

**LIGHTING CORPORATION PTY LIMITED**

**A.B.N. 68 051 319 656**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2008**

# Lighting Corporation Ltd and its controlled entities

ABN 68 051 319 656

## Directors' report

The directors submit their report made in accordance with a resolution of the directors together with the financial report of Lighting Corporation Limited (the Company) and the consolidated financial report of the Group, being the Company and its controlled entities, for the period ended 30 June 2008 and the auditors report thereon.

### DIRECTORS

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

Robert Gerard	Dov Mowszowski -Resigned 1 February 2008
Benjamin Mills	Rodney Chadwick -Resigned 1 February 2008
Simon Gerard	Trevor Bourne -Resigned 1 February 2008
Graham Ellis	Ian Fraser -Resigned 1 February 2008
Zabnan Mowszowski-Resigned 1 February 2008	Stuart Romm -Resigned 1 February 2008

### PRINCIPAL ACTIVITY

The principal activity of the Group during the course of the financial year was the distribution and sale of lighting and allied electrical products in Australia and New Zealand.

### RESULTS FOR THE PERIOD ENDED 30 JUNE 2008

The consolidated profit for the period attributable to the members of Lighting Corporation Ltd was \$1,286,000 (2007:\$7,117,000)

### REVIEW OF OPERATIONS AND STATE OF AFFAIRS

Core activities have continued strongly. The result is within expectations

### LIKELY DEVELOPMENTS

Information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

### ENVIRONMENTAL REGULATION

The Group complies with all environmental regulations under Commonwealth, State and Territory law.

### DIVIDENDS

	Cents	\$
Fully Franked final dividend on ordinary shares for the year ended 30 June 2007(paid on 15 November 2007)	2.4	2,169,356
Fully Franked special dividend on ordinary shares for the year ended 30 June 2007(paid on 5 July 2008)		215,047
Fully Franked special dividend (paid on 1 February 2008)	7	6,327,291
		<u>8,711,694</u>

### INDEMNITY INSURANCE

The Lighting Corporation Limited Group incurred a premium in relation to directors and executive officers of the Group, indemnifying them for losses which they may become legally obligated to pay on account of any claim made against them for a wrongful act committed before or during the policy period.

# Lighting Corporation Ltd and its controlled entities

## Directors' report (continued)

### LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: the directors of Lighting Corporation Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

*KING*

KPMG

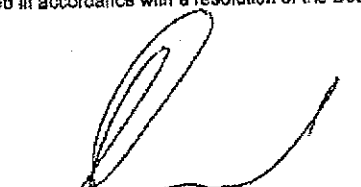
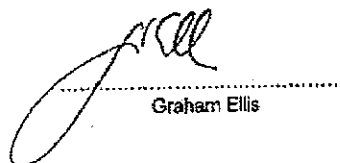


Partner

Adelaide

*25 May 2009*

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

  
Simon Gerard  
Graham Ellis

# Lighting Corporation Ltd and its controlled entities

## Income Statements

For the year ended 30th June 2008

	Note	Consolidated		Company	
		June 2008 \$'000	June 2007 \$'000	June 2008 \$'000	June 2007 \$'000
Revenue		193,124	177,676	455	98
Cost of sales		(104,995)	(108,359)	-	-
Gross profit		88,129	69,317	455	98
Expenses from operating activities		(82,231)	(57,271)	(2,710)	(2,490)
Results from operating activities		5,898	12,046	(2,255)	(2,392)
Net financing income / (costs)	3c	(1,323)	(1,833)	3,894	11,673
Profit/(loss) before income tax		4,575	10,213	1,639	9,281
Income tax (expense)/benefit	4	(3,289)	(3,096)	(64)	(540)
Profit/(Loss) for the period		1,286	7,117	1,575	8,741

The income statements should be read in conjunction with the notes to the financial statements.

