

# FORM: Half yearly/preliminary final report

Name of *issuer*

Illuminator Investment Company Limited

ACN or ARBN

107 470 333

Half yearly  
(tick)

☐

Preliminary  
final (tick)

☒

Half year/financial year ended  
(‘Current period’)

30th June 2009

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A
Operating Revenue (item 1.1)	Up	58%	To	46,232
Operating Profit (loss) before abnormal items and tax	Up	18%	To	(40,209)
Operating Profit (loss) before realised gains/(losses) on the investment portfolio	Down	27%	To	(19,615)
Profit (loss) for the period attributable to security holders (item 1.11)	Down	1031%	To	(235,248)
<b>Dividends: Franking Rate Applicable</b>			30%	
Current Period				
Previous Corresponding Period				
Record date for determining entitlements to the dividend (in the case of a trust distribution) (see item 15.2)				
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

## Dividends

15.1 Date the dividend is payable

--

15.2 Record Date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00pm)

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18.3 Amount per security

0.75 cents per share

		Franking rate applicable	39%	30%	33%
	<i>(Preliminary final statement only)</i>				
15.4	Final Dividend:	Current year			
15.5		Previous year			
	<i>(Preliminary final statement only)</i>				
15.6	Final Dividend:	Current year			
15.7		Previous year			

## Total Annual Dividend (distribution) per security

*(Preliminary final statement only)*

15.8 Ordinary Securities

Current Year	Previous Year
0.75 cents per share fully franked dividend paid on 22 October 2008	0.75 cents per share fully franked dividend paid on 22 October 2007
	0.80 cents per share fully franked dividend paid on 24 April 2008

The dividend or distribution plans shown below are in operation

Dividend Reinvestment Plan

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Any other disclosures in relation to dividends (distribution)

**Annual meeting***(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

TBA

Date

Time

Approximate date the annual report will be available

**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

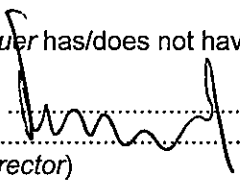
Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.
3. This statement does/does not\* (*delete one*) give a true and fair view of the matters disclosed (see note 2).
4. This statement is based on financial statements to which one of the following applies:

- ☐ The financial statements have been audited. ☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☒ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available\* (*delete one*). (*Half yearly statement only - the audit report must be attached to this statement if the statement is to satisfy the requirements of the Corporations Act.*)

6. The *issuer* has/does not have\* (*delete one*) a formally constituted audit committee.

Sign here:  Date: .  
.....  
(Director)

Print name: Steven Pritchard

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
Income from investment portfolio	3a	56,268	62,938
Income from trading portfolio	3b	(11,045)	(37,209)
Income from deposits	3c	1,009	3,457
<b>Total income from ordinary activities</b>		<b>46,232</b>	<b>29,187</b>
Administration expenses		(41,700)	(47,681)
Finance costs		(33,632)	(15,602)
Management fees		(11,109)	(14,949)
<b>Operating profit/(loss) before income tax and realised gains/(losses) on the investment portfolio</b>	<b>4</b>	<b>(40,209)</b>	<b>(49,045)</b>
Income tax (expense)/credit relating to ordinary activities *	5	20,594	33,635
<b>Operating profit/(loss) before realised gains/(losses) on the investment portfolio</b>		<b>(19,615)</b>	<b>(15,411)</b>
Realised gains/(losses) on the investment portfolio		(115,582)	(7,691)
Income tax (expense)/credit thereon *	5	34,674	2,307
AASB 139 'impairment' revaluation charge on investment portfolio	2	(192,466)	-
Tax credit on AASB 139 'impairment' revaluation charge*	2	57,740	-
		(215,633)	(5,384)
<b>(Loss)/Profit attributable to members of the company</b>		<b>(235,248)</b>	<b>(20,794)</b>
<b>Overall Operations</b>			
Basic earnings per share (cents per share)	8	(9.67)	(0.90)
Diluted earnings per share (cents per share)	8	(9.67)	(0.90)
 * Total tax expense/(benefit)		 (113,008)	 (35,942)

