LUMINUS SYSTEMS

Annual Report 11

Luminus Systems Limited and its Controlled Entities ABN 30 103 228 271
Financial Statements for the year ended 31 December 2011

CORPORATE INFORMATION

AUSTRALIAN BUSINESS NUMBER

30 103 228 271

DIRECTORS

Sal Catalano
Ian Pattison
Gary Mueller

COMPANY SECRETARY

Ian Pattison

REGISTERED OFFICE

Level 4, 349 Collins Street
Melbourne, Victoria, 3000
Australia

PRINCIPAL PLACE OF BUSINESS

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Australia

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OTHER OFFICES

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Bellerivestrasse 5 CH-8008, Zurich
Switzerland

Tel: + 41 44 421 40 50
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SHARE REGISTRY

Computershare Investor Services
Yarra Falls, 452 Johnston Street
Abbotsford, Victoria 3067

Tel: + 61 3 9415 4000
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AUDITORS

Hayes Knight Audit Pty Ltd
Level 12, 31 Queen Street
Melbourne, Victoria, 3000

Tel: +61 3 8613 8888
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SOLICITORS

Baker & McKenzie
Level 19, 181 William Street
Melbourne, Victoria, 3000

Tel: +61 3 9617 4200
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STOCK EXCHANGE LISTING

Luminus Systems Limited shares are listed on the Australian Stock Exchange (Stock code: LSL).

INTERNET ADDRESS

www.luminsys.com

DIRECTORS' REPORT

For The Year Ended 31 December 2011

The Directors submit their report together with the consolidated financial statements for the year ended 31 December 2011.

DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Director	Qualifications/Experience	Interests in ordinary shares at the reporting date
S Catalano B.Jurisprudence, LLB, FITA Chief Executive Officer and Chairman Age: 46 Residence: Melbourne	A lawyer, Mr Catalano has broad experience across business, the law, tax and investment banking. He brings broad leadership, management and international business experience to the Board. He was a former Head of the Asia Pacific Securities Financing and Derivative business for Donaldson Lufkin & Jenrette and a Director of Credit Suisse First Boston's Alternative Capital Group.	13,126,470 (11,811,213 shares of which are a common interest with I Pattison)
I Pattison B.COM, LLB, CA, FITA Chief Financial Officer and Company Secretary Age: 44 Residence: Melbourne	A lawyer and chartered accountant, Mr Pattison has broad experience across business, the law, tax and investment banking. He brings broad leadership, management and international business experience to the Board. He was a former Senior Executive of Paloma Partners and Donaldson Lufkin & Jenrette	14,237,877 (11,811,213 shares of which are a common interest with S Catalano)
G Mueller B.Sc (Applied Science), MS (Electrical Engineering) and MBA Non-executive director Age: 58 Residence: Vienna, VA, United Sates of America	A trained engineer, Mr Mueller brings to the Board his analytical skills together with his practical understanding of operational issues and a distinguished career in technology, computing and communications. Previously he held senior executive positions in Global Services Network Inc, Mitron, Novell, Xerox and Eastman Kodak.	117,425

DIRECTORS' MEETINGS

During the financial year there were 11 official Board meetings of the Company. The meetings were attended by all of the Company's Directors (either in person or via teleconference).

PRINCIPAL ACTIVITIES

The Company's core business activity is the making of investments. This includes investing in a diverse range of sectors including manufacturing, resources, healthcare and IT services and solutions principally but not exclusively by way of the holding of financial assets. In addition, the Company maintains a trading portfolio focused on generating sustainable returns.

Following the approval of shareholders in connection with the Duyfken Transaction at the EGM on 28 November 2011, the Company's business activities have been expanded to include direct investment in and development of projects in the mining and resources sector.

DIRECTORS' REPORT

For The Year Ended 31 December 2011

REVIEW AND RESULTS OF OPERATIONS

Investments and Trading Performance

Overall performance of the Company for the full year ended 31 December 2011 was a trading loss of $642,941 primarily attributable to the execution of the Duyfken Transaction and associated due diligence, compared with a loss of $577,421 for 2010.