**Lighting Corporation Ltd and its controlled entities**  
**Statements of changes in equity**  
**As at 30th June 2008**

Statements of changes in equity attributable to equity holders of the parent for the financial year ended 30 June 2007

	Share capital \$'000	Retained profit \$'000	Reserves \$'000	Total equity \$'000
<b>Consolidated</b>				
Opening balance 1 July 2006	45,053	9,550	588	55,191
Issued during the year	366	-	-	366
Exercise of options	207	-	-	207
Bought back during the year	(381)	-	-	(381)
Dividends provided or paid	-	(3,902)	-	(3,902)
Foreign exchange translation differences	-	-	159	159
Net profit / (loss) for the period	-	7,117	-	7,117
Closing balance 30 June 2007	45,245	12,765	747	58,757
<b>Company</b>				
Opening balance 1 July 2008	45,053	216	-	45,269
Issued during the year	366	-	-	366
Consolidation adjustments bought to account	-	94	627	721
Exercise of options	207	-	-	207
Bought back during the year	(381)	-	-	(381)
Dividends provided or paid	-	(3,902)	-	(3,902)
Net profit / (loss) for the period	-	8,741	-	8,741
Closing balance 30 June 2007	45,245	5,149	627	51,021

Statements of changes in equity attributable to equity holders of the parent for the financial year ended 30 June 2008

	Share capital \$'000	Retained profit \$'000	Reserves \$'000	Total equity \$'000
<b>Consolidated</b>				
Opening balance 1 July 2007	45,245	12,765	747	58,757
Foreign exchange translation differences	-	-	(163)	(163)
Bought back during the year	(280)	-	-	(280)
Dividends provided or paid	-	(8,711)	-	(8,711)
Net profit / (loss) for the period	-	1,286	-	1,286
Closing balance 30 June 2008	44,965	5,340	584	50,889
<b>Company</b>				
Opening balance 1 July 2007	45,245	5,149	627	51,021
Bought back during the year	(280)	-	-	(280)
Dividends provided or paid	-	(8,497)	-	(8,497)
Net profit / (loss) for the period	-	1,575	-	1,575
Closing balance 30 June 2008	44,965	(1,773)	627	43,819

The statements of changes in equity should be read in conjunction with the notes to the financial statements.

# Lighting Corporation Ltd and its controlled entities

## Balance Sheets As at 30th June 2008

	Note	Consolidated		Company	
		June 2008 \$'000	June 2007 \$'000	June 2008 \$'000	June 2007 \$'000
<b>Current assets</b>					
Cash and cash equivalents	5	4,736	5,968	-	12
Trade and other receivables	6	34,282	42,204	25,739	448
Inventories	7	35,717	31,488	-	-
Intercompany tax receivable		-	-	-	-
Other assets	8	409	-	75	-
<b>Total current assets</b>		<b>75,124</b>	<b>79,658</b>	<b>25,814</b>	<b>460</b>
<b>Non-current assets</b>					
Trade and other receivables	6	-	-	-	32,734
Investments	9	-	-	53,324	63,337
Property, plant and equipment	10	2,998	4,001	-	137
Intangible assets	11	28,412	34,154	-	-
Deferred tax assets	4	3,714	3,138	-	200
<b>Total non-current assets</b>		<b>36,124</b>	<b>41,293</b>	<b>53,324</b>	<b>86,468</b>
<b>Total assets</b>		<b>111,248</b>	<b>120,951</b>	<b>79,138</b>	<b>86,868</b>
<b>Current liabilities</b>					
Trade and other payables	12	44,084	26,728	20,679	1,907
Interest-bearing liabilities	13	10,011	2,025	14,316	1,931
Intercompany tax payable		1,801	-	-	-
Current tax liabilities		325	1,456	325	1,066
Provisions	14	3,543	3,839	-	59
<b>Total current liabilities</b>		<b>59,564</b>	<b>34,048</b>	<b>35,319</b>	<b>4,963</b>
<b>Non-current liabilities</b>					
Trade and other payables	12	-	-	-	3,626
Interest-bearing liabilities	13	-	27,192	-	27,181
Provisions	14	795	954	-	77
<b>Total non-current liabilities</b>		<b>795</b>	<b>28,146</b>	<b>-</b>	<b>30,884</b>
<b>Total liabilities</b>		<b>60,359</b>	<b>62,194</b>	<b>35,319</b>	<b>35,847</b>
<b>Net assets</b>		<b>50,889</b>	<b>58,757</b>	<b>43,819</b>	<b>51,021</b>
<b>Equity</b>					
Contributed equity	15	44,965	45,245	44,965	45,245
Reserves	16	584	747	627	627
Retained profits		5,340	12,765	(1,773)	5,149
<b>Total equity</b>		<b>50,889</b>	<b>58,757</b>	<b>43,819</b>	<b>51,021</b>

The balance sheets should be read in conjunction with the notes to the financial statements.

