

# 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 2014

## For announcement to the market

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

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|  |      |     |     |          |
|--|------|-----|-----|----------|
|  |      |     |     | \$A      |
| Operating Revenue (item 1.1)   | Down | 3%  | To  | 35,550   |
| Operating Profit (loss) before abnormal items and tax  | Up   | 13% | To  | (23,515) |
| Operating Profit (loss) before realised gains/(losses) on the investment portfolio                             | Up   | 19% | To  | (8,027)  |
| Profit (loss) for the period attributable to security holders (item 1.11)                                      | Up   | 19% | To  | (8,027)  |
| Dividends: Franking Rate Applicable  |      |     | 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)

|                      |
|----------------------|
| 1.00 cents per share |
|----------------------|

18.3 Amount per security

|      |                 | 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   |
|--|---|
| 1.00 cents per share fully franked dividend payable on 27 October 2014 | 1.00 cents per share fully franked dividend paid on 25 October 2013 |

The dividend or distribution plans shown below are in operation

|                            |
|----------------------------|
| Dividend Reinvestment Plan |
|----------------------------|

|  |
|--|
|  |
|--|

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: .

12 Sep 2014

(Director)

Print name: Steven Pritchard



**ILLUMINATOR  
INVESTMENT**  
COMPANY LIMITED

# **ILLUMINATOR INVESTMENT COMPANY LIMITED**

**ABN 48 107 470 333**

## **2014 ANNUAL REPORT**

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# ILLUMINATOR INVESTMENT COMPANY LIMITED

## HIGHLIGHTS

### Key Financial Statistics

|                                       | 2014        | 2013        | 2012        | 2011        | 2010        |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Net profit (loss) after tax           | \$(8,027)   | \$(9,928)   | \$(12,117)  | \$(13,921)  | \$1,722     |
| Earnings per Share (cents per share)  | (0.28)      | (0.36)      | (0.44)      | (0.52)      | 0.07        |
| Dividends per Share (cents per share) | 1.00        | 1.00        | 1.00        | 1.00        | 1.00        |
| Total Assets                          | \$1,205,651 | \$1,136,013 | \$1,240,404 | \$1,407,158 | \$1,440,196 |
| Total Liabilities                     | \$163,665   | \$137,675   | \$296,579   | \$422,246   | \$454,349   |
| Shareholders Funds                    | \$1,041,986 | \$998,338   | \$943,825   | \$984,912   | \$985,847   |
| Total Shareholders Return*            | 5.56%       | 8.82%       | (5.41%)     | 2.86%       | 9.09%       |
| Return on Shareholders Funds          | (0.77%)     | (0.99%)     | (1.23%)     | (1.41)%     | 0.08%       |
| Net Asset backing per share           | \$0.37      | \$0.36      | \$0.34      | \$0.37      | \$0.38      |
| Shares on issue                       | 2,846,746   | 2,802,299   | 2,756,372   | 2,682,983   | 2,620,822   |
| Number of Shareholders                | 149         | 153         | 148         | 147         | 153         |

\* 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 Manager's Comments

We seek to own shares in companies that we know and understand and which we believe have favourable long term prospects. We consider the quality and commitment of management to be particularly important and see the effective re-investment of free cash flow to be one of the key sources of increased value for our investments.

Investing in the share market has been not without difficulties over the past decade. Whatever the cause markets in recent years have becoming increasingly dominated by short term trading, with the holding period for many investors now measured in hours and days, which contrasts to our long term approach. We believe our ability to take a longer-term view is one of our major advantages.

During the year the Company made new investments in the following companies Capitol Health Limited, Nanosonics Limited, Ozforez Limited, Pental Limited, Rightmove PLC, Ruralco Australia Limited, Thorney Opportunities Limited and Treasury Wine Estates Limited, and sold its investments in Cabcharge Australia Limited, RNY Property Trust and Warrnambool Cheese & Butter Factory Holdings Limited.

One of our major disadvantages is the size of our Company, relative to the fixed costs that we are currently incurring and which continue to increase. We are actively examining ways to increase our size in order to achieve greater economies of scale.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## INVESTMENT MANAGER'S REPORT (CONTINUED)

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

| <b>Year</b> | <b>Dividends<br/>Cents<br/>Per Share</b> | <b>Net Profit<br/>/(loss)<br/>\$</b> | <b>Issued<br/>Capital<br/>\$</b> | <b>Issued<br/>Ordinary<br/>Shares</b> | <b>Net Assets<br/>\$</b> |
|-------------|--|--------------------------------------|----------------------------------|---------------------------------------|--------------------------|
| 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                  |
| 2011        | 1.00                                     | (13,921)                             | 1,229,554                        | 2,682,953                             | 984,912                  |
| 2012        | 1.00                                     | (12,117)                             | 1,255,341                        | 2,756,372                             | 943,825                  |
| 2013        | 1.00                                     | (9,928)                              | 1,271,400                        | 2,802,299                             | 998,338                  |
| 2014        | 1.00                                     | (8,027)                              | 1,287,918                        | 2,846,746                             | 1,041,986                |



