



# **ILLUMINATOR INVESTMENT COMPANY LIMITED**

**ABN 48 107 470 333**

## **HALF YEAR REPORT FOR THE PERIOD ENDED 31<sup>ST</sup> DECEMBER, 2004**

# ILLUMINATOR INVESTMENT COMPANY LIMITED

ABN 48 107 470 333

## DIRECTORS' REPORT

Your directors submit the financial report of the Company for the half-year ended 31 December 2004.

### Directors

The names of directors who held office during or since the end of the half-year:

Steven Shane Pritchard	Appointed 22 <sup>nd</sup> December 2003
Daniel Di Stefano	Appointed 22 <sup>nd</sup> December 2003
Darval Warwick Thomas	Appointed 22 <sup>nd</sup> December 2003

### Review of Operations

The Company's investment objectives are

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

The Company aims to achieve these objectives by seeking to invest for the medium to long-term in companies and construct an investment portfolio which will

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

The Directors have established a number of key performance indicators that they will use in their assessment of the Company's performance, including, earnings per share, dividends paid to shareholders and asset backing per share.

The Company presently has no debt, and has continued to invest the capital it raised from its initial public offering. At the 31<sup>st</sup> December 2004, approximately 30% of the Company's assets remained in Cash and Fixed Interest.

The net profit after tax for the half year ended 31<sup>st</sup> December 2004, was \$21,779.

Whilst the asset backing per share increase by 7.25% from \$0.455 to \$0.488.

### Auditor's Independence Declaration

The auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 9.

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

**Steven Shane Pritchard**

Dated this 11th day of March

2005

# ILLUMINATOR INVESTMENT COMPANY LIMITED

ABN 48 107 470 333

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	<b>31.12.04</b>
	<b>\$</b>
Dividends received	6,142
Interest received	9,272
Net Income from trading portfolio	4,982
Sub underwriting fees	580
Trust distributions received	1,007
	<u>21,983</u>
Administration expenses	8,967
Borrowing expenses	200
Foreign exchange loss	327
Management fees	2,927
	<u>12,421</u>
Profit from ordinary activities before income tax expense	9,562
Income tax expense/(credit) relating to ordinary activities	(12,217)
Net profit from ordinary activities after income tax expense	<u>21,779</u>
Realised gains/(losses) on investment portfolio (net of tax)	1,156
Unrealised gains/(losses) on investment portfolio (net of tax)	18,444
	<u>18,444</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>41,379</u>
Basic earnings per share (cents per share)	1.70
Diluted earnings per share (cents per share)	1.70

The accompanying notes form part of these financial statements.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

ABN 48 107 470 333

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2004

	31 December 2004 \$	30 June 2004 \$
<b>CURRENT ASSETS</b>		
Cash assets	91,760	550,502
Receivables	8,483	3,788
Trading Portfolio	35,873	--
Tax refund	183	--
Other financial assets	2,000	--
Other	3,820	752
<b>TOTAL CURRENT ASSETS</b>	<b>142,119</b>	<b>555,042</b>
<b>NON-CURRENT ASSETS</b>		
Investment Portfolio	472,148	38,930
Deferred tax assets	19,586	1,102
<b>TOTAL NON-CURRENT ASSETS</b>	<b>491,734</b>	<b>40,032</b>
<b>TOTAL ASSETS</b>	<b>633,854</b>	<b>595,074</b>
<b>CURRENT LIABILITIES</b>		
Payables	--	19,722
Current tax liabilities	4,567	830
Other	2,567	--
<b>TOTAL CURRENT LIABILITIES</b>	<b>7,134</b>	<b>20,552</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liabilities	10,864	45
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>10,864</b>	<b>45</b>
<b>TOTAL LIABILITIES</b>	<b>17,998</b>	<b>20,597</b>
<b>NET ASSETS</b>	<b>615,856</b>	<b>574,477</b>
<b>EQUITY</b>		
Contributed equity	575,005	575,005
Reserves	19,600	--
Retained profits	21,251	(528)
<b>TOTAL EQUITY</b>	<b>615,856</b>	<b>574,477</b>
Net Assets per share after providing for tax on unrealised gains	0.488	0.455

The accompanying notes form part of this financial report.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

ABN 48 107 470 333

## STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

	31.12.04
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Sales from trading portfolio	23,302
Purchases for trading portfolio	(60,688)
Dividends received	4,746
Interest received	9,272
Sub underwriting fees	--
Trust distributions	1,007
	<hr/>
	(22,361)
Administration expenses	(15,757)
Bank charges	(318)
Borrowing costs	(200)
Management fees	(961)
Income tax paid	--
	<hr/>
Net cash provided by (used in) operating activities	(39,597)
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CASH FLOWS FROM INVESTING ACTIVITIES	
Sales from investment portfolio	27,940
Purchases for investment portfolio	(432,987)
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Net cash provided by (used in) investing activities	(405,047)
	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	--
Initial Public Offer Costs	(14,098)
Proceeds from borrowings	--
Repayment of borrowings	--
Dividends paid	--
Transfer of cash from discontinuing operations	--
	<hr/>
Net cash provided by (used in) financing activities	(14,098)
	<hr/>
Net increase (decrease) in cash held	(458,742)
Cash at 1 July 2004	550,502
Cash at 31 December 2004	91,760

The accompanying notes form part of these financial statements.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

ABN 48 107 470 333

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

### NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2004 and any public announcements made by Illuminator Investment Company Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the Company and are consistent with those applied in the 30 June 2004 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

31.12.04

### NOTE 2: NET INCOME FROM TRADING PORTFOLIO

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Income from trading portfolio is comprised as follows:

Sales revenue	29,797
Cost of sales	24,815
Net income from trading portfolio	4,982

31.12.04

### NOTE 3: DIVIDENDS

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No dividends have been provided for or paid during the period.