# Lighting Corporation Ltd and its controlled entities

## Statements of Cash Flows

For the year ended 30th June 2008

Note	Consolidated		Company	
	June 2008 \$'000	June 2007 \$'000	June 2008 \$'000	June 2007 \$'000
<b>Cash flows from operating activities</b>				
	203,862	190,444	713	644
Receipts from customers	(181,914)	(182,234)	(4,292)	(2,493)
Payments to suppliers and employees	(3,395)	(1,909)	(605)	(1,909)
Income taxes received/(paid)				
<b>Net cash from operating activities</b>	<b>22(ii), 18,573</b>	<b>6,301</b>	<b>(4,184)</b>	<b>(3,758)</b>
<b>Cash flows from investing activities</b>				
	1,390	320	112	-
Proceeds from sale of property, plant and equipment	(1,838)	(1,944)	(61)	(146)
Payments for property, plant and equipment				
Payments for investments - subsidiaries (net of cash acquired)	-	(2,875)	-	(499)
<b>Net cash from investing activities</b>	<b>(448)</b>	<b>(4,499)</b>	<b>51</b>	<b>(645)</b>
<b>Cash flows from financing activities</b>				
	-	207	-	207
Proceeds from issues of ordinary shares	(280)	(381)	(280)	(381)
Payment for share buy-back	(6,672)	4,217	(19,020)	4,053
Net proceeds/(repayments) from borrowings	-	-	23,773	(1,769)
Finance (provided to)/repaid by controlled entities	(94)	-	-	-
Lease repayments	(3,710)	(1,940)	(1,492)	(1,926)
Interest paid	43	107	5,031	7,599
Interest received	(8,711)	(3,902)	(8,497)	(3,902)
Dividends paid	159	-	363	-
Dividends received				
<b>Net cash from financing activities</b>	<b>(19,265)</b>	<b>(1,692)</b>	<b>(102)</b>	<b>3,881</b>
<b>Net increase/(decrease) in cash held</b>	<b>(1,140)</b>	<b>110</b>	<b>(4,235)</b>	<b>(522)</b>
<b>Cash at the beginning of the financial year</b>	<b>5,875</b>	<b>5,766</b>	<b>(80)</b>	<b>442</b>
<b>Cash at the end of the financial year</b>	<b>22(i), 4,735</b>	<b>5,876</b>	<b>(4,315)</b>	<b>(80)</b>

The statements of cash flows are to be read in conjunction with the notes to the financial statements.

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

### 1. Statement of significant accounting policies

#### (a) Statement of compliance

In the opinion of the directors, the Company is a large proprietary company and is not a reporting entity. The financial report is a special purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporation Act.

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the annual reporting period ending 30 June 2008. It was assumed that all new standards and interpretation available for early adoption but not yet adopted by the company will not have a material impact on the financial statement.

The Group prepares special purpose accounts and accordingly has not adopted the disclosure requirements of the following standards: AASB7 Financial Instruments: Disclosures, AASB 112 Income Tax, AASB 114 Segment Reporting, AASB 118 Revenue, AASB 124 Related Party Disclosures, AASB 132 Financial Instruments: Presentation, AASB 136 Impairment of Assets, AASB 136 Impairment of Assets, AASB 3 Business Combinations and AASB 119 Employee Benefits.

The financial statements were approved by the Board of Directors on 21 April 2009.

#### (b) Basis of preparation

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the class order applies.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivatives financial instruments, financial instruments held for trading, financial instruments classified as available-for-sale, biological assets and investment property.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the entity.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The company has a deficiency in net current assets of \$9.2M. The deficiency includes liabilities of \$14.3M which, as disclosed in note 13, were renegotiated to long term. The financial statements are prepared on a going concern basis.

#### (c) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### (ii) Transactions eliminated on consolidation

Intra group balances and any unrealised income and expenses arising from intra group transactions are eliminated in preparing the consolidated financial statements.

AMG



# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

### 1. Statement of significant accounting policies (Continued)

#### (d) Foreign currency

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

#### (e) Property, plant and equipment

##### (i) Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

##### (ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The owner-occupied property acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses. The property held under finance leases and leased out under operating lease is classified as investment property and stated at the fair value model. Lease payments are accounted for as described in accounting policy (f). Property held under operating leases that would otherwise meet the definition of investment property may be classified as investment property on a property-by-property basis.

##### (iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

##### (iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- plant and equipment	10%-20%
- motor vehicles	12.50%
- furniture & fittings	12%-20%
- office equipment	10%-25%

The residual value, the useful life and the depreciation method applied to an asset are reassessed annually.