# ILLUMINATOR INVESTMENT COMPANY LIMITED

## INVESTMENT MANAGER'S REPORT (CONTINUED)

### Investment Portfolio

Details of Investments Held as at 30 June 2014

| Name of Investment  | Holding | Market Value<br>\$ | Portfolio<br>% |
|---|---------|--------------------|----------------|
| <b>Investment Portfolio</b>                               |         |                    |                |
| <b>Australian Equities</b>                                |         |                    |                |
| ANZ Banking Group Limited                                 | 100     | 3,334              | 0.36           |
| ARB Corporation Limited                                   | 5,000   | 61,200             | 6.64           |
| Aspen Group   | 4,000   | 4,840              | 0.53           |
| Bendigo and Adelaide Bank Limited                         | 792     | 9,662              | 1.05           |
| Blackmores Limited  | 1,535   | 41,752             | 4.53           |
| Capitol Health Limited                                    | 25,000  | 11,125             | 1.21           |
| Cochlear Limited  | 1,000   | 61,700             | 6.69           |
| Commonwealth Bank Of Australia                            | 24      | 1,941              | 0.21           |
| CSL Limited   | 1,000   | 66,550             | 7.22           |
| Fairfax Media Limited                                     | 10,000  | 9,050              | 0.98           |
| Florin Mining Investment Company Limited                  | 270,891 | 21,671             | 2.35           |
| Graincorp Limited A Class                                 | 2,500   | 21,000             | 2.28           |
| Hamilton Securities Limited                               | 10,000  | 5,000              | 0.54           |
| Hamilton Securities Limited B Class Options               | 13,158  | 263                | 0.03           |
| Hills Holdings Limited                                    | 8,214   | 14,251             | 1.55           |
| Hunter Hall International Limited                         | 6,801   | 13,500             | 1.46           |
| IOOF Holdings Limited                                     | 3,000   | 25,200             | 2.73           |
| Ingenia Communities Group Units                           | 53,334  | 26,667             | 2.89           |
| Korvest Limited   | 5,000   | 28,000             | 3.04           |
| Lycopodium Limited  | 3,000   | 6,300              | 0.68           |
| Metcash Limited   | 6,000   | 15,840             | 1.72           |
| National Australia Bank Limited                           | 100     | 3,278              | 0.36           |
| Nanosonics Limited  | 10,000  | 7,900              | 0.86           |
| Ozforex Group Limited                                     | 6,000   | 15,840             | 1.72           |
| Pental Limited  | 250,000 | 8,000              | 0.87           |
| Platinum Asset Management Limited                         | 8,000   | 50,400             | 5.47           |
| Prime Financial Group Limited                             | 60,000  | 6,300              | 0.68           |
| Pritchard Equity Limited – A Ordinary                     | 22,850  | 25,706             | 2.79           |
| Pritchard Equity Limited – B Ordinary                     | 10,000  | 11,000             | 1.19           |
| Pritchard Equity Limited – Series 3 Options               | 3,125   | -                  | -              |
| Reece Australia Limited                                   | 2,000   | 60,480             | 6.56           |
| Ruralco Holdings Limited                                  | 3,000   | 10,260             | 1.11           |
| Telstra Corporation Limited                               | 10,000  | 52,100             | 5.65           |
| Thorney Opportunities Limited                             | 30,000  | 13,350             | 1.45           |
| Thorney Opportunities Limited Option Expiring 22-APR-2015 | 15,000  | 270                | 0.03           |
| Treasury Wine Estates Limited                             | 3,000   | 15,030             | 1.63           |
| Westpac Banking Corporation                               | 119     | 4033               | 0.44           |
| <b>Total Australian Equities</b>                          |         | <b>732,793</b>     | <b>79.50</b>   |

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## INVESTMENT MANAGER'S REPORT (CONTINUED)

| Name of Investment                                      | Holding | Market Value<br>\$ | Portfolio<br>% |
|---|---------|--------------------|----------------|
| <b>International Equities</b>                           |         |                    |                |
| Berkshire Hathaway Inc. Class B Common Stock            | 300     | 40,643             | 4.41           |
| Conygar Investment Company PLC                          | 4,000   | 12,313             | 1.34           |
| Diageo PLC  | 1,000   | 33,453             | 3.63           |
| Intercontinental Exchange Group PLC                     | 34      | 6,799              | 0.74           |
| McMullen & Sons Limited – Preferred Ordinary            | 2,500   | 16,975             | 1.84           |
| Rightmove PLC   | 400     | 15,507             | 1.68           |
| Unilever PLC  | 500     | 23,883             | 2.59           |
| <b>Total International Equities</b>                     |         | <b>149,573</b>     | <b>16.23</b>   |
| <b>Total Investment Portfolio</b>                       |         |                    |                |
|   |         | <b>882,366</b>     | <b>95.73</b>   |
| <b>Investment portfolio cash &amp; cash equivalents</b> |         |                    |                |
| National Australia Bank                                 |         | 4,337              | 0.47           |
| Macquarie Bank Limited                                  |         | 27,946             | 3.03           |
| Clydesdale Bank PLC                                     |         | 7,069              | 0.77           |
| <b>Total Cash &amp; Equivalents</b>                     |         | <b>39,352</b>      | <b>4.27</b>    |
| <b>Total Portfolios</b>                                 |         | <b>921,718</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 2014. 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 loss of the Company after providing for income tax amounted to \$8,027 (2013: \$9,928).

### Dividends Paid or Recommended

Dividends paid or declared for payment are as follows:

|  |          |
|--|----------|
| 2013 Final ordinary dividend of 1.00 cents per share paid on 25 October 2013.    | \$28,023 |
| 2014 Final ordinary dividend of 1.00 cents per share payable on 27 October 2014. | \$28,467 |

### 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 loss of \$8,027 for the year compared to a loss of \$9,928 last year.

The amount of dividends and distributions received by the Company decreased by 3.26% to \$35,047 which was a decrease of \$1,142.

Shareholders equity increased during the year by \$43,648 to \$1,041,986 or 4.19%.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### Significant Changes in State of Affairs

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

### After Balance Date Events

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                          | — | 1,116,518 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) |
| <br><b>Daniel Di Stefano</b>                | — | <br>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                          | — | 176,367 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)   |
| <br><b>Darval Warwick Thomas</b>            | — | <br>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   |

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### REMUNERATION REPORT

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

#### Remuneration policy

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

The constitution of Illuminator Investment Company Limited requires approval by the shareholders in general meetings of a maximum amount of remuneration per year to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Directors. The amount of remuneration currently approved by shareholders for Non-Executive Directors is a maximum of \$45,000 per annum.

Non-Executive Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the constitution of the Company.

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

#### Remuneration Report

##### Details of remuneration for year ended 30 June 2014

The Company has only two executives, Steven S Pritchard and Daniel Di Stefano (2013: two executives), both of whom are Directors of the Company.

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

| 2014                   | Salary & Fees | Superannuation Contributions | Other | Total |
|------------------------|---------------|------------------------------|-------|-------|
| Steven Shane Pritchard | \$ -          | \$ -                         | \$ -  | \$ -  |
| Daniel Di Stefano      | -             | -                            | -     | -     |
| Darval Warwick Thomas  | -             | -                            | -     | -     |
|                        | -             | -                            | -     | -     |

| 2013                   | Salary & Fees | Superannuation Contributions | Other | Total |
|------------------------|---------------|------------------------------|-------|-------|
| Steven Shane Pritchard | \$ -          | \$ -                         | \$ -  | \$ -  |
| Daniel Di Stefano      | -             | -                            | -     | -     |
| Darval Warwick Thomas  | -             | -                            | -     | -     |
|                        | -             | -                            | -     | -     |

#### Meetings of Directors

During the financial year, 6 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 | 5                         | 5               | 1                         | 1               |
| Daniel Di Stefano      | 5                         | 5               | 1                         | 1               |
| Darval Warwick Thomas  | 5                         | 5               | 1                         | 1               |

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' REPORT (CONTINUED)

### Shareholdings

#### Number of Shares Held by Directors

|                        | Balance 1.7.2013 | Received as<br>Remuneration | Options Exercised | Net Change Other* | Balance 30.6.2014 |
|------------------------|------------------|-----------------------------|-------------------|-------------------|-------------------|
| Steven Shane Pritchard | 1,096,428        | -                           | -                 | 20,090            | 1,116,518         |
| Daniel Di Stefano      | 171,749          | -                           | -                 | 4,618             | 176,367           |
| Darval Warwick Thomas  | 81,600           | -                           | -                 | -                 | 81,600            |
| <b>Total</b>           | <b>1,349,777</b> | -                           | -                 | <b>24,708</b>     | <b>1,374,485</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 is included on page 11 of the annual report.

