,579)	-	-	-
Transfer to Income statement of cumulative losses/(gains) on investments realised prior to 31 December 2009	-	1,398	1,398	-	(115,581)	(115,582)
Tax (expense)/credit on above		(419)	(419)	-	34,674	34,674
<b>Total other comprehensive income*#</b>	<b>-</b>	<b>126,892</b>	<b>126,892</b>	<b>-</b>	<b>(197,245)</b>	<b>(197,245)</b>
<b>Total comprehensive income^</b>	<b>793</b>	<b>126,892</b>	<b>127,685</b>	<b>(19,615)</b>	<b>(197,245)</b>	<b>(216,860)</b>

\*Net Capital gains/(losses) not recorded through the Income Statement.

^This is the Company's Net Return for the year, which includes the Net Operating Profit plus the net realised and unrealised gains or losses on the Company's investment portfolio.

#Total tax movement in other comprehensive income : 2010 - \$(54,382); 2009 - \$84,534

The accompanying notes form part of these financial statements.

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	76,733	14,696
Trade and other receivables	9	4,242	35,183
Trading portfolio	10	16,830	25,185
Other	11	660	660
<b>TOTAL CURRENT ASSETS</b>		<b>98,465</b>	<b>75,724</b>
<b>NON-CURRENT ASSETS</b>			
Investment portfolio	12	1,114,790	953,879
Deferred tax assets	13	226,941	232,786
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,341,731</b>	<b>1,186,665</b>
<b>TOTAL ASSETS</b>		<b>1,440,196</b>	<b>1,262,389</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	12,109	12,746
Borrowings	15	395,632	400,344
<b>TOTAL CURRENT LIABILITIES</b>		<b>407,741</b>	<b>413,090</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	16	46,608	16,217
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>46,608</b>	<b>16,217</b>
<b>TOTAL LIABILITIES</b>		<b>454,349</b>	<b>429,307</b>
<b>NET ASSETS</b>		<b>985,847</b>	<b>833,082</b>
<b>EQUITY</b>			
Issued capital	17	1,222,974	1,178,505
Reserves	18	(11,797)	(122,792)
(Accumulated losses)		(225,330)	(222,631)
<b>TOTAL EQUITY</b>		<b>985,847</b>	<b>833,082</b>

The accompanying notes form part of these financial statements.



## ILLUMINATOR INVESTMENT COMPANY LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	Issued Capital	Accumulated Losses	Capital Profits Reserve	Investment Revaluation Reserve	Total
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2008</b>		<b>1,143,893</b>	<b>(27,619)</b>	<b>2,183</b>	<b>(85,111)</b>	<b>1,033,345</b>
Dividends paid and dividend reinvestment plan	17 & 18a	13,595	-	(18,016)	-	(4,421)
Issued capital	17a	27,995	-	-	-	27,995
Share issue costs	17a	(6,978)	-	-	-	(6,978)
<b>Total transactions with the shareholders</b>		<b>34,613</b>	<b>-</b>	<b>(18,016)</b>	<b>-</b>	<b>16,597</b>
Loss for the year		-	(19,615)	-	-	(19,615)
<i>Other comprehensive income for the year (net of tax)</i>						
Net capital losses for the year		-	(80,907)	-	-	(80,907)
Revaluation of investment portfolio (net of tax)	18b	-	-	-	(116,338)	(116,338)
Transfer to income statement for AASB 139 'impairment' revaluation charge (net of tax)-sold from the investment portfolio prior to 31 December 2009		-	(25,278)	-	25,278	-
Transfers to/(from) reserves	18a	-	(69,212)	69,212	-	-
Other comprehensive income for the year		-	(175,397)	69,212	(91,060)	(197,245)
Total comprehensive income		-	(195,012)	69,212	(91,060)	(216,860)
<b>Balance at 30 June 2009</b>		<b>1,178,505</b>	<b>(222,631)</b>	<b>53,379</b>	<b>(176,171)</b>	<b>833,082</b>
<b>Balance at 1 July 2009 as reported</b>		<b>1,178,505</b>	<b>(332,079)</b>	<b>53,379</b>	<b>(66,723)</b>	<b>833,082</b>
Adoption of AASB 9			109,448	-	(109,448)	-
<b>Restated balance as at the beginning of the year</b>		<b>1,178,505</b>	<b>(222,631)</b>	<b>53,379</b>	<b>(176,171)</b>	<b>833,082</b>
Dividends paid and dividend reinvestment plan	17 & 18a	14,316	-	(19,389)	-	(5,072)
Issued capital	17a	31,000	-	-	-	31,000
Share issue costs	17a	(847)	-	-	-	(847)
<b>Total transactions with the shareholders</b>		<b>44,469</b>	<b>-</b>	<b>(19,389)</b>	<b>-</b>	<b>25,080</b>
Profit for the year		-	793	-	-	793
<i>Other comprehensive income for the year (net of tax)</i>						
Net capital profits for the year		-	4,662	-	-	4,662
Revaluation of investment portfolio (net of tax)	18b	-	-	-	122,230	122,230
Transfers to/(from) reserves	18a		(8,154)	8,154	-	-
Other comprehensive income for the year		-	(3,492)	8,154	122,230	126,892
Total comprehensive income		-	(2,699)	8,154	122,230	127,685
<b>Balance at 30 June 2010</b>		<b>1,222,974</b>	<b>(225,330)</b>	<b>42,144</b>	<b>(53,941)</b>	<b>985,847</b>

The accompanying notes form part of these financial statements.