The accompanying notes form part of these financial statements.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## BALANCE SHEET AS AT 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	14,696	45,542
Trade and other receivables	10	35,183	15,119
Trading portfolio	12	25,185	33,661
Other	12	660	600
<b>TOTAL CURRENT ASSETS</b>		<b>75,724</b>	<b>94,922</b>
<b>NON-CURRENT ASSETS</b>			
Investment portfolio	13	953,879	1,209,179
Deferred tax assets	14	232,787	156,801
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,186,665</b>	<b>1,365,978</b>
<b>TOTAL ASSETS</b>		<b>1,262,389</b>	<b>1,460,900</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	12,746	32,170
Borrowings	16	400,344	351,988
<b>TOTAL CURRENT LIABILITIES</b>		<b>413,089</b>	<b>384,158</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	17	16,217	43,397
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>16,217</b>	<b>43,397</b>
<b>TOTAL LIABILITIES</b>		<b>429,306</b>	<b>427,555</b>
<b>NET ASSETS</b>		<b>833,083</b>	<b>1,033,345</b>
<b>EQUITY</b>			
Issued capital	18	1,178,505	1,143,893
Reserves	19	(13,344)	(82,929)
(Accumulated Losses)/Retained earnings		(332,078)	(27,619)
<b>TOTAL EQUITY</b>		<b>833,083</b>	<b>1,033,345</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 2009

	Note	Issued Capital	Retained Earnings	Capital Profits Reserve	Investment Revaluation Reserve	Total
		\$	\$	\$	\$	\$
<b>Balance at 1 July 2007</b>		<b>1,053,631</b>	<b>6,566</b>	<b>24,667</b>	<b>240,309</b>	<b>1,325,173</b>
Dividends paid and dividend reinvestment plan	7 & 18	35,874	(18,774)	(17,100)	-	-
Loss for the year		-	(20,794)	-	-	(20,794)
Issued capital	18	60,700	-	-	-	60,700
Share issue costs	18	(6,312)	-	-	-	(6,312)
Revaluation of investment portfolio (net of tax)	19b	-	-	-	(325,420)	(325,420)
Transfer to income statement for AASB 139 'impairment' revaluation charge (net of tax)	2	-	-	-	-	-
Transfers to/(from) reserves	19	-	5,384	(5,384)	-	-
<b>Balance at 30 June 2008</b>		<b>1,143,893</b>	<b>(27,619)</b>	<b>2,183</b>	<b>(85,111)</b>	<b>1,033,345</b>
 <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	7 & 18	13,595	-	(18,016)	-	(4,421)
Loss for the year		-	(235,248)	-	-	(235,248)
Issued capital	18	27,996	-	-	-	27,996
Share issue costs	18	(6,978)	-	-	-	(6,978)
Revaluation of investment portfolio (net of tax)	19b	-	-	-	(116,337)	(116,337)
Transfer to income statement for AASB 139 'impairment' revaluation charge (net of tax)	2	-	-	-	134,726	134,726
Transfers to/(from) reserves	19	-	(69,210)	69,210	-	-
<b>Balance at 30 June 2009</b>		<b>1,178,505</b>	<b>(332,078)</b>	<b>53,378</b>	<b>(66,722)</b>	<b>833,083</b>

The accompanying notes form part of these financial statements.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Sales from trading portfolio		8,673	154,001
Purchases for trading portfolio		(15,732)	(103,168)
Dividends received		57,957	55,163
Interest received		977	3,457
Trust distributions		3,513	1,140
Other receipts		2,729	-
		<u>58,118</u>	<u>110,593</u>
Administration expenses		(47,522)	(41,305)
Bank charges		(516)	(379)
Finance costs		(32,905)	(13,900)
Management fees		(14,546)	(21,024)
Performance fees		-	(67,314)
Other payments		-	(1,366)
<b>Net cash (used in)/provided by operating activities</b>	<b>21</b>	<u><b>(37,372)</b></u>	<u><b>(34,695)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sales from investment portfolio		260,512	266,044
Purchases for investment portfolio		(313,982)	(498,751)
<b>Net cash (used in) investing activities</b>		<u><b>(53,470)</b></u>	<u><b>(232,707)</b></u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		27,996	68,219
Share issuance costs		(11,764)	(9,547)
Proceeds from borrowings		290,630	598,917
Repayment of borrowings		(242,445)	(404,600)
Dividends paid		(4,421)	(7,518)
<b>Net cash provided by financing activities</b>		<u><b>59,995</b></u>	<u><b>245,472</b></u>
Net increase / (decrease) in cash held		(30,847)	(21,931)
Cash at beginning of financial year		45,542	67,473
<b>Cash at end of financial year</b>	<b>9</b>	<u><b>14,695</b></u>	<u><b>45,542</b></u>