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

**Steven Shane Pritchard**

Director

Dated this 5th day of September 2014.



**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 the Illuminator Investment Company Limited financial report for the year ended 30 June 2014, 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.

*PKF Lawler Partners*

**PKF LAWLER PARTNERS**  
Chartered Accountants

Newcastle

Dated: 5 September 2014



**MARTIN MATTHEWS**  
Partner

PKF Lawler Partners Audit & Assurance  
(a Limited Partnership)

ABN 91 850 861 839

Liability limited by a scheme  
approved under Professional  
Standards Legislation

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# ILLUMINATOR INVESTMENT COMPANY LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|  | Notes    | 2014<br>Revenue | 2014<br>Capital | 2014<br>Total   | 2013<br>Revenue | 2013<br>Capital | 2013<br>Total   |
|--|----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  |          | \$              | \$              | \$              | \$              | \$              | \$              |
| Income from investment portfolio   | 2a       | 35,047          | -               | 35,047          | 36,189          | -               | 36,189          |
| Income from deposits   | 2b       | 503             | -               | 503             | 280             | -               | 280             |
| <b>Total income from ordinary activities</b>                                       |          | <b>35,550</b>   | <b>-</b>        | <b>35,550</b>   | <b>36,469</b>   | <b>-</b>        | <b>36,469</b>   |
| Administration expenses  |          | (42,169)        | -               | (42,169)        | (41,444)        | -               | (41,444)        |
| Finance costs  |          | (5,853)         | -               | (5,853)         | (12,349)        | -               | (12,349)        |
| Management fees  |          | (11,043)        | -               | (11,043)        | (9,603)         | -               | (9,603)         |
| <b>Operating loss before income tax</b>  | <b>3</b> | <b>(23,515)</b> | <b>-</b>        | <b>(23,515)</b> | <b>(26,927)</b> | <b>-</b>        | <b>(26,927)</b> |
| Income tax benefit relating to ordinary activities *                               | 4b       | 15,488          | -               | 15,488          | 16,999          | -               | 16,999          |
| <b>Operating loss attributable to members of the company</b>                       |          | <b>(8,027)</b>  | <b>-</b>        | <b>(8,027)</b>  | <b>(9,928)</b>  | <b>-</b>        | <b>(9,928)</b>  |
| <b>Other comprehensive income</b>  |          |                 |                 |                 |                 |                 |                 |
| <b>Items that will not be reclassified subsequently to profit or loss</b>          |          |                 |                 |                 |                 |                 |                 |
| Unrealised gains/(losses) for the period on securities in the portfolio at 30 June |          | -               | 27,375          | 27,375          | -               | 115,047         | 115,047         |
| Tax credit/ (expense) on above *   | 4        | -               | (8,212)         | (8,212)         | -               | (34,514)        | (34,514)        |
| Cumulative realised gains for the period on securities                             |          | -               | 62,882          | 62,882          | -               | (6,553)         | (6,553)         |
| Tax credit on above *  | 4        | -               | (18,865)        | (18,865)        | -               | 1,966           | 1,966           |
| <b>Total other comprehensive income</b>  |          | <b>-</b>        | <b>63,180</b>   | <b>63,180</b>   | <b>-</b>        | <b>75,946</b>   | <b>75,946</b>   |
| <b>Total net comprehensive income<sup>^</sup></b>                                  |          | <b>(8,027)</b>  | <b>63,180</b>   | <b>55,153</b>   | <b>(9,928)</b>  | <b>75,946</b>   | <b>66,018</b>   |

|                                | 2014     | 2013     |
|--------------------------------|----------|----------|
| * Total tax (expense)/ benefit | (11,589) | (15,549) |

### Overall Operations

|  |   |        |        |
|--|---|--------|--------|
| Basic earnings per share (cents per share)   | 7 | (0.28) | (0.36) |
| Diluted earnings per share (cents per share) | 7 | (0.28) | (0.36) |

<sup>^</sup>This is the Company's net return for the year, which includes the net operating profit/(loss) plus the net realised and unrealised gains or losses on the Company's investment portfolio.

The accompanying notes form part of these financial statements.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

|                                      | Note | 2014<br>\$       | 2013<br>\$       |
|--------------------------------------|------|------------------|------------------|
| <b>ASSETS</b>                        |      |                  |                  |
| <b>CURRENT ASSETS</b>                |      |                  |                  |
| Cash and cash equivalents            | 8    | 39,352           | 12,861           |
| Trade and other receivables          | 9    | 1,590            | 1,583            |
| Other current assets                 | 10   | 730              | 813              |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>41,672</b>    | <b>15,257</b>    |
| <b>NON-CURRENT ASSETS</b>            |      |                  |                  |
| Investment portfolio                 | 11   | 882,366          | 832,929          |
| Deferred tax assets                  | 12   | 281,613          | 287,827          |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>1,163,979</b> | <b>1,120,756</b> |
| <b>TOTAL ASSETS</b>                  |      | <b>1,205,651</b> | <b>1,136,013</b> |
| <b>LIABILITIES</b>                   |      |                  |                  |
| <b>CURRENT LIABILITIES</b>           |      |                  |                  |
| Trade and other payables             | 13   | 16,312           | 14,426           |
| Borrowings                           | 14   | 72,142           | 53,414           |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>88,454</b>    | <b>67,840</b>    |
| <b>NON-CURRENT LIABILITIES</b>       |      |                  |                  |
| Deferred tax liabilities             | 15   | 75,211           | 69,835           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |      | <b>75,211</b>    | <b>69,835</b>    |
| <b>TOTAL LIABILITIES</b>             |      | <b>163,665</b>   | <b>137,675</b>   |
| <b>NET ASSETS</b>                    |      | <b>1,041,986</b> | <b>998,338</b>   |
| <b>EQUITY</b>                        |      |                  |                  |
| Issued capital                       | 16   | 1,287,918        | 1,271,400        |
| Reserves                             | 17   | 150,309          | 98,862           |
| Accumulated losses                   |      | (396,241)        | (371,924)        |
| <b>TOTAL EQUITY</b>                  |      | <b>1,041,986</b> | <b>998,338</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 2014