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	Note	2010 \$	2009 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Sales from trading portfolio		30,077	8,673
Purchases for trading portfolio		(9,750)	(15,732)
Dividends received		53,268	57,957
Interest received		1,584	977
Trust distributions		1,079	3,513
Other receipts		1,418	2,729
		<u>77,676</u>	<u>58,117</u>
Administration expenses		(41,477)	(47,522)
Bank charges		(285)	(516)
Finance costs		(31,189)	(32,905)
Management fees		(13,230)	(14,546)
<b>Net cash (used in) operating activities</b>	<b>20</b>	<b><u>(8,505)</u></b>	<b><u>(37,372)</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sales from investment portfolio		159,623	260,512
Purchases for investment portfolio		(108,531)	(313,982)
<b>Net cash provided by/(used in) investing activities</b>		<b><u>51,092</u></b>	<b><u>(53,470)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		31,000	27,996
Share issuance costs		(1,210)	(11,764)
Proceeds from borrowings		83,889	290,630
Repayment of borrowings		(89,157)	(242,445)
Dividends paid		(5,071)	(4,421)
<b>Net cash provided by financing activities</b>		<b><u>19,451</u></b>	<b><u>59,996</u></b>
Net increase / (decrease) in cash held		62,037	(30,846)
Cash at beginning of financial year		14,696	45,542
<b>Cash at end of financial year</b>	<b>8</b>	<b><u>76,733</u></b>	<b><u>14,696</u></b>

The accompanying notes form part of these financial statements.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

### 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 and 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 statements comprise the consolidated financial statements of the Company

Accounting standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards('IFRS').

Illuminator Investment Company Limited has not applied any Australian Accounting Standards or AASB interpretations that have been issued at balance date but are not yet operative for the year ended 30 June 2010 ("the inoperative standards") with the exception of AASB 9, as noted below. The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt the inoperative standards (with the exception of AASB 9) at the date at which their adoption becomes mandatory.

#### **Basis of Preparation**

##### *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. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements were authorised for issue by the directors on 13 September 2010.

#### **Changes in Accounting Standards**

##### **AASB 101 (revised): Presentation of Financial Statements**

With effect from 1 July 2009, the Company has adopted the revised AASB 101 - Presentation of Financial Statements. This standard requires the presentation of a new Statement of Comprehensive Income separate from changes in equity arising from transactions with shareholders.

The adoption of this new standard has no impact on the Company's net assets, net profit or total recognised gains and losses, but changes the statement where certain gains and losses are presented. Previously, unrealised gains / (losses) on the investment portfolio and the associated deferred tax (charge) / credit were recorded in reserves in the Statement of Changes in Equity. These items are now presented as components of "Other Comprehensive Income" in the new Statement of Comprehensive Income.

##### **AASB 9: Financial Instruments**

The Company has early adopted AASB 9 - Financial Instruments, with effect from 31 December 2009. The Company has voluntarily adopted this standard, as this is considered to result in a presentation that better reflects the performance and operations of the Company.

This standard changes the way in which the Company's investments, and their performance, are presented. Adoption of this standard has no impact on the way in which the Company's investments are measured and hence no impact on net assets or total comprehensive income.

##### **(i) Old accounting treatment**

Previously, the Company's investments were accounted for under AASB 139 – Financial Instruments: Recognition and Measurement. All investments were carried at fair value and classified as set out below:-

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

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

<b>Portfolio</b>	<b>AASB 139 Classification</b>
Investment portfolio	"Available for sale"
Trading portfolio	"Held for trading"

Unrealised gains and losses on investments held in the investment portfolio were taken to the investment revaluation reserve, through the statement of changes in equity (and under revised AASB 101 would have been reported as "Other Comprehensive Income" ("OCI") in the new Statement of Comprehensive Income).

On sale of investments in the investment portfolio, the cumulative gain or loss from purchase to sale of the investment was transferred from the investment revaluation reserve to the income statement, and reported as part of profit.

Where there was objective evidence of impairment of an investment in the investment portfolio, an impairment charge was required to be booked through the income statement (as a transfer from the investment revaluation reserve), even where no loss had been realised.

All gains and losses on the trading portfolio were recognised in the Company's profit through the income statement.

#### (ii) New accounting treatment

AASB 9 introduces new categories of classification for financial instruments. All the Company's investments continue to be carried at fair value and are now classified as follows:-

<b>Portfolio</b>	<b>AASB 9 Classification</b>
Investment portfolio	"Designated at fair value through other comprehensive income"
Trading portfolio	"Held for trading"

#### *Equity Instruments in the Investment Portfolio*

All gains and losses (realised and unrealised) on equity instruments held in the investment portfolio are reported as "Other Comprehensive Income" in the new Statement of Comprehensive Income and are accumulated in the investment revaluation reserve. Realised gains and losses, are no longer reclassified from other comprehensive income to the income statement, and do not form part of the Company's profits.

Cumulative gains and losses are transferred from the investment revaluation reserve to retained profits or the realised capital gains reserve when the investments are sold. The realised capital gains reserve is used primarily to record gains upon which Capital Gains Tax has been or will be paid, and which consequently are available for distribution to shareholders as Listed Investment Company Capital gains, which enable many shareholders to claim some of this as a tax deduction.

There are no impairment provisions in AASB 9 for investments designated at fair value through other comprehensive income.

The adoption of AASB 9 has no impact on the trading portfolio.

#### (iii) Transitional provisions

Comparatives have been restated, but AASB 9 can only be applied retrospectively to investments held at the date of adoption, being 31 December 2009.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

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

#### *Equity Instruments in the Investment Portfolio*

Investments sold prior to adoption date are accounted for under AASB 139 as described above. Therefore in the current and prior periods, the cumulative gains and losses on investments sold prior to 31 December 2009 are transferred out of the investment revaluation reserve to the income statement and continue to form part of profit.