#### (f) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

#### (g) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

### 1. Statement of significant accounting policies (continued)

#### (h) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### (i) Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

#### (i) Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### (ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (j) Intangible assets

##### (i) Goodwill

###### *Business combinations*

###### *Business combinations prior to 1 July 2004*

Goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 July 2003 has not been reconsidered in preparing the Group's opening AIFRS balance sheet at 1 July 2004.

###### *Business combinations since 1 July 2004*

All business combinations are accounted for by applying the purchase method. Goodwill represents the difference between the cost of acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is no longer amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Negative goodwill arising on an acquisition is recognised directly in profit or loss.

KIM

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

### 1. Statement of significant accounting policies (continued)

#### (ii) Acquisitions of minority interests

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

#### (iii) Other intangible assets

Other intangible assets that are acquired by the Group are assessed for useful life upon acquisition. Those with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Those with infinite useful lives are measured at cost less accumulated impairment losses.

there is not a foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Consolidated Entity. Indefinite life intangible assets are reviewed annually to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. The carrying amount of the assets are also tested annually for impairment.

#### (iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

#### (v) Amortisation

Amortisation is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives in the current and comparative periods are as follows:

patents and trademarks	10 - 20 years
capitalised development costs	5 - 7 years

#### (f) Share capital

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

#### (m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

#### (n) Employee benefits

##### (i) Long-term service benefits

The Group's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Company's obligations.

##### (ii) Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

#### (o) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

#### (p) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

### 1. Statement of significant accounting policies (continued)

#### (q) Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward contracts to hedge its foreign currency risk exposure. Derivatives are recognised initially at fair value; attributable transactions costs are recognised in profit and loss when incurred. Subsequently to initial recognition, derivatives are measured at fair value, with changes recognised in profit and loss.

#### (r) Revenue

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

#### (s) Expenses

##### (i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

##### (ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### (iii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, dividend income and foreign exchange gains and losses. Borrowing costs are expensed as incurred and included in net financing costs.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is ex-dividend date. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

#### (t) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

### 1. Statement of significant accounting policies (continued)

#### (t) Income tax (continued)

##### Tax consolidation

The Company and its wholly-owned Australian resident entities were part of a tax-consolidated group from 1 July 2007 to 28 March 2008. The head entity within the tax-consolidated group during that time was Lighting Corporation Ltd.

As at 28 March 2008, the Company and its wholly-owned Australian resident entities became a part of a tax-consolidated group where the head entity within the tax-consolidated group is Gerard Lighting Holdings Pty Ltd.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'stand alone taxpayer' approach.

Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation. Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (receivable) to (from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. The Company assesses the recovery of its unused tax losses and tax credits only in the period in which they arise, and before assumption by the head entity, in accordance with AASB 112 applied in the context of the tax-consolidated group.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

##### Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable (payable) equal in amount to the tax liability (asset) assumed. The inter-entity receivable (payable) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

#### (u) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

### 2. Changes in accounting policy

There was no changes in accounting policies during the 2008 financial year.

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

Note	Consolidated		Company	
	June 2008	June 2007	June 2008	June 2007
	\$'000	\$'000	\$'000	\$'000
<b>3. Profit from ordinary activities before income tax expense</b>				
<b>(a) Revenue/ Expenses from operating activities by nature</b>				
Depreciation and amortisation	1,441	1,535	88	35
Employee expenses	38,285	30,549	451	1,290
Other expense/(Income)	42,505	25,187	2,173	1,165
	<u>82,231</u>	<u>57,271</u>	<u>2,710</u>	<u>2,490</u>
<b>(b) Profit before income tax expense has been arrived at after charging/(crediting) the following items:</b>				
Impairment of goodwill	4,742	-	-	-
Operating lease rental expense	159	-	-	-
Net (gain)/loss on disposal of non-current assets:				
Property, plant and equipment	10	(3,028)	-	-
Audit services:				
auditors of the Company	259	-	205	-
Other services:				
auditors of the Company	-	-	-	-
<b>(c) Net financing income / (costs)</b>				
Net foreign exchange (loss)/gain - realised	2,443	-	(28)	-
Net foreign exchange (loss)/gain - unrealised	(258)	-	-	-
Dividend income	159	-	383	6,000
Interest income - controlled entities	-	-	5,031	7,510
Interest income - other entities	43	107	-	89
	<u>2,387</u>	<u>107</u>	<u>5,386</u>	<u>13,599</u>
Interest expense	(3,710)	(1,940)	(1,492)	(1,926)
Net financing costs	<u>(1,323)</u>	<u>(1,833)</u>	<u>3,894</u>	<u>11,673</u>