|   | Note     | Issued<br>Capital | Accumulated<br>Losses | Capital<br>Profits<br>Reserve | Investment<br>Revaluation<br>Reserve | Total            |
|---|----------|-------------------|-----------------------|-------------------------------|--------------------------------------|------------------|
|   |          | \$                | \$                    | \$                            | \$                                   | \$               |
| <b>Balance at 1 July 2012 as reported</b>                   |          | <b>1,255,341</b>  | <b>(329,197)</b>      | <b>32,823</b>                 | <b>(15,142)</b>                      | <b>943,825</b>   |
| Dividends paid and dividend reinvestment plan               | 16 & 17a | 16,059            | -                     | (27,564)                      | -                                    | (11,505)         |
| Issued capital  | 16a      | -                 | -                     | -                             | -                                    | -                |
| <b>Total transactions with the shareholders</b>             |          | <b>16,059</b>     | <b>-</b>              | <b>(27,564)</b>               | <b>-</b>                             | <b>(11,505)</b>  |
| Loss for the year   |          | -                 | (9,928)               | -                             | -                                    | (9,928)          |
| <i>Other comprehensive income for the year (net of tax)</i> |          |                   |                       |                               |                                      |                  |
| Net capital losses for the year                             |          | -                 | (4,587)               | -                             | -                                    | (4,587)          |
| Revaluation of investment portfolio (net of tax)            | 17b      | -                 | -                     |                               | 80,533                               | 80,533           |
| Transfers to/(from) reserves                                | 17a      | -                 | (28,212)              | 28,212                        | -                                    | -                |
| Other comprehensive income for the year                     |          | -                 | (32,799)              | 28,212                        | 80,533                               | 75,946           |
| Total comprehensive income                                  |          | -                 | (42,727)              | 28,212                        | 80,533                               | 66,018           |
| <b>Balance at 30 June 2013</b>                              |          | <b>1,271,400</b>  | <b>(371,924)</b>      | <b>33,471</b>                 | <b>65,391</b>                        | <b>998,338</b>   |
| <b>Balance at 1 July 2013 as reported</b>                   |          | <b>1,271,400</b>  | <b>(371,924)</b>      | <b>33,471</b>                 | <b>65,391</b>                        | <b>998,338</b>   |
| Dividends paid and dividend reinvestment plan               | 16 & 17a | 16,518            | -                     | (28,023)                      | -                                    | (11,505)         |
| <b>Total transactions with the shareholders</b>             |          | <b>16,518</b>     | <b>-</b>              | <b>(28,023)</b>               | <b>-</b>                             | <b>(11,505)</b>  |
| Loss for the year   |          | -                 | (8,027)               | -                             | -                                    | (8,027)          |
| <i>Other comprehensive income for the year (net of tax)</i> |          |                   |                       |                               |                                      |                  |
| Net capital losses for the year (net of tax)                |          | -                 | 44,017                | -                             | -                                    | 44,017           |
| Revaluation of investment portfolio (net of tax)            | 17b      | -                 | -                     |                               | 19,163                               | 19,163           |
| Transfers to/(from) reserves                                | 17a      | -                 | (60,307)              | 60,307                        | -                                    | -                |
| Other comprehensive income for the year                     |          | -                 | (16,290)              | 60,307                        | 19,163                               | 63,180           |
| Total comprehensive income                                  |          | -                 | (24,317)              | 60,307                        | 19,163                               | 55,153           |
| <b>Balance at 30 June 2014</b>                              |          | <b>1,287,918</b>  | <b>(396,241)</b>      | <b>65,755</b>                 | <b>84,554</b>                        | <b>1,041,986</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 2014

|  | Note      | 2014<br>\$             | 2013<br>\$              |
|--|-----------|------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>      |           |                        |                         |
| Dividends received                               |           | 30,664                 | 31,600                  |
| Interest received                                |           | 503                    | 280                     |
| Trust distributions                              |           | 1,206                  | 361                     |
| Other receipts                                   |           | 2,565                  | 1,541                   |
|  |           | <u>34,938</u>          | <u>33,782</u>           |
| Administration expenses                          |           | (44,195)               | (42,673)                |
| Bank charges                                     |           | (425)                  | (321)                   |
| Finance costs                                    |           | (5,853)                | (12,349)                |
| Management fees                                  |           | (10,003)               | (11,379)                |
| <b>Net cash used in operating activities</b>     | <b>19</b> | <u><b>(25,538)</b></u> | <u><b>(32,940)</b></u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>      |           |                        |                         |
| Sales from investment portfolio                  |           | 180,211                | 263,387                 |
| Purchases for investment portfolio               |           | (135,406)              | (50,425)                |
| <b>Net cash provided by investing activities</b> |           | <u><b>44,805</b></u>   | <u><b>212,962</b></u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>      |           |                        |                         |
| Proceeds from borrowings                         |           | 18,728                 | -                       |
| Repayment of borrowings                          |           | -                      | (177,744)               |
| Dividends paid                                   |           | (11,504)               | (11,504)                |
| <b>Net cash used in financing activities</b>     |           | <u><b>7,224</b></u>    | <u><b>(189,248)</b></u> |
| Net decrease in cash held                        |           | 26,491                 | (9,226)                 |
| Cash at beginning of financial year              |           | 12,861                 | 22,087                  |
| <b>Cash at end of financial year</b>             | <b>8</b>  | <u><b>39,352</b></u>   | <u><b>12,861</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 2014

### 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, and 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.

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'). The Company is a 'for profit entity'.

The Company has not applied any Australian Accounting Standards or AASB interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2014 ("the inoperative standards"), except for AASB 9. The impact of the in operative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt 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. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements were authorised for issue by the directors on 5 September 2014.

### 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 2014

(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 2014

**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 2014, the Company has current assets of \$41,672 and current liabilities of \$88,454, deficiency of \$46,782. 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 considered 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.

## ILLUMINATOR INVESTMENT COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

#### **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 15. 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 Company has recognised deferred tax assets in relation to carried forward revenue and capital losses and deductible temporary differences as disclosed in Note 12. The Company recognises these assets only if the Company considers it is probable that future taxable amounts will be available to utilise these temporary differences and losses. The Company intends to not dispose of portfolio assets until there are gains on the investments which the Directors believe will be sufficient to recoup the deferred tax assets.