In the first half of 2011, the Company completed a Share Purchase Plan (SPP) which raised an additional $3,600,000 for the Company's ongoing working capital requirements including funding the transaction (Duyfken Transaction) announced on 12 October 2010. Due to adverse conditions in the financial markets, trading activity was not significant and reflected the Company's cautious approach to trading.

The Company intends to prepare a full prospectus prior to re-quotation. It is well advanced and Company anticipates that the prospectus shall be available prior to the end of April 2012.

EARNINGS PER SHARE

The basic and diluted earnings per share for the year were a loss of 0.3513 cents (2010: loss of 0.6501 cents).

DIVIDEND PAID OR RECOMMENDED

The Board is not proposing to pay a dividend for the year ended 31 December 2011.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes to the state of affairs of the Company during the year were:

- Expansion of the Company's business activities to include direct investment in and development of projects in the mining and resources sector; and
- Restructure of the Company's debt arrangement to a secured term loan facility, maturing 30 January 2013.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Directors, the inclusion of information relating to likely developments in the operations of the Company, other than the comments appearing in the Review and Results of Operations, is likely to prejudice the interests of the Company and therefore such information has not been included in this report.

EVENTS OCCURRING AFTER BALANCE DATE

The following events occurred after balance date:

- On 10 January 2012, the Company reached an agreement with the Duyfken Vendors to extend the terms of the option in respect to the Duyfken Transaction. The completion and termination date under the Option Deed was formally extended to 17 March 2012 and a further extension to 17 May 2012 is currently being negotiated.
- On 31 January 2012, the DEXSAR convertible note had expired and the conversion date of this convertible note has not been extended or renegotiated. DEXSAR is expected to file for liquidation by mid 2012.

ENVIRONMENTAL ISSUES

The economic entity's operations are not subject to significant environmental regulation under the laws of the Commonwealth and State.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has not indemnified any current or former officers against any liabilities and has not paid premiums in respect of a contract insuring all the directors and officers against legal costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the Corporations Act 2001, as permitted by section 199B of the Corporations Act 2001.

DIRECTORS' REPORT

For The Year Ended 31 December 2011

REMUNERATION REPORT – AUDITED

The remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purpose of this report, key management personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Company and the Group receiving the highest remuneration.

For the purpose of this report, the term "executive" encompasses the chief executive, senior executives, general managers and secretaries of the Company and the Group.

Details of key management personnel of the Company and the Group.

Directors and executives

S Catalano	Chairman and Chief Executive Officer
I Pattison	Chief Financial Officer and Company Secretary
G Mueller	Non-executive director

There were no changes of the CEO or KMP after reporting date and before the date the financial statements was authorised for issue.

Remuneration policy

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The appropriateness of remuneration packages is reviewed annually given trends in comparative companies.

The remuneration structure explained below is designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

The remuneration structure results in and takes into account:

- The capability and experience of the directors and senior executives;
- The overall level of remuneration for each director and executive;
- The executives' ability to control the relevant segment/s' performance; and
- The amount of incentives within each directors and senior executives remuneration.

Remuneration consists of the following key elements:

- Fixed remuneration (base salary, superannuation and non-monetary benefits);
- Variable remuneration
  - (i) short-term incentive (STI); and
  - (ii) long-term incentive (LTI).

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) for each specified directors and executives is set out in Note 24 to the Financial Statements.

Fixed remuneration

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation funds and other government required payments. Remuneration levels are reviewed annually through a process that considers individual, segment and overall performance of the consolidated entity. In addition and as required competitive remuneration levels in the market place are taken into consideration.

Variable remuneration

Short-term incentive (STI)

The objective of the STI program is to link the achievement of the Group's specific performance hurdles. The total potential STI available is set at a level so as to provide sufficient incentive to the executive to achieve the Group's performance targets and such that the cost to the Group is reasonable in the circumstances.

Actual STI payments granted to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of Key Performance Indicators (KPI) covering financial and non-financial, corporate and individual measures of performance. Typically included are measures such as contribution to net profit after tax, customer service, risk management, product management and leadership/team contribution. These measures were chosen as they represent the key drivers for short-term success of the business and provide a framework for delivering long-term value.