Investments sold after this date are accounted for under AASB 9 and the cumulative gains and losses remain in other comprehensive income.

Impairment charges recognised in previous periods in profit or loss are reversed in the restatement of comparatives, except where the charge is in respect of investments sold prior to 31 December 2009.

Further details on the impact of restating comparatives have been set out in note 27.

#### **AASB 8 Operating Segments**

The Company has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segment information is therefore reported in a manner that is more consistent with the internal reporting provided to the Board. The adoption of the new standard has not affected the measurement of the Company's assets and liabilities or the way the assets, liabilities, income and expense items are presented in the financial statements.

#### **Accounting Policies**

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.

##### **a. Investment and Trading Portfolios**

###### (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'.

Ordinary securities within the investment portfolio are classified as 'financial assets measured at fair value through other comprehensive income', whilst securities within the trading portfolio are classified as 'assets measured at fair value through the Income Statement' in accordance with AASB 9.

###### (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 recognised as Comprehensive Income and taken to the Investment Revaluation Reserve.

Where disposal of an investment occurs, any revaluation increment or decrement relating to it is transferred from the Investment Revaluation Reserve to retained earnings. Subsequently, any revaluation or decrement to the extent of a capital profits reserve balance relating to the disposal of an investment is transferred to the Capital Profits Reserve.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

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

(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 to the Income Statement.

(iv) Determination of market value

Market value for the purposes of valuing holdings of the securities is determined by reference to market prices prevailing at balance date, predominantly the 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 holding 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.

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 and other short-term highly liquid investments. Bank overdrafts are shown within borrowings in current liabilities and on the statement of financial position.

**e. Public Offer Costs**

The costs incurred in the establishment of the Company and its subsequent public offerings have been charged directly against issued capital.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

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

#### 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 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 statement of financial position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

#### g. Comparative Figures

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

#### h. 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.

#### i. 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.

#### j. Excess of Current Liabilities over Current Assets

At 30 June 2010, the Company has current assets of \$98,465 and current liabilities of \$407,741, deficiency of \$309,275. The financial report has been prepared on a going concern basis, which contemplates the realisation of assets and satisfaction of liabilities in the ordinary course of business. The Directors will realise a portion of the Company's investment portfolio to enable the Company to meet any debts as and when they fall due and payable if required. It is on this basis that the going concern assumption is appropriate.

#### k. Split between Revenue and Capital in Other Comprehensive Income

'Capital' relates to realised or unrealised gains (and the tax thereon) on securities within the Investment portfolio and excludes income in the form of distributions and dividends which are recorded as 'Revenue'. All other items, including expenses, are recorded as Net Operating profit, which is equivalent to 'Revenue'.

#### l. Segment Reporting

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

#### m. Critical Accounting Estimates and Judgements

The preparation of financial reports in conformity with AIFRS requires the use of certain critical accounting estimates. This requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB 112 Income Taxes, deferred tax liabilities have been recognised for Capital Gains Tax (CGT) on the unrealised gain in the Investment Portfolio at current tax rates.

As the directors do not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 16. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

## **ILLUMINATOR INVESTMENT COMPANY LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010**

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

Apart from these, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.



# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

### NOTE 2: REVENUE

	2010	2009
	\$	\$
<b>a. Income from Investment Portfolio</b>		
— dividends received	49,641	55,168
— trust distributions received	4,318	1,100
<b>Total Income from Investment Portfolio</b>	<u>53,959</u>	<u>56,268</u>
<b>b. Income from Trading Portfolio</b>		
— sales revenue	30,077	8,673
— cost of sales	(17,539)	(20,087)
— net income/(losses) from trading portfolio sales	12,538	(11,414)
— dividends received	129	369
<b>Total Income from Trading Portfolio</b>	<u>12,667</u>	<u>(11,045)</u>
<b>c. Income from deposits</b>		
— interest income	1,584	1,009
<b>Total Income from deposits</b>	<u>1,584</u>	<u>1,009</u>
<b>Total revenue</b>	<u>68,210</u>	<u>46,232</u>

### NOTE 3: PROFIT /(LOSS) FOR THE YEAR

Operating loss before income tax has been determined after:

#### Expenses

Bank expenses	315	555
Finance costs	31,745	33,077
Listing fees	6,958	6,825
Management fees	12,506	11,109
Other expenses	33,669	34,875
<b>Loss from operating activities before income tax and realised gains on the investment portfolio</b>	<u>(16,983)</u>	<u>(40,209)</u>

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
<b>NOTE 4: INCOME TAX EXPENSE</b>		
<b>a. The components of tax expense comprise:</b>		
(Decrease)/increase in deferred tax liabilities – other	(188)	(2,103)
(Increase)/decrease in deferred tax assets – other	(17,588)	(18,491)
	(17,776)	(20,594)
Decrease/(Increase) in deferred tax assets – investment portfolio	419	(34,674)
Tax credit on AASB 139 ‘impairment’ revaluation charge	-	(10,834)
	<b>(17,357)</b>	<b>(66,102)</b>
<b>b. The prima facie tax on pre-tax accounting loss from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
<b>Operating loss before income tax expense and realised gains on investment portfolio</b>	(16,983)	(40,209)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2009: 30%)	(5,095)	(12,062)
Add:		
Tax effect of:		
— Imputation gross-up on dividends received	5,434	6,299
— Franking credits on dividends received	(18,115)	(20,997)
	(17,776)	(26,760)
Income tax benefit on operating loss before realised gains/(losses) on investment portfolio	(17,776)	(26,760)
Under (Over) Provision in prior years	-	6,166
Income tax benefit	<b>(17,776)</b>	<b>(20,594)</b>
<b>Realised gains /(losses) on investment portfolio</b>	1,398	(115,581)
Prima facie tax expense/(benefit) calculated at 30% (2009: 30%)	419	(34,674)
	419	(34,674)
Income tax expense/(benefit) on realised gains / (losses) on investment portfolio	419	(34,674)
<b>Tax credit on AASB 139 ‘impairment’ revaluation charge</b>	-	(10,834)
Total income tax benefit	<b>(17,357)</b>	<b>(66,102)</b>