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 2014

|   | 2014<br>\$    | 2013<br>\$    |
|---|---------------|---------------|
| <b>NOTE 2: REVENUE</b>                        |               |               |
| <b>a. Income from Investment Portfolio</b>    |               |               |
| — dividends received                          | 34,112        | 35,389        |
| — trust distributions received                | 927           | 800           |
| — Other revenue                               | 8             | -             |
| <b>Total Income from Investment Portfolio</b> | <b>35,047</b> | <b>36,189</b> |
| <b>b. Income from deposits</b>                |               |               |
| — interest income                             | 503           | 280           |
| <b>Total Income from deposits</b>             | <b>503</b>    | <b>280</b>    |
| <b>Total revenue</b>                          | <b>35,550</b> | <b>36,469</b> |

## NOTE 3: LOSS FOR THE YEAR

Operating loss before income tax has been determined after:

### Expenses

|                 |        |        |
|-----------------|--------|--------|
| Bank expenses   | 425    | 321    |
| Finance costs   | 5,853  | 12,349 |
| Listing fees    | 9,459  | 9,379  |
| Management fees | 11,043 | 9,603  |
| Other expenses  | 32,285 | 31,744 |

|  |                 |                 |
|--|-----------------|-----------------|
| <b>Loss from operating activities before income tax and realised gains on the investment portfolio</b> | <b>(23,515)</b> | <b>(26,927)</b> |
|--|-----------------|-----------------|

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|  | 2014<br>\$      | 2013<br>\$      |
|--|-----------------|-----------------|
| <b>NOTE 4: INCOME TAX EXPENSE</b>  |                 |                 |
| <b>a. The components of tax expense comprise:</b>  |                 |                 |
| Increase/(decrease) in deferred tax liabilities – other  | 5,375           | (187)           |
| Increase in deferred tax assets – other  | (20,863)        | (16,812)        |
|  | <b>(15,488)</b> | <b>(16,999)</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>   | (23,515)        | (26,927)        |
| Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2013: 30%)  | (7,055)         | (8,078)         |
| Adjustment to previous year's income tax expense   | -               | -               |
| Add: Tax effect of   |                 |                 |
| — Imputation gross-up on dividends received  | 3,614           | 3,823           |
| — Franking credits on dividends received   | (12,047)        | (12,744)        |
| Income tax benefit on operating loss before realised gains/(losses) on investment portfolio  | <b>(15,488)</b> | <b>(16,999)</b> |
| <b>c. Amounts recognised directly in equity</b>  |                 |                 |
| Increase in deferred tax liabilities relating to capital gains on the increase in unrealised gains on securities in the investment portfolio           | 5,376           | 20,851          |
| Decrease in deferred tax assets relating to capital losses on the decrease in unrealised losses on securities in the investment portfolio              | 2,837           | 13,663          |
| Decrease in deferred tax assets relating to capital raising costs  | 1,754           | 1,990           |
|  | <b>9,967</b>    | <b>36,504</b>   |
| <b>d. Amounts recognised directly through Other comprehensive income</b>   |                 |                 |
| (Decrease)/increase in deferred tax liabilities relating to capital (losses)/gains tax on the movement in unrealised gains in the investment portfolio | <b>8,212</b>    | <b>34,514</b>   |
| <b>NOTE 5: AUDITORS' REMUNERATION</b>  |                 |                 |
| Remuneration of the auditor of the company for:  |                 |                 |
| PKF Lawler (2013: Nexia Forsythes)   |                 |                 |
| — auditing or reviewing the financial report   | <b>16,126</b>   | <b>16,335</b>   |

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|   | 2014<br>\$      | 2013<br>\$      |
|---|-----------------|-----------------|
| <b>NOTE 6: DIVIDENDS</b>  |                 |                 |
| <b>a. Dividends Paid</b>  |                 |                 |
| Final fully franked ordinary dividend for the year ended 30 June 2013 of 1.00 (2013: 1.00) cents per share paid on 27 October 2013  | <u>28,023</u>   | <u>27,564</u>   |
| <b>b. Dividends Declared</b>  |                 |                 |
| Final fully franked ordinary dividend of 1.00 (2013:1.00) cents per share payable on 27 October 2014. This dividend has not been brought to account in the financial statements for the year ended 30 June 2014 but will be recognised in subsequent financial reports. | <u>28,467</u>   | <u>28,023</u>   |
| <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.                             | 63,578          | 63,586          |
| Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year   | <u>(12,200)</u> | <u>(12,010)</u> |
| <b>Net available</b>  | <u>51,378</u>   | <u>51,576</u>   |

## NOTE 7: EARNINGS PER SHARE

|  | 2014<br>Number | 2013<br>Number |
|--|----------------|----------------|
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share | 2,831,768      | 2,786,822      |
| Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share  | 2,831,768      | 2,786,822      |
| <b>a. Basic and diluted earnings per share</b>   | <b>\$</b>      | <b>\$</b>      |
| Loss attributable to members of the company  | (8,027)        | (9,928)        |
|  | <b>Cents</b>   | <b>Cents</b>   |
| Basic earnings per share including realised gains/ (losses) on the investment portfolio                                    | 1.27           | (0.52)         |
| Diluted earnings per share including realised gains/ (losses) on the investment portfolio                                  | 1.27           | (0.52)         |

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|  | 2014<br>\$   | 2013<br>\$   |
|--|--------------|--------------|
| <b>NOTE 7: EARNINGS PER SHARE (CONTINUED)</b>  |              |              |
| <b>b. Basic and diluted operating earnings per share excluding realised gains/(losses) on the investment portfolio</b> |              |              |
| Operating loss before realised losses on the investment portfolio  | (8,027)      | (9,928)      |
|  | <b>Cents</b> | <b>Cents</b> |
| Basic operating earnings per share excluding realised losses on the investment portfolio                               | (0.28)       | (0.36)       |
| Diluted operating earnings per share excluding realised losses on the investment portfolio                             | (0.28)       | (0.36)       |

## NOTE 8: CASH AND CASH EQUIVALENTS

|                          |               |               |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | 4,338         | 1,652         |
| Deposits at call         | 35,014        | 11,209        |
|                          | <b>39,352</b> | <b>12,861</b> |

The effective interest rate on deposits at call was 2.50% (2013: 3.50%).

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 | 39,352 | 12,861 |
|---------------------------|--------|--------|

## NOTE 9: TRADE AND OTHER RECEIVABLES

|  |              |              |
|--|--------------|--------------|
| Dividends and trust distributions receivable   | 1,441        | 880          |
| Outstanding settlements – investment portfolio | -            | -            |
| Other debtors                                  | 149          | 703          |
|  | <b>1,590</b> | <b>1,583</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: OTHER ASSETS

|             |     |     |
|-------------|-----|-----|
| Prepayments | 730 | 813 |
|-------------|-----|-----|

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|                                      | 2014<br>\$     | 2013<br>\$     |
|--------------------------------------|----------------|----------------|
| <b>NOTE 11: INVESTMENT PORTFOLIO</b> |                |                |
| Listed Investments, at market value  |                |                |
| - Options                            | 533            | 263            |
| - Shares and Trust units             | 881,833        | 832,666        |
|                                      | <b>882,366</b> | <b>832,929</b> |