DIRECTORS' REPORT

For The Year Ended 31 December 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

Long-term incentive (LTI)

The objective of the LTI plan is to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance against the relevant long-term performance hurdles.

The Company's constitution allows for the introduction of an Employee Share Scheme, which may be utilised in the future if deemed appropriate.

Further details of the remuneration of specified Directors and executives can be found in Note 24 to the Financial Statements.

NON-AUDIT SERVICES

The Directors note that the Company's auditor has not provided non-audit services during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditors Independence Declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 6

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

S CATALANO
Director and Chief Executive Officer

I PATTISON
Director and Chief Financial Officer

Dated at Melbourne, this 20th day of March 2012

Hayes Knight Audit
chartered accountants
your partners in success

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Registered Audit Company 291969

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF LUMINUS SYSTEMS LIMITED

I declare that, to the best of my knowledge and belief during the year ended 31 December 2011 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Hayes Knight Audit Pty Ltd
Melbourne

Geoff Parker
Director

Dated this 20 day of MARCH 2012

CORPORATE GOVERNANCE STATEMENT

For The Year Ended 31 December 2011

The board of directors of Luminus Systems Limited is responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the Company's compliance with the CGC's recommendations.

Recommendation		Comply (Yes/No)	Reference / Explanation
Principle 1 – Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the board and those delegated senior executives and disclose those functions.	Yes	Page 8
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Page 9
1.3	Companies should provide the information indicated in the Guide to reporting on Principle1.	Yes	
Principle 2 – Structure the Board to add value			
2.1	A majority of the board should be independent directors.	No	Page 9
2.2	The chair should be an independent director.	No	Page 9
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	No	Page 9
2.4	The board should establish a nomination committee.	No	Page 9
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Page 4
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2.	Yes	
Principle 3 – Promote ethical and responsible decision-making			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • The practices necessary to maintain confidence in the company's integrity. • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	No	Page 9
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes	Page 9
3.3	Companies should provide the information indicated in the Guide to reporting on Principle 3.	Yes	
Principle 4 – Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	No	Page 9
4.2	The audit committee should be structured so that it: • Consists only of non-executive directors. • Consists of a majority of independent directors. • Is chaired by an independent chair, who is not chair of the Board. • Has at least three members.	No	Page 9
4.3	The audit committee should have a formal charter.	No	Page 9
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes	
Principle 5 – Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those.	Yes	Website
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5.	Yes	

CORPORATE GOVERNANCE STATEMENT

For The Year Ended 31 December 2011

	Recommendation	Comply (Yes/No)	Reference / Explanation
Principle 6 – Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or summary of that policy.	Yes	Page 10
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6.	Yes	
Principle 7 – Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Page 10
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes	Page 10
7.3	The board should disclose whether it has received assurance from the chief executive officer [or equivalent] and the chief financial officer [or equivalent] that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	Page 10
7.4	Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes	
Principle 8 – Remunerate fairly and responsibly			
8.1	The board should establish a remuneration committee.	No	Page 9
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	Note 24
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes	

BOARD FUNCTIONS

The board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

Responsibility for the operation and administration of the Group is delegated by the board to the CEO and the executive management team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.

The board, at all times, retains full responsibility for guiding and monitoring the Group and does not delegate any of the decisions regarding nomination, remuneration, or audit of the Group to a sub-committee. Given the current extent of the operations and the financial status of the Company, the board does not believe that the use of sub committees is in the best interests of all stakeholders.

The board is responsible for ensuring that management's objectives and activities are aligned within the expectations and risks identified by the board. The Board has a number of mechanisms in place to ensure this is achieved including:

- Board approval of a strategic plan designed to meet stakeholders' needs and manage business risk;
- On-going development of the strategic plan and approving initiatives and strategies designed to ensure the continued growth and success of the entity; and
- Implementation of budgets by management and monitoring progress against budget – via the establishment and reporting of both financial and non-financial key performance indicators.