Since the end of the half-year the directors have declared an interim dividend of 0.5 cents per share fully franked. The aggregate amount of the proposed interim dividend expected to be paid to shareholders on the register at the 31<sup>st</sup> March 2005, but not recognized as a liability at the end of the half year.

6,301

# ILLUMINATOR INVESTMENT COMPANY LIMITED

ABN 48 107 470 333

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2004

### NOTE 4: 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:

	Revenue \$	Unrealised Gains	Market Value \$	Portfolio %
Investments in				
Australia	8,547	25,371	500,992	82.60
Great Britain	--	(1,240)	7,030	1.16
<b>Sub Total</b>	<b>8,547</b>	<b>24,131</b>	<b>508,022</b>	<b>83.76</b>
Cash	7,874	--	98,579	16.24
<b>Total</b>	<b>16,421</b>	<b>24,131</b>	<b>606,601</b>	<b>100.00</b>

### NOTE 5: IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Australian Accounting Standards Board (AASB) is adopting Australian equivalent to International Financial Reporting Standards (AIFRS), for application to reporting periods beginning on or after 1 January 2005. The adoption of AIFRS will be first reflected in the Company's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

The Company is continuing the process of analysing the full impact of the application of AIFRS. Management are overseeing the transition process and reporting periodically to the Audit Committee.

Because the half year and full year financial statements for the year ending 30 June 2006 will contain prior year comparative figures the standards will also have a retrospective application to the prior corresponding period. Some of the changes required by the introduction of AIFRS will therefore result in changes to the opening balances of accounts in the Company's statement of financial position as at 1 July 2004 and the other changes will effect the reporting of results for the relevant previous corresponding periods.

We have set out below the nature of the major changes that will effect the Company's financial statements. We have confirmed with our professional advisers that the detailed application of certain aspects of the standards is subject to some uncertainty and that the impact of the new standards cannot be determined definitively until the uncertainty has been resolved. Therefore no quantification of the impact has been provided in the financial statements as they may be subject to amendment and consequently misleading at this time.

#### **Realised Gains of Investment Portfolio Included in Net Profit**

Under AIFRS, the realised gains of the investment portfolio (net of tax) will be included in Net Profit rather than treated as a direct equity adjustment. Consequently, the Asset Realisation Reserve will cease to exist.

# **ILLUMINATOR INVESTMENT COMPANY LIMITED**

**ABN 48 107 470 333**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2004**

### **NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE**

There were no events subsequent to period end that require disclosure other than those matters referred to elsewhere in this report.

### **NOTE 7: CONTINGENT LIABILITIES**

A performance fee may be payable to the manager based on the performance of the portfolio. At reporting date this was not quantifiable.



# ILLUMINATOR INVESTMENT COMPANY LIMITED

ABN 48 107 470 333

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 7:
  - a. comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
  - b. give a true and fair view of the Company's financial position as at 31 December 2004 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

**Steven Shane Pritchard**

Dated this 11th day of March

2005

# ILLUMINATOR INVESTMENT COMPANY LIMITED

ABN 48 107 470 333

## AUDITORS' INDEPENDENCE DECLARATION

As lead auditor for the review of Illuminator Investment Company Limited for the half-year ended 31<sup>st</sup> December 2004, I declare that to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is made in respect of Illuminator Investment company during the period.

Forsythes  
Level 5  
Hunter Mall Chambers  
175 Scott Street  
Newcastle NSW 2300.

V.J. Lewis  
Date

# ILLUMINATOR INVESTMENT COMPANY LIMITED

ABN 48 107 470 333

## INDEPENDENT REVIEW REPORT TO THE MEMBERS OF ILLUMINATOR INVESTMENT COMPANY LIMITED

### Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Illuminator Investment Company Limited

- does not give a true and fair view, as required by the *Corporations Act 2001* in Australia, of the financial position of Illuminator Investment Company Limited as at 31 December 2004 and of its performance for the half-year ended on that date, and
- is not presented in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, and the *Corporations Regulations 2001*.

This statement must be read in conjunction with the rest of our review report.

### Scope

#### The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Illuminator Investment Company Limited, for the half-year ended 31 December 2004.

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

#### Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report does not present fairly, in accordance with the *Corporations Act 2001*, Accounting Standard AASB 1029: *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and its performance as represented by the results of its operations and cash flows.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

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We formed our statement on the basis of the review procedures performed, which included:

- inquiries of Company personnel, and
- analytical procedures applied to financial data.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

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

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

## **Independence**

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

Forsythes  
Level 5  
Hunter Mall Chambers  
175 Scott Street  
Newcastle NSW 2300.

V.J. Lewis  
Date