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

### Australian Equities

|  |        |        |
|--|--------|--------|
| ANZ Banking Group Limited                      | 3,334  | 2,858  |
| Aspen Group Limited                            | 4,840  | 7,000  |
| ARB Corporation Limited                        | 61,200 | 57,000 |
| Bendigo and Adelaide Bank Limited              | 9,662  | 1,007  |
| Blackmores Limited                             | 41,752 | 39,359 |
| Cabcharge Australia Limited                    | -      | 12,090 |
| Capitol Health Limited                         | 11,125 | -      |
| Cochlear Limited                               | 61,700 | 61,710 |
| Commonwealth Bank Of Australia Limited         | 1,941  | 8,302  |
| CSL Limited                                    | 66,550 | 61,580 |
| Fairfax Media Limited                          | 9,050  | 4,950  |
| Florin Mining Investment Company Limited       | 21,671 | 35,216 |
| Graincorp Limited A Class                      | 21,000 | 31,425 |
| Hamilton Securities Limited Ordinary           | 5,000  | -      |
| Hamilton Securities Limited A Class Non Voting | -      | 600    |
| Hamilton Securities Limited B Class            | -      | 2,800  |
| Hamilton Securities Limited B Class Options    | 263    | 263    |
| Hills Holdings Limited                         | 14,251 | 8,296  |
| Hunter Hall International Limited              | 13,500 | 10,915 |
| IOOF Holdings Limited                          | 25,200 | 22,080 |
| Ingenia Communities Group                      | 26,667 | 13,800 |
| Korvest Limited                                | 28,000 | 29,000 |
| Lycopodium Limited                             | 6,300  | 21,350 |
| Metcash Limited                                | 15,840 | 21,120 |
| National Australia Bank Limited                | 3,278  | 2,968  |
| Nanosonic Limited                              | 7,900  | -      |
| Ozforex Group Limited                          | 15,840 | -      |
| Pental Limited                                 | 8,000  | -      |
| Platinum Asset Management Limited              | 50,400 | 43,760 |
| Prime Financial Group Limited                  | 6,300  | 5,700  |
| Pritchard Equity Limited – A Ordinary          | 25,706 | 22,500 |
| Pritchard Equity Limited – B Ordinary          | 11,000 | 11,000 |

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|   | 2014<br>\$     | 2013<br>\$     |
|---|----------------|----------------|
| <b>NOTE 11: INVESTMENT PORTFOLIO (CONTINUED)</b>              |                |                |
| Pritchard Equity Limited – Preferred Income Equity Securities | -              | 3,000          |
| Pritchard Equity Limited – Series 3 Options                   | -              | -              |
| Reece Australia Limited                                       | 60,480         | 47,700         |
| RNY Property Trust  | -              | 14,250         |
| Ruralco Holdings Limited                                      | 10,260         | -              |
| Telstra Corporation Limited                                   | 52,100         | 47,700         |
| Thorney Opportunities Limited                                 | 13,350         | -              |
| Thorney Opportunities Options                                 | 270            | -              |
| Treasury Wine Estates Limited                                 | 15,030         | -              |
| Warrnambool Cheese & Butter Factory Holdings Limited          | -              | 39,000         |
| Westpac Banking Corporation                                   | 4,033          | 3,235          |
| <b>Total Australian Equities</b>                              | <b>732,793</b> | <b>693,434</b> |
| <b>International Equities</b>                                 |                |                |
| Berkshire Hathaway Inc. Class B Common Stock                  | 40,643         | 36,300         |
| Conygar Investment Company PLC                                | 12,312         | 7,913          |
| Diageo PLC  | 33,453         | 30,994         |
| Intercontinental Exchange Group PLC                           | 6,799          | -              |
| McMullen & Sons Limited – Preferred Ordinary                  | 16,975         | 15,456         |
| NYSE Euronext Inc   | -              | 8,952          |
| Rightmove PLC   | 15,508         | -              |
| Royal Dutch Shell PLC B Ordinary                              | -              | 17,937         |
| Unilever PLC  | 23,883         | 21,943         |
| <b>Total International Equities</b>                           | <b>149,573</b> | <b>139,495</b> |
| <b>Total Investment Portfolio</b>                             | <b>882,366</b> | <b>832,929</b> |

### NOTE 12: DEFERRED TAX ASSETS

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

|                         |                |                |
|-------------------------|----------------|----------------|
| - Tax losses            | 194,187        | 177,141        |
| - Capital losses        | 82,430         | 62,320         |
| - Temporary differences | 4,996          | 48,366         |
|                         | <b>281,613</b> | <b>287,827</b> |

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|  | 2014<br>\$    | 2013<br>\$    |
|--|---------------|---------------|
| <b>NOTE 13: TRADE AND OTHER PAYABLES</b> |               |               |
| Sundry payables and accrued expenses     | 16,312        | 14,426        |
|  | <u>16,312</u> | <u>14,426</u> |

Payables are non-interest bearing and unsecured.

### NOTE 14: BORROWINGS

|                                 |               |               |
|---------------------------------|---------------|---------------|
| Short-term borrowings – secured | <u>72,142</u> | <u>53,414</u> |
|---------------------------------|---------------|---------------|

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 7.37% (2013: 7.62%). The amount of the facility unused at year end is \$300,237 (2013: \$312,147).

### NOTE 15: DEFERRED TAX LIABILITIES

Deferred tax liabilities attributable to:

|                              |               |               |
|------------------------------|---------------|---------------|
| - Temporary differences      | -             | -             |
| - Deferred capital gains tax | 75,211        | 69,836        |
|                              | <u>75,211</u> | <u>69,836</u> |

### NOTE 16: ISSUED CAPITAL

|  |     |                  |                  |
|--|-----|------------------|------------------|
| 2,846,746 (2013: 2,802,299) fully paid ordinary shares | 16a | <u>1,287,918</u> | <u>1,271,400</u> |
|--|-----|------------------|------------------|

#### a. Ordinary shares

|  |                  |                  |
|--|------------------|------------------|
| At the beginning of reporting period         | 1,271,400        | 1,255,341        |
| Shares issued during the year                |                  |                  |
| — 45,927 on 27 October 2012                  | -                | 16,059           |
| — 44,447 on 31 October 2013                  | 16,518           | -                |
|  | <u>1,287,918</u> | <u>1,271,400</u> |
| — Transaction costs relating to share issues | -                | -                |
| At the end of reporting period               | <u>1,287,918</u> | <u>1,271,400</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.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and does not calculate a par value for issued shares.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|                          |     | 2014<br>\$            | 2013<br>\$           |
|--------------------------|-----|-----------------------|----------------------|
| <b>NOTE 17: RESERVES</b> |     |                       |                      |
| Capital profits          | 17a | 65,755                | 33,471               |
| Investment revaluation   | 17b | 84,554                | 65,391               |
|                          |     | <u><b>150,309</b></u> | <u><b>98,862</b></u> |