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 2009

### 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 report of Illuminator Investment Company Limited as an individual entity complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. 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 2009 ("the inoperative standards"). 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 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.

#### 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) Balance Sheet classification

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

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

The trading portfolio comprises securities held for trading.

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

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

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

Securities, including listed and unlisted shares and notes and options, are initially brought to account at cost, which is the cost of acquisition including transaction costs, and are revalued to market values continuously. Increments and decrements on Ordinary Securities are taken to the Investment Revaluation Reserve.

Where disposal of an investment occurs, any revaluation increment or decrement relating to it is transferred from the Investment Revaluation Reserve to the Income Statement. Subsequently, any revaluation increment or decrement relating to the disposal of an investment is transferred to the Capital Profits Reserve.



# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### 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 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, where the securities are traded on an organised market. Where a security is not so traded, its fair value is determined by the Directors.

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

Distributions relating to listed securities are recognised as income when those securities are quoted ex-distribution basis and distributions relating to unlisted securities are recognised as income when received. If the distributions are capital returns on ordinary securities the amount of the distribution is treated as an adjustment to the carrying 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, other short-term highly liquid investments.

e. **Initial Public Offer Costs**

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

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### 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 balance sheet are shown inclusive of GST.

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

**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.

All exchange gains and losses in the financial report are taken to the income statement with the exception of differences on assets in the investment portfolio, which are taken directly to equity until the disposal of the investment asset, at which time they are recognised in the income statement.

**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. Going Concern**

At 30 June 2009, the Company has current assets of \$75,724 and current liabilities of \$413,089, a deficiency of \$337,365. 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. Impairment of assets in the Investment Portfolio**

When the market value of a stock that is held in the investment portfolio is below the cost, it is reviewed for impairment. *AASB 139 – Financial Instruments: Recognition and Measurement* states that impairment has occurred if there has been a loss event or events that have an impact on the future cash flows of the financial asset that can be reliably estimated.

When 'impairment' is held to have occurred, the amount of the loss that has been taken through the Investment Revaluation Reserve is reversed and instead is taken through the Income Statement. Any subsequent increase in the market value of a stock thus impaired does not go through the Income Statement, but will however be accounted for through the Investment Revaluation Reserve whilst any further decrease will continue to be accounted for through the Income Statement.

The Investment Manager regularly reviews the stocks in the Investment Portfolio, and where it believes that such an event has occurred or is likely to occur, will seek to exit the position. Should that position not be exited by the balance sheet date, an impairment charge may be taken to the Income Statement as described above.

The Company is a long-term investor, and does not regard short-term or cyclical movements in the share-price of its investments as evidence of impairment. However, the relevant Accounting Standard also states that a "significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment." The Company's approach to this and the resultant charge are set out in Note 2.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

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

#### l. 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 AASB112 *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 19. 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.

The issue of whether any of the Company's investments are impaired is also a matter requiring the judgement. Refer to Note 2 for the Company's approach in relation to this and the resulting charge.

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.

#### m. New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 30 June 2009. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Company financial report	Application date for Company*
AASB 2007-3 and AASB 8	Operating Segments and consequential amendments to other Australian Accounting Standards	Amending standard issued as a consequence of AASB 8 Operating Segments	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Company financial statements	1 July 2009
AASB 101 (revised) and AASB 2007-8	Presentation of financial statements and consequential amendments to other Australian Accounting Standards	The amendments of AASB 101 changes the disclosure requirements of the financial statements and notes to accounts	1 January 2009	The amendments are expected to change the current disclosures and presentation of the financial statements and notes to accounts	1 July 2009

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

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

AASB 2008-5 and 2008-6	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Amendments to Australian Accounting Standards arising from the IASB's first Annual Improvements Project. The Improvements project is an annual project that provides a mechanism for making non-urgent, but necessary amendments to AASB	1 January 2009 except amendments to AASB 5 (1 July 2009)	The Company has not yet determined the extent of the impact of the amendments, if any.
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\*Designates the beginning of the applicable annual reporting period.