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

Note	Consolidated		Company	
	June 2008 \$'000	June 2007 \$'000	June 2008 \$'000	June 2007 \$'000
<b>4. Taxation</b>				
<b>Income tax expense</b>				
Profit/(loss) before tax	4,575	10,213	1,639	9,281
Income tax (expense) / benefit using the domestic corporation tax rate of 30% (2007: 30%)	(1,373)	(3,064)	(492)	(2,784)
Increase in income tax expense due to:				
Permanent differences	(1,916)	(476)	428	1,800
Prior year adjustments	-	444	-	444
Income tax (expense)/benefit attributable to operating profit/(loss)	<u>(3,289)</u>	<u>(3,096)</u>	<u>(64)</u>	<u>(540)</u>
<b>Deferred tax assets</b>				
Temporary differences	3,714	3,138	-	200
Carry forward tax losses	-	-	-	-
	<u>3,714</u>	<u>3,138</u>	<u>-</u>	<u>200</u>
<b>5. Cash and cash equivalents</b>				
Bank balances	4,736	5,968	-	12
Call deposits	-	-	-	-
Cash and cash equivalents	<u>4,736</u>	<u>5,968</u>	<u>-</u>	<u>12</u>
Bank overdrafts	-	(92)	(4,315)	(92)
Cash and cash equivalents in the statement of cash flows	<u>4,736</u>	<u>5,876</u>	<u>(4,315)</u>	<u>(80)</u>
	22(i).			
<b>6. Trade and Other Receivables</b>				
<b>Current</b>				
Trade debtors	33,608	31,527	-	-
Trade debtors-intercompany	-	-	36	-
Less: Impairment losses	(495)	(613)	-	-
	<u>33,013</u>	<u>30,914</u>	<u>36</u>	<u>-</u>
Other debtors	618	11,290	126	448
Loans to controlled entities	-	-	26,577	-
Less: Impairment losses	-	-	-	-
	-	-	<u>26,577</u>	<u>-</u>
Loans to related entities	631	-	-	-
Less: Impairment losses	-	-	-	-
	<u>631</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>34,262</u>	<u>42,204</u>	<u>25,739</u>	<u>448</u>

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

Note	Consolidated		Company	
	June 2008 \$'000	June 2007 \$'000	June 2008 \$'000	June 2007 \$'000
<b>6. Trade and Other Receivables</b>				
Non current				
Loans to controlled entities	-	-	-	32,734
Less: Impairment losses	-	-	-	-
	-	-	-	32,734
<b>7. Inventories</b>				
Current				
Raw materials and stores	8,519	2,915	-	-
Work in progress	121	77	-	-
Finished goods	27,077	28,494	-	-
	35,717	31,486	-	-
<p>At 30 June 2008, inventory with a carrying amount of \$35,717,573 (2007: \$31,486,000) are subject to a registered charge to secure bank loans. Included in the above is an impairment of \$1,926,768, (2007: 2,320,000)</p>				
<b>8. Other assets</b>				
Current				
Prepayments	409	-	75	-
Income tax receivable	-	-	-	-
	409	-	75	-
<b>9. Investments</b>				
Non-current				
Investments in controlled entities - at cost	-	-	53,324	53,337
	-	-	53,324	53,337



# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

Note	Consolidated		Company	
	June 2008 \$'000	June 2007 \$'000	June 2008 \$'000	June 2007 \$'000
<b>10. Property, plant and equipment</b>				
Plant and equipment				
<i>At cost</i>	11,846	12,808	-	200
<i>Accumulated depreciation</i>	(8,890)	(8,860)	-	(63)
	<u>2,956</u>	<u>3,948</u>	<u>-</u>	<u>137</u>
Leased Plant and equipment				
<i>At cost</i>	75	75	-	-
<i>Accumulated amortisation</i>	(33)	(22)	-	-
	<u>42</u>	<u>53</u>	<u>-</u>	<u>-</u>
Total property, plant and equipment net book value	<u>2,998</u>	<u>4,001</u>	<u>-</u>	<u>137</u>

### Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

<b>Plant and equipment</b>				
Carrying amount at beginning of year	3,948	4,231	137	26
Additions	1,838	1,889	61	148
Disposals	(1,400)	(743)	(112)	-
Transfers from leased assets	-	-	-	-
Depreciation	(1,430)	(1,409)	(86)	(35)
Carrying amount at end of year	<u>2,956</u>	<u>3,948</u>	<u>-</u>	<u>137</u>
<b>Leased plant and equipment</b>				
Carrying amount at beginning of year	53	-	-	-
Additions	-	75	-	-
Transfer to plant & equipment	-	-	-	-
Amortisation	(11)	(22)	-	-
Carrying amount at end of year	<u>42</u>	<u>53</u>	<u>-</u>	<u>-</u>

At 30 June 2008, property, plant and equipment with a carrying amount of \$2,998,777 (2007: \$4,001,000) are subject to a registered charge to secure bank loans.

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements For the year ended 30th June 2008

### 11 Intangible assets

	Consolidated Goodwill \$'000	Consolidated Trademarks \$'000	Total \$'000	Company Goodwill \$'000	Total \$'000
<b>Cost</b>					
Balance at 1 July 2006	30,484	1	30,485	-	-
Acquisitions through business combinations	3,669	-	3,669	-	-
Balance at 30 June 2007	<u>34,153</u>	<u>1</u>	<u>34,154</u>	-	-
<b>Amortisation and impairment losses</b>					
Balance at 1 July 2006	-	-	-	-	-
Impairment of Goodwill	-	-	-	-	-
Balance at 30 June 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying amounts</b>					
At 1 July 2006	30,484	1	30,485	-	-
At 30 June 2007	<u>34,153</u>	<u>1</u>	<u>34,154</u>	<u>-</u>	<u>-</u>
<b>Cost</b>					
Balance at 1 July 2007	34,153	1	34,154	-	-
Acquisition	-	-	-	-	-
Balance at 30 June 2008	<u>34,153</u>	<u>1</u>	<u>34,154</u>	<u>-</u>	<u>-</u>
<b>Amortisation and Impairment losses</b>					
Balance at 1 July 2007	-	-	-	-	-
Impairment of Goodwill	(4,742)	-	(4,742)	-	-
Balance at 30 June 2008	<u>(4,742)</u>	<u>-</u>	<u>(4,742)</u>	<u>-</u>	<u>-</u>
<b>Carrying amounts</b>					
At 1 July 2007	34,153	1	34,154	-	-
At 30 June 2008	<u>29,411</u>	<u>1</u>	<u>29,412</u>	<u>-</u>	<u>-</u>

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

Note	Consolidated		Company	
	June 2008 \$'000	June 2007 \$'000	June 2008 \$'000	June 2007 \$'000
<b>12 Trade and other payables</b>				
<b>Current</b>				
Trade creditors	20,785	16,072	176	126
Trade creditors-intercompany	-	-	46	-
Other creditors	10,157	9,389	215	514
Contingent consideration payable	-	1,267	-	1,267
Loans from controlled entities	-	-	20,242	-
Loans from related entities	13,142	-	-	-
	<u>44,084</u>	<u>26,728</u>	<u>20,679</u>	<u>1,907</u>
<b>Non-current</b>				
Loans from controlled entities	-	-	-	3,626
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,626</u>

### 13. Interest bearing liabilities

<b>Current</b>				
Bank Overdrafts - secured	-	92	4,315	92
Bank Loans - secured	10,000	1,839	10,000	1,839
Finance leases	11	94	-	-
	<u>10,011</u>	<u>2,025</u>	<u>14,315</u>	<u>1,931</u>
<b>Non-current</b>				
Bank Loans - secured	-	27,181	-	27,181
Finance leases	-	11	-	-
	<u>-</u>	<u>27,192</u>	<u>-</u>	<u>27,181</u>

### Financing Arrangements

The Group has access to the following lines of credit:

Total facilities available:

Bank overdrafts	4,315	3,450	4,315	2,450
Bank advance facility	10,000	40,614	10,000	40,509
	<u>14,315</u>	<u>44,064</u>	<u>14,315</u>	<u>42,959</u>

Facilities not used at reporting date:

Bank overdrafts	4,315	3,368	-	2,358
Bank advance facility	-	9,986	-	9,986
	<u>4,315</u>	<u>13,344</u>	<u>-</u>	<u>12,344</u>

At 30 June 2008, the Lighting Corporation Pty group had an advance facility with the St George Bank which comprises of a bank overdraft of \$4,315,000 and a line of credit of \$10,000,000. The facility as at 30 June 2008 was replaced by long term debt on the 8 August 2008. See Note 24 for full details of the long term debt. As the facility at 30 June 2008 was to expire within one year, the funding is disclosed as current.