### 17a. Capital Profits Reserve

#### Movements During the Year

|                                 |                      |                      |
|---------------------------------|----------------------|----------------------|
| Opening balance                 | 33,471               | 32,823               |
| Transfer from retained earnings | 60,307               | 28,212               |
| Dividend paid during the year   | (28,023)             | (27,564)             |
| <b>Closing balance</b>          | <u><b>65,755</b></u> | <u><b>33,471</b></u> |

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

### 17b. Investment Revaluation Reserve

#### Movements During the Year

|                                 |                      |                      |
|---------------------------------|----------------------|----------------------|
| Opening balance                 | 65,391               | (15,142)             |
| Transfer from retained earnings | 19,163               | 80,533               |
| <b>Closing balance</b>          | <u><b>84,554</b></u> | <u><b>65,391</b></u> |

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

## NOTE 18: 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:



# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### NOTE 18: SEGMENT REPORTING (CONTINUED)

|  | 2014            | 2013            |
|--|-----------------|-----------------|
|  | \$              | \$              |
| <b>Net operating loss after income tax benefit</b> | (8,027)         | (9,928)         |
| Add back income tax benefit                        | (15,488)        | (16,999)        |
| <b>Loss before tax</b>                             | <b>(23,515)</b> | <b>(26,927)</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 2014 and 30 June 2013 were as follows:

|   | 2014 | 2013 |
|---|------|------|
|   | \$   | \$   |
| <b>Net tangible asset backing per share</b> |      |      |
| Before tax                                  | 0.30 | 0.28 |
| After tax                                   | 0.37 | 0.36 |

#### (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:

| 2014   | Revenue<br>\$ | Unrealised<br>gains/(losses) \$ | Market<br>value \$ | Portfolio<br>% |
|--|---------------|---------------------------------|--------------------|----------------|
| Australia  | 32,342        | 107,284                         | 732,793            | 79.50          |
| Great Britain  | 2,380         | (2,659)                         | 102,131            | 11.08          |
| United States of America                                       | 116           | 16,164                          | 47,442             | 5.15           |
| <b>Sub Total</b>   | <b>34,838</b> | <b>120,789</b>                  | <b>882,366</b>     | <b>95.73</b>   |
| Investment portfolio cash and cash equivalents and receivables | 503           | -                               | 39,352             | 4.27           |
| <b>Total</b>   | <b>35,341</b> | <b>120,789</b>                  | <b>921,718</b>     | <b>100.00</b>  |

| 2013   | Revenue<br>\$ | Unrealised<br>gains/(losses) \$ | Market<br>value \$ | Portfolio<br>% |
|--|---------------|---------------------------------|--------------------|----------------|
| Australia  | 33,476        | 107,940                         | 693,433            | 81.94          |
| Great Britain  | 2,434         | (12,698)                        | 94,244             | 11.14          |
| New Zealand  | 378           | -                               | -                  | -              |
| United States of America                                       | 309           | (1,627)                         | 45,252             | 5.35           |
| <b>Sub Total</b>   | <b>36,597</b> | <b>93,615</b>                   | <b>832,929</b>     | <b>98.43</b>   |
| Investment portfolio cash and cash equivalents and receivables | 280           | -                               | 13,291             | 1.57           |
| <b>Total</b>   | <b>36,877</b> | <b>93,615</b>                   | <b>846,220</b>     | <b>100.00</b>  |

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

|   | 2014<br>\$      | 2013<br>\$      |
|---|-----------------|-----------------|
| <b>NOTE 19: CASH FLOW INFORMATION</b>   |                 |                 |
| <b>Reconciliation of Cash Flow from Operations with Loss after Income Tax</b> |                 |                 |
| Loss after income tax   | (8,027)         | (9,928)         |
| Cash flows excluded from loss attributable to operating activities:           |                 |                 |
| Dividends reinvested  | (3,473)         | (3,750)         |
| (Increase)/decrease in current receivables                                    | (512)           | (439)           |
| (Increase)/decrease in the trading portfolio                                  | -               | -               |
| Increase/(decrease) in current payables                                       | 1,885           | (1,824)         |
| Increase/(decrease) in income tax balances                                    | (15,411)        | (16,999)        |
| <b>Cash flow from operations</b>  | <b>(25,538)</b> | <b>(32,940)</b> |

## NOTE 20: RELATED PARTY TRANSACTIONS

Transactions with related parties:

Expenses paid or payable by the company to:

Investment management fees paid to Pritchard & Partners Pty. Limited

11,043 9,603

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

Brokerage paid to Cameron Stockbrokers Limited

- 2,288

Steven Pritchard is interested in the above transactions as a director and a beneficial shareholder of Cameron Stockbrokers. Limited.

Newcastle Capital Markets Registries Pty. Limited for share registry costs.

10,983 9,526

Steven Pritchard is interested in the above transaction as a director and beneficial shareholder of Newcastle Capital Markets Registries Pty. Limited

Rees Pritchard Pty. Limited for accounting services.

2,628 2,328

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

The Company redeemed Nil (2013: 64,337) units in Hamilton Investment Fund – Multi Strategy Portfolio

- 41,768

Steven Pritchard is interested in the above transaction as a director of Hamilton Asset Management Limited

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

## NOTE 21: DIRECTORS AND EXECUTIVES DISCLOSURE

In accordance with the Corporations Amendments Regulation 2005 (No.4) the Company has transferred the disclosure required by AASB 124 from the notes to the Financial Statements to the Directors' Report under the heading of Remuneration Report.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### NOTE 22: INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in investments during the year was 19 (2013: 20). Each contract note may involve multiple transactions. The total brokerage paid on these contract notes was \$1,549 (2013: \$1,092).

### NOTE 23: 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 24: 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 7.37% (2013: 7.62%). A rise in interest rates of 1% will result in the company incurring additional finance costs of \$721 (2013: \$534), whilst a fall 1% will result in interest savings of \$721 (2013: \$534).