### NOTE 2: IMPAIRMENT CHARGE ON ACCOUNTS

The accounts include an impairment charge of \$134,726 for the year.

This charge is based on an interpretation of *AASB 139 – Financial Instruments : Recognition and Measurement* that, subject to other evidence to the contrary and judgement, an investment is impaired if it has been below its accounting cost for a minimum of 15 months or if the fair value of the investment is more than 35% below its accounting cost.

The Company takes a long term view of investments, and does not believe that share prices in a cyclical downturn necessarily reflect the long term fair value of the underlying businesses and assets that it invests in.

If, in the Directors' opinion, an investment has become impaired due to significant changes to that particular holding that investment is divested from the Portfolio. Any 'impairment' charge would therefore be reflected in the Net gains or losses on investments sold from the investment portfolio.

The Directors believe that the interpretation of the standard used in the financial statements, and its application, does not reflect the long term nature of the Company's portfolio.

In addition, there is no current intention to sell any of the assets in the investment portfolio and the Directors do not consider that there is sufficient or reliable evidence to indicate that at some point in the medium to long term, any investments currently held will not recover their cost.

Therefore, in the Directors' view, to take a 'realised' loss on an investment that the Directors have no current intention of selling does not accurately reflect the performance of the Company during the financial year.

It should be noted that any impairment charge that is taken on equity investments held by the Company cannot, under Accounting Standards, be reversed back through the Income Statement when the market price recovers, but must be revalued through the Balance Sheet. The impairment charge is thus permanent until such time as the asset is sold.

Shareholders should note that all investments are continuously marked to market. Any impairment charge taken on investments that are not disposed of by the Company therefore has no impact on the Net Tangible Assets or shareholders' equity.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 3: REVENUE

	2009 \$	2008 \$
<b>a. Income from Investment Portfolio</b>		
— dividends received	55,168	59,998
— trust distributions received	1,100	2,940
<b>Total Income from Investment Portfolio</b>	<b>56,268</b>	<b>62,938</b>
<b>b. Income from Trading Portfolio</b>		
— sales revenue	8,673	115,001
— cost of sales	(20,087)	(152,346)
— net gains/(losses) from trading portfolio sales	(11,414)	(37,345)
— dividends received	369	136
<b>Total Income from Trading Portfolio</b>	<b>(11,045)</b>	<b>(37,209)</b>
<b>c. Income from deposits</b>		
— interest income	1,009	3,457
<b>Total income from deposits</b>	<b>1,009</b>	<b>3,457</b>
<b>Total revenue</b>	<b>46,232</b>	<b>29,187</b>

### Note 4: Profit/(loss) for the Year

Operating profit/(loss) before income tax has been determined after:

#### Expenses

Bank expenses	555	388
Finance costs	33,077	15,214
Listing fees	6,825	5,750
Management fees	11,109	14,949
Other expenses	34,875	41,931
<b>Profit/(loss) from operating activities before income tax and realised gains on the investment portfolio</b>	<b>(40,209)</b>	<b>(49,045)</b>