### 14. Provisions

<b>Current</b>				
Employee entitlements	3,153	2,925	-	59
Other	390	914	-	-
	<u>3,543</u>	<u>3,839</u>	<u>-</u>	<u>59</u>
<b>Non-current</b>				
Employee entitlements	795	874	-	77
Other	-	80	-	-
	<u>795</u>	<u>954</u>	<u>-</u>	<u>77</u>

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

Note	Consolidated		Company	
	June 2008 \$'000	June 2007 \$'000	June 2008 \$'000	June 2007 \$'000
<b>15. Contributed equity</b>				
<b>Share Capital</b>				
90,389,875 (2007:89,877,000) Ordinary shares, fully paid	44,965	45,245	44,965	45,245
	44,965	45,245	44,965	45,245
<b>Movement in ordinary shares on issue</b>				
			Thousands	\$'000
At July 2006			88,940	45,053
Issued as consideration for Aesthetics Lighting business			474	223
issued as consideration for the Inlite Queensland business			350	143
Earn out shares issued			645	-
Exercise of options			295	207
Bought back during the year			(727)	(381)
At June 2007			89,877	45,245
At July 2007			89,877	45,245
Earn out shares issued			730	-
Bought back during the year			(217)	(280)
At June 2008			90,390	44,965

### Terms and Conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

### 16. Reserves

Foreign currency translation reserve	(43)	120	-	-
Other reserve	627	627	627	627
	584	747	627	627

### Nature and purpose of reserves

#### Foreign currency translation reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation.

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

Note	Consolidated		Company	
	June 2008	June 2007	June 2008	June 2007
	\$'000	\$'000	\$'000	\$'000

### 17. Dividends

The dividends below were paid during the 2008 financial year by Lighting Corporation Limited and Rosecorpe Pty Ltd

	Cents	\$
Fully Franked final dividend on ordinary shares for the year ended 30 June 2007 (paid on 15 November 2007)	2.4	2,169,356
Fully Franked special dividend on ordinary shares for the year ended 30 June 2007 (paid on 5 July 2008)		215,047
Fully Franked special dividend (paid on 1 February 2008)	7	6,327,291
		<u>8,711,694</u>

### 18. Bank security

All bank issued interest-bearing liabilities are secured by a fixed and floating charge over all the Group's assets. Lease and hire purchase facilities are secured by a charge over the leased asset.

### 19. Contingent liabilities

There are no contingent liabilities to report.

### 20. Lease commitments

#### Operating leases

Lease expenditure contracted and not provided for:

Not later than one year	4,393	4,393	-	-
Later than two years but not later than five years	8,518	8,511	-	-
Later than five years	-	4,400	-	-
Total liability	<u>12,911</u>	<u>17,304</u>	-	-

The Group has entered into commercial leases on certain motor vehicles and items of small machinery where it is not in the best interest of the Group to purchase these assets.

These leases have an average life of between 4 and 10 years with renewal terms included in the contracts. Renewals are at the option of the specific entity that holds the lease. There are no restrictions placed upon the lessee by entering into these leases.

### 21. Commitments

#### Capital expenditure commitments

Plant and equipment contracted but not provided for and payable:

Not later than one year	-	-	-	-
-------------------------	---	---	---	---

### 22. Notes to the cash flow statement

#### (i) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	5	4,736	5,968	-	12
Bank overdraft	13	-	(92)	(4,315)	(92)
		<u>4,736</u>	<u>5,876</u>	<u>(4,315)</u>	<u>(80)</u>