#### 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 16 and 17.

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.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

### NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

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 \$44,130 and \$88,260 (2013: \$29,153 and \$58,305) 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>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
|  | <b>%</b>      | <b>%</b>      |
| Automobiles & Components   | 6.66          | -             |
| Banks  | 2.44          | 2.17          |
| Capital goods  | 11.87         | 12.56         |
| Cash and equivalents   | 3.93          | 1.57          |
| Commercial and Professional Services   | -             | 1.43          |
| Diversified financials   | 21.26         | 19.71         |
| Energy   | -             | 2.12          |
| Food and staples retailing   | 1.72          | 2.50          |
| Food beverage and tobacco  | 9.41          | 13.81         |
| Health care equipment and services   | 8.79          | 7.29          |
| Household and personal products  | 8.02          | 7.24          |
| Insurance  | 4.43          | 4.29          |
| Media  | 0.99          | 0.58          |
| Pharmaceuticals, biotech and life sciences   | 7.25          | 7.28          |
| Real estate  | 6.46          | 5.08          |
| Retailing  | 1.11          | 6.74          |
| Telecommunication services   | 5.66          | 5.64          |
|  | <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>2014</b>  |
|---|--------------|
|   | <b>%</b>     |
| ARB Corporation Limited   | 6.66         |
| Cochlear Limited  | 6.72         |
| CSL Limited   | 7.24         |
| Platinum Asset Management Limited   | 5.49         |
| Reece Australia Limited   | 6.58         |
| Telstra Corporation   | 5.67         |
|   | <b>38.36</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 2014

### NOTE 24: FINANCIAL RISK MANAGEMENT (CONTINUED)

#### f. Fair value measurements

The following table provides the fair values of the Company's asset and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value 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).

| 30 June 2014  | Note | Level 1        | Level 2 | Level 3 | Total          |
|---|------|----------------|---------|---------|----------------|
|   |      | \$             | \$      | \$      | \$             |
| Financial assets at fair value through other comprehensive income |      |                |         |         |                |
| Investment Portfolio (Equities)                                   | 11   | 882,366        | -       | -       | 882,366        |
| Total   |      | <b>882,366</b> | -       | -       | <b>882,366</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 year. These instruments are included in level 1.

There were no transfers between Level 1, 2 and 3 for assets measured at fair value on a recurring basis during the reporting period (2013: no transfers).

### NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

Since 30 June 2014 to the date of this report there is no event otherwise disclosed in the financial report specific to the Company of which the directors are aware which has had a material effect on the Company or its financial position.

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## DIRECTORS' DECLARATION

The directors declare that:

- a) 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;
- b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;
- c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company; and
- d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed 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 5th day of September 2014



**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 statement of financial position as at 30 June 2014, and the statement of profit or loss and other comprehensive income, 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 the 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, that the financial report, 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 judgement, 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.

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

**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 the company's financial position as at 30 June 2014 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 2014. 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 2014, complies with section 300A of the Corporations Act 2001.

*PKF Lawler Partners*

**PKF LAWLER PARTNERS**  
Chartered Accountants

*Martin Matthews*

**MARTIN MATTHEWS**  
Partner

Newcastle

Dated: 5 September 2014

PKF Lawler Partners Audit & Assurance  
(a Limited Partnership)  
ABN 91 850 861 839

Liability limited by a scheme  
approved under Professional  
Standards Legislation

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# ILLUMINATOR INVESTMENT COMPANY LIMITED

## STOCK EXCHANGE INFORMATION

### Top 20 Shareholders as at 7 August 2014

| Shareholder                                      | No. of Shares | % of Issued |
|--|---------------|-------------|
| Pritchard Equity Limited                         | 361,046       | 12.68       |
| The Pritchard Family Company Pty Limited         | 349,232       | 12.27       |
| Henley Underwriting & Investment Company Pty Ltd | 158,175       | 5.56        |
| Melville King Pty Ltd                            | 98,046        | 3.44        |
| Hall Nominee Company Pty Ltd                     | 89,484        | 3.14        |
| Pritchard & Partners Pty Limited                 | 88,192        | 3.10        |
| Hafoba Pty Ltd                                   | 81,600        | 2.87        |
| Kerteh Holdings Pty Limited                      | 79,596        | 2.80        |
| Pirenz Nominees Pty Limited                      | 70,767        | 2.49        |
| Richardson Investment Holdings Pty Limited       | 60,000        | 2.11        |
| Superannuation Nominees Pty Ltd                  | 50,265        | 1.77        |
| Lola Heddles & Murray Heddles                    | 49,281        | 1.73        |
| Newcastle Capital Markets Registries Pty Ltd     | 49,281        | 1.73        |
| Gordon Elkington                                 | 45,767        | 1.61        |
| Bond Street Custodians Limited                   | 43,654        | 1.53        |
| Mr Steven Shane Pritchard                        | 39,545        | 1.39        |
| Selby Spears & Pamela Spears                     | 37,620        | 1.32        |
| Cumarax Pty Ltd <Tulip Superannuation A/c>       | 37,231        | 1.31        |
| Mrs Beth Anne Michell                            | 34,747        | 1.22        |
| Beavis Nominees Pty Ltd                          | 34,504        | 1.21        |

### Number of ordinary shares held

### Number of Shareholders

|                  |     |
|------------------|-----|
| 1 – 1,000        | 19  |
| 1,001 – 5,000    | 37  |
| 5,001 – 10,000   | 37  |
| 10,001 – 100,000 | 53  |
| 100,001 and over | 3   |
| Total            | 149 |

### Substantial Shareholders

As at 7 August 2014 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        | 1,116,518     | 39.22      |
| Daniel Di Stefano       | 176,367       | 6.20       |
| Margaret Pritchard      | 376,692       | 13.23      |

# ILLUMINATOR INVESTMENT COMPANY LIMITED

## CORPORATE DIRECTORY

|                            |   |
|----------------------------|---|
| <b>Directors</b>           | Steven Pritchard<br>Daniel Di Stefano<br>Darval Thomas  |
| <b>Company Secretaries</b> | Enzo Pirillo<br>Daniel Di Stefano   |
| <b>Registered Office</b>   | 10 Murray Street<br>Hamilton NSW 2303<br>Telephone 02 4920 2877<br>Facsimile 02 4920 2878<br>Email: <a href="mailto:mail@illuminator.com.au">mail@illuminator.com.au</a><br>Web: <a href="http://www.illuminator.com.au">www.illuminator.com.au</a> |
| <b>Manager</b>             | Pritchard & Partners Pty Limited<br>10 Murray Street<br>Hamilton NSW 2303<br>Telephone 02 4920 2877<br>Facsimile 02 4920 2878   |
| <b>Share Registry</b>      | Newcastle Capital Markets Registries Pty Limited<br>10 Murray Street<br>Hamilton NSW 2303<br>Telephone 02 4920 2877<br>Facsimile 02 4920 2878   |
| <b>Auditors</b>            | PKF Lawler Audit & Assurance<br>755 Hunter Street<br>Newcastle West NSW 2302<br>Telephone 02 4962 2688<br>Facsimile 02 4962 3245  |
| <b>Solicitors</b>          | Baker & McKenzie<br>Level 27, AMP Centre<br>50 Bridge Street<br>Sydney NSW 1223<br>Telephone 02 9225 0200<br>Facsimile 02 9225 1595   |
| <b>Bankers</b>             | National Australia Bank Limited<br>31 Beaumont Street<br>Hamilton NSW 2303  |