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 5: INCOME TAX EXPENSE

	2009 \$	2008 \$
<b>The components of tax expense comprise:</b>		
<b>a.</b>		
Increase / (decrease) in deferred tax liabilities – other	(2,103)	2,028
(Increase) / decrease in deferred tax assets - other	(18,491)	(35,663)
	<u>(20,594)</u>	<u>(33,635)</u>
(Increase) / decrease in deferred tax assets – investment portfolio	(34,674)	(2,307)
Tax credit on AASB 139 'impairment revaluation charge	(57,740)	-
	<u>(113,008)</u>	<u>(35,942)</u>
<b>b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:</b>		
<b>Operating profit/(loss) before income tax expense and realised gains on investment portfolio</b>	(40,209)	(49,045)
Prima facie tax payable/(credit) on profit/(loss) from ordinary activities before income tax at 30% (2007: 30%)	(12,062)	(14,714)
<b>Add:</b>		
<b>Tax effect of:</b>		
— Imputation gross-up on dividends received	6,299	5,645
— Franking credits on dividends received	(20,997)	(18,816)
— Capital raising costs	-	(5,750)
	<u>(26,760)</u>	<u>(33,635)</u>
Income tax benefit on operating profit/(loss) before realised gains on investment portfolio	(26,760)	(33,635)
Under (Over) Provision in prior years	6,166	-
Income tax expense	<u>(20,594)</u>	<u>(33,635)</u>
<b>Realised gains (losses) on investment portfolio</b>	(115,582)	(7,691)
Prima facie tax payable (credit) calculated at 30% (2007: 30%)	(34,674)	(2,307)
Income tax expense (credit) on realised gains (losses) on investment portfolio	(34,674)	(2,307)
Tax credit on AASB 139 'impairment' revaluation charge	(57,740)	-
<b>Total income tax expense (credit)</b>	<u>(113,008)</u>	<u>(35,942)</u>

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 5: INCOME TAX EXPENSE (CONTINUED)

	2009 \$	2008 \$
<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	(25,076)	(75,206)
(Increase) / decrease in deferred tax assets relating to capital losses on the increase in unrealised losses on securities in the investment portfolio	24,782	64,260
(Increase) / decrease in deferred tax assets relating to capital raising costs	231	(3,527)
	<u>(63)</u>	<u>(14,472)</u>

### NOTE 6: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for:

Forsythes

— auditing or reviewing the financial report	<u>16,045</u>	<u>19,236</u>
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### NOTE 7: DIVIDENDS

#### a. Dividends Paid

Final fully franked ordinary dividend for the year ended 30 June 2008 of 0.75 (2007: 0.75) cents per share paid on 22 October 2008

18,016	17,101
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Interim fully franked ordinary dividend for the year ended 30 June 2009 of 0.00 (2008: 0.80) cents per share

-	18,773
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<u>18,016</u>	<u>35,874</u>
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#### b. Dividends Declared

Final fully franked ordinary dividend of 0.75 (2008: 0.75) cents per share payable on 22 October 2009. This dividend has not been brought to account in the financial statements for the year ended 30 June 2009, but will be recognised in subsequent financial reports.

<u>19,387</u>	<u>17,881</u>
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#### c. Franking Account

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables and it does not reflect the impact of dividends declared after balance date.

<u>39,187</u>	<u>25,912</u>
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# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 8: EARNINGS PER SHARE

	2009 Number	2008 Number
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	2,431,660	2,320,723
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	2,431,660	2,320,723
<b>a. Basic and diluted earnings per share</b>	<b>\$</b>	<b>\$</b>
Profit/(loss) attributable to members of the company	(235,248)	(20,794)
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share including realised gains(losses) on the investment portfolio	(9.67)	(0.90)
Diluted earnings per share including realised gains(losses) on the investment portfolio	(9.67)	(0.90)
<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 gains/(losses) on the investment portfolio	(19,615)	(15,411)
	<b>Cents</b>	<b>Cents</b>
Basic operating earnings per share excluding realised gains/(losses) on the investment portfolio	(0.81)	(0.66)
Diluted operating earnings per share excluding realised gains/(losses) on the investment portfolio	(0.81)	(0.66)

### Note 9: Cash and Cash Equivalents

Cash at bank and in hand	689	3,724
Deposits at call	14,007	41,818
	<u>14,696</u>	<u>45,542</u>

The effective interest rate on deposits at call was 1.90% (2008: 6.73%).

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

### Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	14,696	45,542
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# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 10: TRADE AND OTHER RECEIVABLES

#### CURRENT

Dividends and trust distributions receivable	4,007	8,879
Other debtors	31,176	6,240
	<u>35,183</u>	<u>15,119</u>

Receivables are non-interest bearing and unsecured.