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
<b>NOTE 4: INCOME TAX EXPENSE (CONTINUED)</b>		
<b>c. Amounts recognised directly in equity</b>		
Increase / (decrease) in deferred tax liabilities relating to capital gains on the decrease in unrealised gains on securities in the investment portfolio	30,204	(25,076)
(Increase) / decrease in deferred tax assets relating to capital losses on the increase in unrealised losses on securities in the investment portfolio	(33,007)	24,782
(Increase) / decrease in deferred tax assets relating to capital raising costs	(2,951)	231
	<b>(5,754)</b>	<b>(63)</b>
<b>d. Amounts recognised directly through Other comprehensive income</b>		
Increase/(decrease) in deferred tax liabilities relating to capital gains/(losses) tax on the movement in unrealised gains in the investment portfolio	<b>52,384</b>	<b>(39,026)</b>
<b>NOTE 5: AUDITORS' REMUNERATION</b>		
Remuneration of the auditor of the company for:		
Forsythes		
— auditing or reviewing the financial report	<b>15,532</b>	<b>16,045</b>
<b>NOTE 6: DIVIDENDS</b>		
<b>a. Dividends Paid</b>		
Final fully franked ordinary dividend for the year ended 30 June 2009 of 0.75 (2008: 0.75) cents per share paid on 23 October 2009	<b>19,388</b>	<b>18,016</b>
<b>b. Dividends Declared</b>		
Final fully franked ordinary dividend of 1.00 (2009: 0.75) cents per share payable on 27 October 2010. This dividend has not been brought to account in the financial statements for the year ended 30 June 2010 but will be recognised in subsequent financial reports.	<b>26,208</b>	<b>19,387</b>
<b>c. Franking Account</b>		
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.	<b>48,993</b>	<b>39,187</b>
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year	11,232	8,309
<b>Net available</b>	<b>37,761</b>	<b>30,878</b>

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

#### NOTE 7: EARNINGS PER SHARE

	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	2,597,534	2,431,660
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	2,597,534	2,431,660
<b>a. Basic and diluted earnings per share</b>	<b>\$</b>	<b>\$</b>
Profit /(Loss) attributable to members of the company	1,772	(125,800)
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share including realised losses on the investment portfolio	0.07	(5.17)
Diluted earnings per share including realised losses on the investment portfolio	0.07	(5.17)
<b>b. Basic and diluted operating earnings per share excluding realised gains/(losses) on the investment portfolio</b>	<b>\$</b>	<b>\$</b>
Operating profit /(loss) before realised losses on the investment portfolio	793	(19,615)
	<b>Cents</b>	<b>Cents</b>
Basic operating earnings per share excluding realised losses on the investment portfolio	0.03	(0.81)
Diluted operating earnings per share excluding realised losses on the investment portfolio	0.03	(0.81)
	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>

#### NOTE 8: CASH AND CASH EQUIVALENTS

Cash at bank and in hand	3,618	689
Deposits at call	73,115	14,007
	<b>76,733</b>	<b>14,696</b>

The effective interest rate on deposits at call was 4.50%(2009: 1.90%).

The credit risk exposure of the Company in relation to cash and cash equivalents 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 statement of financial position as follows:

Cash and cash equivalents	76,733	14,696
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## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	2010 \$	2009 \$
<b>NOTE 9: TRADE AND OTHER RECEIVABLES</b>		
Dividends and trust distributions receivable	3,693	4,007
Other debtors	549	31,176
	<b>4,242</b>	<b>35,183</b>

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**

Listed investments, at market value

- Shares	<b>16,830</b>	<b>25,185</b>
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#### **NOTE 11: OTHER ASSETS**

Prepayments

	<b>660</b>	<b>660</b>
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#### **NOTE 12: INVESTMENT PORTFOLIO**

Listed Investments, at market value

- Options	1,177	1,177
- Shares	1,067,722	897,245
- Trust units	45,891	55,457
	<b>1,114,790</b>	<b>953,879</b>

The below list are those securities held in the investment portfolio that are valued at fair value through Other Comprehensive Income.

#### **Australian Equities**

Alumina Limited	17,810	16,876
AMP Limited	15,630	14,640
ANZ Banking Group Limited	16,208	-
ARB Corporation Limited	62,062	42,600
Bendigo and Adelaide Bank Limited	32,720	25,138
BHP Billiton Limited	13,178	-
Blackmores Limited	31,242	21,264
Cabcharge Australia Limited	25,700	25,800
Cochlear Limited	74,320	57,700
Commonwealth Bank Of Australia Limited	20,088	15,366
CSL Limited	32,580	16,075
Equity Trustees Limited	22,800	29,000
Fairfax Media Limited	13,150	12,200
Flight Centre Limited	-	10,484
Florin Mining Investment Company Limited	41,952	27,968
Florin Mining Investment Company Limited Series C Options	1,115	1,115