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

Note	Consolidated		Company	
	June 2008	June 2007	June 2008	June 2007
	\$'000	\$'000	\$'000	\$'000
<b>22. Notes to the cash flow statement (continued)</b>				
<b>(ii) Non-cash financing and investing activities</b>				
During the year there were no material non-cash financing and investing activities.				
<b>(iii) Reconciliation of net cash provided by operating</b>				
Profit/(loss) for the period	1,286	7,117	1,575	8,741
Add/(less) non-cash items:				
Depreciation	1,430	1,535	86	35
Amortisation	11	-	-	-
Impairment of investments in controlled entities	-	-	13	-
Impairment of goodwill	4,742	-	-	-
Add/(less) items classified as investing/financing activities:				
Loss/(profit) on sale of property, plant & equipment	10	(3,028)	-	-
Add/(less) changes in assets and liabilities:				
Decrease/(increase) in trade and other receivables	8,164	(1,517)	211	546
Decrease/(increase) in inventories	(4,231)	(1,981)	-	-
Decrease/(increase) in deferred tax assets & liabilities	(576)	218	200	(45)
Increase/(Decrease) in trade creditors and other creditors	4,214	1,278	(1,470)	(674)
Increase/(Decrease) in employee provisions	(455)	-	(136)	-
Increase/(Decrease) in income tax provision	470	819	(741)	(697)
	<u>15,065</u>	<u>4,459</u>	<u>(262)</u>	<u>7,906</u>
Interest paid	3,710	1,940	1,492	1,926
Interest received	(43)	(107)	(5,031)	(7,599)
Expense of share-based payments	-	9	-	9
Dividend received	(159)	-	(383)	(6,000)
<b>Net cash from operating activities</b>	<u>18,573</u>	<u>6,301</u>	<u>(4,184)</u>	<u>(3,758)</u>

KML

# Lighting Corporation Ltd and its controlled entities

## Notes to the Financial Statements

For the year ended 30th June 2008

### 23. Consolidated Entities

#### (a) Particulars in relation to subsidiaries

The consolidated accounts include the following subsidiaries:

	Notes	Economic Entity Interest	
		2008	2007
Concord Lighting Australia Pty Ltd		100%	100%
Crompton Lighting Pty Ltd		100%	100%
Crompton Lighting Investments Pty Ltd		100%	100%
Crompton Lighting (New Zealand) Ltd		100%	100%
Regal Lighting Solutions Pty Ltd		100%	100%
Inlite Pty Ltd		100%	100%
LCL Architectural Pty Ltd		100%	100%
Lightcor Pty Ltd		100%	100%
Sylvania Lighting International Pty Ltd		100%	100%
Airam Lighting Pty Ltd		100%	100%
Electrex Pty Limited		100%	100%
Indirect Lighting Pty Ltd		100%	100%
Sylvania Lighting Australasia Pty Ltd		100%	100%
Sylvania Lighting Australasia Ltd		100%	100%
Austube Pty Ltd		100%	100%
Aesthetics Lighting Ltd		100%	100%
Rosecorpe Pty Ltd		100%	100%
LCL manufacturing Pty Ltd		100%	100%

The companies above are controlled by virtue of the parent entity's control of the company's Board through the chairman's casting vote, effective management of the company and exposure to the risks and benefits of ownership or control of voting rights through the dilution of the minority shareholders.

### 24. Subsequent events

On 8 August 2008, the Lighting Corporation Ltd Group as part of the Gerard Lighting Holdings Pty Ltd Group entered into a long term debt agreement with St George Bank which comprised of a line of credit of \$132,000,000. The term of the facility expires in 5 years.


## Lighting Corporation Ltd and its controlled entities Directors' declaration


The directors have determined that the Company and Group are not reporting entities. The directors have determined that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the directors of Lighting Corporation Limited (the Company):

- (a) The financial statements and notes, set out on pages 3 to 22 are in accordance with The Corporations Act 2001, including:
- (i) giving a true and fair view of the financial position of the Company and Group as at 30 June 2008 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

  
Simon Gerard

  
Graham Ellis





## **Independent audit report to the members of Lighting Corporation Pty Limited**

We have audited the accompanying financial report, being a special purpose financial report, of Lighting Corporation Pty Limited (the company) and its controlled entities (the "group"), which comprises the balance sheets as at 30 June 2008, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a summary of significant accounting policies and 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 and have determined that the accounting policies described in Notes 1 (a) to (u) to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Notes 1 (a) to (u), are appropriate to meet the needs of members. 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 reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Notes 1 (a) and (b) to the financial statements so as to present a view which is consistent with our understanding of the company and group's financial position, and of their performance.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting obligations under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.



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

*Independence*

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

*Auditor's opinion*

In our opinion the financial report of Lighting Corporation Pty Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company and the group's financial position as at 30 June 2008 and of their performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001;

*KPMG*

KPMG

Paul Cenko  
*Partner*

Adelaide

25 May 2009