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

### NOTE 11: TRADING PORTFOLIO

#### CURRENT

Listed investments, at market value

- Shares	<u>25,185</u>	<u>33,661</u>
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### NOTE 12: OTHER ASSETS

#### CURRENT

Prepayments	<u>660</u>	<u>600</u>
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### NOTE 13: INVESTMENT PORTFOLIO

#### NON-CURRENT

Listed Investments, at market value

- Options	1,177	1,990
- Shares	897,245	1,139,209
- Trust units	55,457	67,980
	<u>953,879</u>	<u>1,209,179</u>

### NOTE 14: DEFERRED TAX ASSETS

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

- Tax losses	119,531	68,425
- Temporary differences	113,255	88,376
	<u>232,786</u>	<u>156,801</u>

### NOTE 15: TRADE AND OTHER PAYABLES

#### CURRENT

Trade payables	-	2,010
Outstanding settlements – investment portfolio	566	1,262
Outstanding settlements – trading portfolio	-	4,683
Provision for income tax	-	4,952
Sundry payables and accrued expenses	12,180	19,263
	<u>12,746</u>	<u>32,170</u>

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 16: BORROWINGS

#### CURRENT

Short-term borrowings – secured	<u>400,344</u>	<u>351,988</u>
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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 9.09% (2008: 9.95 %).

### NOTE 17: DEFERRED TAX LIABILITIES

#### NON-CURRENT

Deferred tax liabilities attributable to:

- Temporary differences	740	2,844
- Deferred capital gains tax	<u>15,477</u>	<u>40,553</u>
	<u>16,217</u>	<u>43,397</u>

### NOTE 18: ISSUED CAPITAL

	Note	2009 \$	2008 \$
2,491,048 (2008: 2,384,246) fully paid ordinary shares	17a	<u>1,178,505</u>	<u>1,143,893</u>
<b>a. Ordinary shares</b>			
At the beginning of reporting period		1,143,893	1,053,631
Shares issued during the year			
— 23,610 on 16 July 2007			14,000
— 42,226 on 30 August 2007			24,700
— 29,527 on 22 October 2007			17,101
— 37,031 on 15 November 2007			22,000
— 29,214 on 30 April 2008			14,585
— 8,377 on 24 June 2008			4,188
— 17,842 on 01 October 2008		8,745	
— 31,668 on 27 October 2008		13,595	
— 57,292 on 27 February 2009		<u>19,250</u>	
		1,185,484	1,150,205
— Transaction costs relating to share issues		<u>(6,978)</u>	<u>(6,312)</u>
At the end of reporting date		<u>1,178,505</u>	<u>1,143,893</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.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 19: RESERVES

Capital profits	18a	53,378	2,183
Investment revaluation	18b	(66,722)	(85,111)
		<u>(13,344)</u>	<u>(82,929)</u>

#### 19a. Capital Profits Reserve

##### Movements During the Year

Opening balance	2,183	24,667
Transfer (to)/from retained earnings	69,211	(5,384)
Dividend paid during the year	(18,016)	(17,100)
Closing Balance	<u>53,378</u>	<u>2,183</u>

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

#### 19b. Investment Revaluation Reserve

##### Movements During the Year

	Note	2009 \$	2008 \$
Opening balance		(85,111)	240,309
Revaluation of investment portfolio (net of tax)		(116,337)	(325,420)
		(201,448)	(85,111)
Transfer of AASB 139 'impairment' revaluation to Income statement (net of tax)		134,726	-
Closing Balance		<u>(66,722)</u>	<u>(85,111)</u>

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

### NOTE 20: SEGMENT REPORTING

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

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 20: SEGMENT REPORTING (CONTINUED)

2009	Revenue \$	Unrealised Losses \$	Market Value \$	Portfolio %
Australia	39,851	(230,568)	826,883	82.67
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>(308,264)</b>	<b>979,065</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>(308,264)</b>	<b>1,000,169</b>	<b>100.00</b>