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
<b>NOTE 12: INVESTMENT PORTFOLIO (CONTINUED)</b>		
G.U.D. Holdings Limited	21,625	22,098
Graincorp Limited A Class	13,325	723
Hamilton Securities Limited A Class Non Voting	1,000	-
Hamilton Securities Limited B Class	8,000	-
Harvey Norman Holdings Limited	33,100	33000
Hills Industries Limited	17,660	23,351
Hunter Hall international Limited	17,407	15,891
IOOF Holdings Limited	17,970	8,340
Kingsgate Consolidated NL	9,470	-
Korvest Limited	27,900	25,900
Lycopodium Limited	31,400	5,480
Metcash Limited	46,090	47,410
National Australia Bank Limited	10,523	11,220
Peoplebank Australia Limited	-	21,000
Platinum Asset Management Limited	37,440	32,960
Prime Financial Group Limited	10,200	7,200
Pritchard Equity Limited – A Ordinary	22,500	22,000
Pritchard Equity Limited – B Ordinary	11,000	11,000
Pritchard Equity Limited – Series 2 Options	31	31
Pritchard Equity Limited – Series 3 Options	31	31
Pritchard Equity Limited – Preferred Income Equity Securities	3,000	3,000
Reece Australia Limited	48,400	36,000
Rio Tinto Limited	-	2,610
Rio Tinto Limited – rights	-	549
Telstra Corporation Limited	48,750	50,850
Transfield Services Infrastructure Fund	9,375	21,340
Treasury Group Limited	15,180	12,330
Trust Company Limited	16,560	15,750
Warrnambool Cheese & Butter Factory Company Holdings Limited	32,344	15,894
Westfield Group Stapled Securities	36,515	34,117
Westpac Banking Corporation	11,209	10,125
Woodside Petroleum Limited	9,079	8,642
<b>Total Australian Equities</b>	<b>987,639</b>	<b>815,068</b>

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
<b>NOTE 12: INVESTMENT PORTFOLIO (CONTINUED)</b>		
<b>International Equities</b>		
Berkshire Hathaway Inc. Class B Common Stock	28,060	21,339
Cadbury Schweppes Plc	-	13,507
Conygar Investment Company PLC	7,488	8,312
Diageo PLC	8,696	17,754
Dr. Pepper Snapple Group Inc.	10,532	6,246
Fletcher Building Limited	19,140	15,810
McMullen & Sons Limited – Preferred Ordinary	16,517	19,099
NYSE Euronext Inc	6,486	6,694
Royal Dutch Shell PLC B Ordinary	14,367	15,542
Unilever PLC	15,865	14,510
<b>Total International Equities</b>	<b>127,151</b>	<b>138,811</b>
<b>Total Investment Portfolio</b>	<b>1,114,790</b>	<b>953,879</b>

#### NOTE 13: DEFERRED TAX ASSETS

The deferred tax assets is made up of the following estimated tax benefits:

- Tax losses	150,068	119,531
- Temporary differences	76,873	113,255
	<b>226,941</b>	<b>232,786</b>

#### NOTE 14: TRADE AND OTHER PAYABLES

Outstanding settlements – investment portfolio	-	566
Sundry payables and accrued expenses	12,109	12,180
	<b>12,109</b>	<b>12,746</b>

Payables are non-interest bearing and unsecured.

#### NOTE 15: BORROWINGS

Short-term borrowings – secured	<b>395,632</b>	<b>400,344</b>
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The above short-term borrowings are secured by listed securities held in the Company's investment and trading portfolios. Repayment of the facility is done either through the use of cash received from dividends and distributions or the sale of securities. The effective interest rate on short term borrowings – secured was 8.68% (2009: 9.09 %).

#### NOTE 16: DEFERRED TAX LIABILITIES

Deferred tax liabilities attributable to:

- Temporary differences	928	740
- Deferred capital gains tax	45,680	15,477
	<b>46,608</b>	<b>16,217</b>

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

		2010 \$	2009 \$
<b>Note 17: ISSUED CAPITAL</b>			
2,620,822 (2009: 2,491,048) fully paid ordinary shares	17a	<u>1,222,974</u>	<u>1,178,505</u>
<b>a. Ordinary shares</b>			
At the beginning of reporting period		1,178,505	1,143,893
Shares issued during the year			
— 17,842 on 01 October 2008		-	8,745
— 31,668 on 27 October 2008		-	13,595
— 57,292 on 27 February 2009		-	19,250
— 93,943 on 17 August 2009		31,000	-
— 35,831 on 23 October 2009		<u>14,316</u>	<u>-</u>
			1,185,483
— Transaction costs relating to share issues		<u>(847)</u>	<u>(6,978)</u>
At the end of reporting period		<u>1,222,974</u>	<u>1,178,505</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.

#### NOTE 18: RESERVES

Capital profits	18a	42,144	53,379
Investment revaluation	18b	<u>(53,941)</u>	<u>(176,171)</u>
		<u>(11,797)</u>	<u>(122,792)</u>

#### 18a. Capital Profits Reserve

##### Movements During the Year

Opening balance		53,379	2,183
Transfer (to)/from retained earnings		8,154	69,212
Dividend paid during the year		<u>(19,389)</u>	<u>(18,016)</u>
Closing Balance		<u>42,144</u>	<u>53,379</u>

The capital profits reserve records realised capital profits/(losses) made upon the sale of investments in the Company's investment portfolio.



## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
<b>NOTE 18: RESERVES (CONTINUED)</b>		
<b>18b. Investment Revaluation Reserve</b>		
<b>Movements During the Year</b>		
Opening balance	(176,171)	(85,111)
Revaluation of investment portfolio (net of tax)	122,230	(116,338)
	(53,941)	(201,449)
Transfer of AASB 139 'impairment' revaluation to Income Statement (net of tax)-sold from the investment portfolio before 31 December 2009	-	25,278
Closing Balance	(53,941)	(176,171)

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

#### **NOTE 19: SEGMENT REPORTING**

##### **(a) Description of segments**

The Board makes the strategic resource allocations for the Company. The Company has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions. The Board is responsible for the Company's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and the Company's performance is evaluated on an overall basis. The Company invests in equity securities and other instruments to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested.

##### **(b) Segment information provided to the Board**

The internal reporting provided to the Board for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of Australian Accounting Standards, except that net assets are reviewed both before and after the effects of capital gains tax on investments (as reported in the Company's Net Tangible Asset announcements to the NSX). The Board considers the Company's net operating profit after tax to be a key measure of the Company's performance. This amount excludes the impact of unrealised gains/losses on options and any gains or losses on the Company's investment portfolio and reconciles to the Company's profit before tax as follows:

	2010	2009
	\$	\$
<b>Net operating Profit/(loss) after income tax expense</b>	793	(19,615)
Add back income tax expense	(17,776)	(20,594)
Net gains/(losses) on securities sold from the investment portfolio before 31 December 2009	979	(106,185)
<b>Profit before tax</b>	<b>(16,004)</b>	<b>(146,394)</b>

In addition, the Board regularly reviews the net asset value per share both before and after provision for deferred tax on the unrealised gains in the Company's long-term investment portfolio. Deferred tax is calculated as set out in notes 1(c) and 1 (m). The relevant amounts as at 30 June 2010 and 30 June 2009 were as follows:

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
<b>NOTE 19: SEGMENT REPORTING (CONTINUED)</b>		
<b>Net tangible asset backing per share</b>		
Before tax	0.38	0.33
After tax	0.37	0.34

#### (c) Other segment information

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:

2010	Revenue \$	Unrealised Losses \$	Market Value \$	Portfolio %
Australia	63,200	(18,880)	987,639	81.73
Great Britain	2,413	(44,008)	62,933	5.21
New Zealand	619	(2,405)	19,140	1.58
United States of America	394	(21,781)	61,908	5.12
<b>Sub Total</b>	<b>44,715</b>	<b>(87,074)</b>	<b>1,131,620</b>	<b>93.64</b>
Investment portfolio cash and cash equivalents and receivables	1,584	-	76,798	6.36
<b>Total</b>	<b>68,210</b>	<b>(87,074)</b>	<b>1,208,418</b>	<b>100.00</b>

2009	Revenue \$	Unrealised Losses \$	Market Value \$	Portfolio %
Australia	39,851	(230,568)	826,883	82.68
Fiji	208	-	-	-
Great Britain	3,008	(35,933)	88,723	8.87
New Zealand	1,885	(5,735)	15,810	1.58
United States of America	338	(36,029)	47,648	4.76
<b>Sub Total</b>	<b>45,290</b>	<b>(308,265)</b>	<b>979,064</b>	<b>97.89</b>
Investment portfolio cash and cash equivalents and receivables	1,009	-	21,104	2.11
<b>Total</b>	<b>46,299</b>	<b>(308,265)</b>	<b>1,000,168</b>	<b>100.00</b>

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

	2010	2009
	\$	\$
<b>NOTE 20: CASH FLOW INFORMATION</b>		
<b>Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax</b>		
Profit/(loss) after income tax	1,772	(125,800)
Cash flows excluded from profit attributable to operating activities:		
Net realised (gains)/losses on the investment portfolio	(979)	106,185
(Increase)/decrease in current receivables	195	(20,004)
(Increase)/decrease in the trading portfolio	8,355	8,476
Increase/(decrease) in current payables	(72)	(19,270)
Increase/(decrease) in income taxes balances	(17,776)	13,041
<b>Cash flow from operations</b>	<b>(8,505)</b>	<b>(37,372)</b>

#### NOTE 21: RELATED PARTY TRANSACTIONS

Transactions with related parties:

Expenses paid or payable by the company to:

-Investment management fees paid to Pritchard & Partners Pty. Limited	12,507	11,109
- Brokerage paid to Pritchard & Partners Pty. Limited	2,604	4,082

Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Pritchard & Partners Pty. Limited.

- Newcastle Capital Markets Registries Pty. Limited for share registry costs.	9,288	8,926
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Steven Pritchard is interested in the above transaction as a director and beneficial shareholder of Newcastle Capital Markets Registries Pty. Limited

The Company purchased 13,710 shares in Florin Mining Investment Company as part of Dividend Reinvestment Plan. Both Steven Pritchard and Daniel Di Stefano are directors and have a beneficial interest in the securities of Florin Mining investment Company Limited.	2,331	-
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The Company purchased 2,000 A class and 8,000 B class ordinary shares in Hamilton Securities Limited.	10,000	-
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Steven Pritchard is interested in the above transaction as a director and beneficial shareholder of Hamilton Securities Limited

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

#### 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 29 (2009 : 61). Each contract note may involve multiple transactions. The total brokerage paid on these contract notes was \$2,604 (2009: \$4,082).

#### NOTE 24: COMPANY DETAILS

The registered office and principal 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. Interest Rate Risk

The Company is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The effective average of interest rates on short term borrowings was 8.68% (2009: 9.09 %). A rise in interest rates of 1% will result in the company incurring additional finance costs of \$3,956 (2009:\$4,003), whilst a fall 1% will result in interest savings of \$3,956 (2009: \$4,003).