2008	Revenue \$	Unrealised Losses \$	Market Value \$	Portfolio %
Australia	17,539	(57,033)	1,044,369	80.82
Fiji	156	(8,138)	6,734	0.52
Great Britain	5,953	(20,866)	103,790	8.03
New Zealand	1,868	(22,760)	30,460	2.36
United States of America	213	(26,190)	57,487	4.45
<b>Sub Total</b>	<b>25,729</b>	<b>(134,987)</b>	<b>1,242,840</b>	<b>96.17</b>
Investment portfolio cash and cash equivalents and receivables	3,457	-	49,434	3.83
<b>Total</b>	<b>29,186</b>	<b>(134,987)</b>	<b>1,292,274</b>	<b>100.00</b>

### NOTE 21: CASH FLOW INFORMATION

	2008 \$	2007 \$
<b>Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax</b>		
(Loss)/Profit after income tax	(235,248)	(20,794)
Cash flows excluded from profit attributable to operating activities:		
Net realised (gains)/losses on the investment portfolio	80,907	5,384
Net AASB 139 'impairment' revaluation charge	134,726	-
(Increase)/decrease in current receivables	(20,004)	32,229
(Increase)/decrease in the trading portfolio	8,476	44,514
Increase/(decrease) in current payables	(19,270)	(62,393)
Increase/(decrease) in income taxes balances	13,041	(33,635)
<b>Cash flow from operations</b>	<b>(37,372)</b>	<b>(744)</b>

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 22: RELATED PARTY TRANSACTIONS

Transactions with related parties:

Expenses paid or payable by the company to:

-Investment management fees paid to Pritchard & Partners Pty. Limited	11,109	17,085
- Brokerage paid to Pritchard & Partners Pty. Limited	4,082	8,533
- Accounting fees paid to Rees Pritchard Pty. Limited	-	1,052

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

- Newcastle Capital Markets Registries Pty. Limited for share registry costs.	8,926	12,633
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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 3,750 A Ordinary shares, 3,750 B Ordinary Shares of Pritchard Equity Limited. Steven Pritchard is a director and has a beneficial interest in the securities of Pritchard Equity Limited.	-	7,500
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Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### NOTE 23: 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 24: INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in investments during the year was 61 (2008 : 102). Each contract note may involve multiple transactions. The total brokerage paid on these contract notes was \$4,082 (2008: \$8,533).

### NOTE 25: COMPANY DETAILS

The registered office and principal place of business of Illuminator Investment Company Limited is:

10 Murray Street  
HAMILTON NEW SOUTH WALES 2303

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 26: 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 9.09% (2008: 9.95%). A rise in interest rates of 1% will result in the company incurring additional finance costs of \$4,003, whilst a fall 1% will result in interest savings of \$4,003.

**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
- issue of new shares by way of a prospectus

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 \$34,267 and \$68,535 respectively, assuming a flat tax rate of 30%.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009

### NOTE 26 : FINANCIAL RISK MANAGEMENT (CONTINUED)

The Investment Revaluation Reserve at 30<sup>th</sup> June 2009 had a debit balance of \$66,722. It would require an increase in the value of the investment portfolio of 7% to reverse this decrement. In accordance with Accounting standards, any further falls in value would continue to be recognised in the equity as unrealised losses, thereby impacting the shareholders' equity of the Company.

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 investment across industry sectors as at 30 June is as below</b>	<b>2009 %</b>	<b>2008 %</b>
Banks	6.19	7.58
Capital Goods	9.08	11.15
Cash and equivalents	2.05	3.83
Commercial services and supplies	4.68	8.40
Consumer durables and apparel	2.21	3.23
Consumer services	1.05	1.56
Diversified financials	19.34	15.85
Energy	2.42	1.63
Food and staples retailing	4.74	3.15
Food beverage and tobacco	8.78	9.37
Health care equipment and services	7.90	4.65
Insurance	3.60	3.50
Materials	3.84	4.71
Media	3.44	3.65
Pharmaceuticals, biotech and life sciences	1.61	-
Real Estate	4.29	4.10
Retailing	7.56	5.97
Telecommunication Services	5.09	5.12
Transportation	-	0.45
Utilities	2.13	2.10
	<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>2009 %</b>
Cochlear Limited	5.77
Telstra Corporation Limited	5.09
	<b>10.86</b>

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

# **ILLUMINATOR INVESTMENT COMPANY LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2009**

### **NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE**

Since 30 June 2009 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.