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

### NOTE 25: FINANCIAL RISK MANAGEMENT (CONTINUED)

#### d. Capital Management

It is the Board's policy to maintain a strong capital base so as to maintain investors and market confidence.

To achieve this, the Board monitors the Company's net tangible assets, its levels of borrowings and its investment performance.

The company seeks to raise additional capital by way of

- a dividend reinvestment plan; and
- issue of new shares by way of a prospectus.

The capital structure of the Company consists of Issued capital, reserves and retained earnings as disclosed in notes 17 and 18.

The Company is not subject to any externally imposed capital requirements.

#### e. 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.

A general fall in market prices of 5% and 10%, if spread equally over all assets in the total portfolio would lead to a reduction in the Company's equity of \$39,607 and \$79,213 (2009: \$34,267 and \$68,535) respectively, assuming a flat tax rate of 30%.

The Company seeks to minimise market risk by ensuring that it is not in the opinion of the Board, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and relevant market sectors are reviewed regularly and risk can be managed by reducing exposure where appropriate. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

<b>The Company's investments across industry sectors as at 30 June is as below</b>	<b>2010</b>	<b>2009</b>
	<b>%</b>	<b>%</b>
Banks	7.51	6.19
Capital goods	10.37	9.08
Cash and equivalents	6.36	2.05
Commercial services and supplies	2.13	4.68
Consumer durables and apparel	1.79	2.21
Consumer services	-	1.05
Diversified financials	19.25	19.34
Energy	1.94	2.42
Food and staples retailing	3.81	4.74
Food beverage and tobacco	8.05	8.78
Health care equipment and services	8.74	7.90
Insurance	3.62	3.60
Materials	4.93	3.84
Media	2.48	3.44
Pharmaceuticals, biotech and life sciences	2.70	1.61

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

### NOTE 25 : FINANCIAL RISK MANAGEMENT (CONTINUED)

	2010	2009
	%	%
Real Estate	3.64	4.29
Retailing	7.87	7.56
Telecommunication services	4.03	5.09
Utilities	0.78	2.13
	<b>100.00</b>	<b>100.00</b>

<b>Securities representing over 5 per cent of the investment portfolio at 30 June were:</b>	<b>2010</b>
	%
ARB Corporation Limited	5.14
Cochlear Limited	6.15
	<b>11.29</b>

No other security represents over 5 per cent of the Company's investment and trading portfolios.

#### f. Fair value measurements

As of 1 July 2009, the group has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

1. quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
2. inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
3. inputs for the asset or liabilities that are not based on observable market data (unobservable inputs) (level 3).

<b>30 June 2010</b>	<b>Level 1</b>
	\$
Financial assets at fair value through other comprehensive income	
Investment Portfolio (Equities)	1,114,790
Financial assets/(liabilities) at fair value through profit or loss	
Trading Portfolio	16,830
Total	<b>1,131,620</b>

The fair value of financial instruments traded in active markets (including publicly traded derivatives) is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

There were no transfers between Level 1, 2 and 3 in the period.

#### g. Numerical disclosures - Investment Portfolio

The following disclosures result from the group's early adoption of AASB 9, and apply only to investments held by the group on 31 December 2009 and subsequent to this date.

The fair value of each investment held at fair value through other comprehensive income (investment portfolio) is disclosed in note 12.

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

#### NOTE 25 : FINANCIAL RISK MANAGEMENT (CONTINUED)

Dividend income for the period on those investments held at period end was \$49,641 (2009: \$55,168), and dividend income for those investments sold from 31 December 2009 to the period end was \$810.

Certain securities within the investment portfolio were disposed of between 31 December and the period end, whether during the normal course of the Company's activities as a Listed Investment Company or as the result of take-overs or acquisitions. The fair value of the investments sold during this period was \$46,705. The cumulative loss on these disposals was \$481 for the period after tax, which has been transferred from the revaluation reserve to the income statement (refer to statement of changes in equity).

The Company has only one class of investments in the investment portfolio - assets that are able to be defined under AASB 9 as 'equity instruments', the fair value of which is valued through other comprehensive income and at 30 June 2010 was \$1,114,790 (30 June 2009 : \$953,879).

#### NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

Since 30 June 2010 to the date of this report there has been no event specific to the Company of which the directors are aware which has had a material effect on the Company or its financial position.

#### NOTE 27: EFFECT OF CHANGES IN ACCOUNTING STANDARDS

The impact on comparative profit, other comprehensive income, the allocation of the Company's reserves and the classification of the Company's investments resulting from the adoption of AASB 9 is summarised below:-

<b>(i)</b>	<b>Loss</b>	<b>2009</b>	
			<b>\$</b>
	Net loss for the year (as reported last year)	(235,248)	
	Add: Impairment Charge*	156,354	
	Less: Tax credit on above	(46,906)	
	<b>Restated net loss</b>	<u><b>(125,800)</b></u>	
			<b>Cents</b>
	Earnings per share (as reported last year)	(9.67)	
	Restated earnings per share	(5.17)	
	* Relates to the unsold securities (at the date of early adopting AASB 9) that were previously reported in the Income Statement as impaired under AASB 139.		
<b>(ii)</b>	<b>Other Comprehensive Income</b>		<b>\$</b>
	Net unrealised losses on investment portfolio (as reported last year)	18,388	
	Less: Impairment Charge	(156,354)	
	Add: Tax credit on above	46,906	
	Net capital losses	(106,185)	
	<b>Restated other comprehensive income(expense)</b>	<u><b>(197,245)</b></u>	

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

#### NOTE 27: EFFECT OF CHANGES IN ACCOUNTING STANDARDS (CONTINUED)

##### (iii) Shareholder's equity

During the year ended 30 June 2009, under the old AASB 139, the Company was required to book an impairment charge. There are no provisions for impairment in the new standard, which is retrospectively applied to investments held at the date of adoption, 31 December 2009. The Company has sold some of the investments against which an impairment charge was taken at 30 June 2009, and therefore retrospectively applying AASB 9 at 30 June 2009 results in the reversal of the balance of this impairment charge (as this will be taken as an unrealised loss through other comprehensive income instead of an impairment loss through profit). This new accounting treatment does not apply to securities sold before 31 December 2009, which is accounted for under AASB 139.

This results in the following restatement of reserves on the 30 June 2009 statement of financial position:

	As previously reported	Reverse impairment charge	Restated
	\$	\$	\$
Share capital	1,178,505	-	1,178,505
Revaluation reserve	(66,723)	(109,448)	(176,171)
Capital profits reserve	53,379	-	53,379
Retained profits	(332,079)	109,448	(222,631)
<b>Total Equity</b>	<b>833,082</b>	-	<b>833,082</b>

##### (iv) Classification of Investments

As described in note 1, the adoption of AASB 9 has resulted in change in the classification of the Company's investments, although this has not impacted the value of these investments.

	As previously reported	Restated
	\$	\$
<b>AIFRS Classification</b>		
<b>Investment Portfolio</b>		
Available for sale assets*	953,879	33,400
Assets at fair value through other comprehensive income	-	920,479
<b>Trading Portfolio</b>		
Assets held for trading-fair value through profit or loss	25,185	25,185

\* Investments held in the investment portfolio at 30 June 2009, which were sold prior to the adoption of AASB 9 on 31 December 2009, have not been reclassified as assets at fair value through other comprehensive income, as the transitional provisions of AASB 9 only allow retrospective application of the new standard to investments held on the date of adoption of this standard.



# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 12 to 38, 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 2010 and of the performance for the year ended on that date of the company;
2. the Directors 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 Directors made pursuant to S.295(5) of the Corporations Act 2001.



Steven Shane Pritchard  
Director

Dated this 13th day of September 2010

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ILLUMINATOR INVESTMENT COMPANY LIMITED

We have audited the accompanying financial report of Illuminator Investment Company Limited, which comprises the income statement, the statement of comprehensive income, statement of financial position as at 30 June 2010, and statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes complies with International Financial Reporting Standards.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



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

***Independence***

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

***Auditor's opinion***

In our opinion:

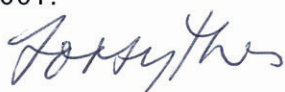
- (a) the financial report of Illuminator Investment Company Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

***Report on the remuneration report***

We have audited the remuneration report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

***Auditor's opinion***

In our opinion the remuneration report of Illuminator Investment Company Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.



FORSYTHES



MJ Matthews  
Partner  
Chartered Accountants  
Newcastle, 13 September 2010

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### STOCK EXCHANGE INFORMATION

#### Top 20 Shareholders as at 30 June 2010

Shareholder	No. of Shares	% of Issued
The Pritchard Family Company Pty Limited	340,501	12.99
Pritchard Equity Limited	323,919	12.36
Henley Underwriting & Investment Company Pty Limited	141,909	5.41
Melville King Pty Ltd	87,962	3.36
Hafoba Pty Ltd <STDT Super Fund No 1>	81,600	3.11
Pritchard & Partners Pty Limited	79,122	3.02
Kerteh Holdings Pty Limited <Super Fund Account>	77,606	2.96
Richardson Investment Holdings<Richardsons Super Fund A/c>	60,000	2.29
Pirenz Nominees Pty Limited<The Pirenz Super Fund A/c>	53,398	2.04
Superannuation Nominees Pty Limited	45,095	1.72
Mrs Lola Bernice Heddles & Mr Murray Allan Heddles	44,211	1.69
Newcastle Capital Markets Proprietary Limited	44,211	1.69
Bond Street Custodians Limited <SP -109813 A/c>	43,654	1.67
Mr Steven Shane Pritchard	35,477	1.35
Mr Laurence George Cable	33,878	1.29
Cumarax Pty Ltd <Tulip Superannuation Fund A/c>	33,400	1.27
Mr Selby Ernest Spears & Mrs Pamela June Spears	31,533	1.20
Beavis Nominees Pty Ltd<Beavis Hire Super Fund>	30,954	1.18
Bond Street Custodians Limited <SP -187454 A/c>	30,897	1.18
L H Marsh Pty Limited	30,304	1.16

#### Number of ordinary shares held

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

#### Number of Shareholders

20
42
41
47
3
153

#### Substantial Shareholders

As at 30 June 2010 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	1,012,311	38.63
Margaret Pritchard	480,320	18.33
Daniel Di Stefano	158,228	6.04

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## CORPORATE DIRECTORY

<b>Directors</b>	Steven Pritchard Daniel Di Stefano Darval Thomas
<b>Company Secretaries</b>	Enzo Pirillo Daniel Di Stefano
<b>Registered Office</b>	10 Murray Street Hamilton. NSW 2303 Telephone 02 4920 2877 Facsimile 02 4920 2878 Email: <a href="mailto:mail@illuminator.com.au">mail@illuminator.com.au</a> Web: <a href="http://www.illuminator.com.au">www.illuminator.com.au</a>
<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 Registries Pty Limited 10 Murray Street Hamilton. NSW 2303 Telephone 02 4920 2877 Facsimile 02 4920 2878
<b>Auditors</b>	Forsythes Level 4, 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 31 Beaumont Street Hamilton NSW