Other functions reserved to the Board include:

- Approval of the annual and interim financial statements;
- Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored; and
- Reporting to shareholders.

CORPORATE GOVERNANCE STATEMENT

For The Year Ended 31 December 2011

STRUCTURE OF THE BOARD

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement.

There is a non-executive director on the board of Luminus Systems Limited. The board are not aware of any other independent non-executive directors that could make a contribution to the Company at this stage in its reconstruction. The current board of directors will seek to nominate additional directors if and when an appropriate candidate becomes available.

The board recognises the CGC's recommendation that the Chair should be an independent director. At present, the board does not believe that the Company will derive significant benefits over the costs of having a non-executive Chairman.

The board believes that Mr Catalano is the most appropriate person to lead the board and that he is able to and does bring quality and independent judgement to all relevant issues falling within the scope of the role of Chairman and that the Group as a whole benefits from his long standing experience of its operations and business relationships.

There are procedures in place, agreed by the board, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
S Catalano	10 years
I Pattison	10 years
G Mueller	11 years

PERFORMANCE

The board regularly reviews the performance of key executives against both measurable and qualitative indicators. During the year, the board conducted performance evaluations that involved an assessment of each key executive's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of the Company.

Given the current extent of the Group's operations, the board does not believe that having a nomination committee is in the best interest of all stakeholders.

Directors whose performance is consistently unsatisfactory may be asked to retire.

TRADING POLICY

Under the Company's Securities Trading Policy, an executive or director must not trade in any securities of the Company at any time when they are in procession of unpublished, price-sensitive information in relation to those securities.

Before commencing to trade, an executive must first obtain the approval of the company secretary to do so and a director must first obtain approval of the chairman.

Only in exceptional circumstances will approval be forthcoming outside of the period, which is four weeks after:

- One day following the announcement of the interim and full year results as the case may be;
- One day following the holding of the Annual General Meeting; and
- One day after any other form of earnings forecast update is given to the market

As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

CODE OF CONDUCT

The board has drafted a code of conduct for its directors and key executives. At this stage, it has not sought to publish such guidelines on the Company website or by other means given the current extent of the Company's operations and financial status, the board consider this to be inappropriate and is likely to prejudice the interest of the Company.

AUDIT COMMITTEE

It is the board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. In doing so, the board has taken the view that it is crucial for all board members to be a part of this process and as such, has not delegated responsibility to an audit committee.

CORPORATE GOVERNANCE STATEMENT

For The Year Ended 31 December 2011

SHAREHOLDER COMMUNICATION POLICY

Pursuant to Principle 6, the company's objective is to promote effective communication with its shareholders at all times. Luminus Systems Limited is committed to:

- Ensuring that shareholders and the financial markets are provided with timely information about the company's operations and activities; and
- Complying with continuous disclosure obligations contained in ASX listing rules and the Corporations Act in Australia.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders through:

- The release of information to the market via the ASX;
- The distribution of annual report and Notices of Annual General Meeting;
- Letters and other forms of communication directly to shareholders; and
- Posting relevant information on Luminus Systems Limited's website www.luminsys.com/shareholders.asp

The external auditors are required to attend the annual General Meeting and are available to answer any shareholder questions about the conduction of the audit and preparation of the audit report.

RISK MANAGEMENT

The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the company's approach to creating long-term shareholder value. In recognition of this, the board determines the company's risk profile and is responsible for overseeing the approving risk management strategy and policies, internal compliance and internal control. In doing so, the board has taken the view that it is crucial for all board members to be a part of this process and as such, has not established a separate risk management committee. Also, given the current size and complexity of the company's operations, the board has not established an internal audit function to appraise the adequacy and effectiveness of the company's risk management and internal control framework.

The board oversees and assesses the effectiveness of risk management and internal compliance and control. The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses the company's vision, mission and strategy statements, designed to meet shareholders' needs and manage business risk; and
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.

CEO AND CFO CERTIFICATION

In accordance with section 295A of the Corporations Act, the chief executive officer and chief financial officer have provided a written statement to the board that:

- their view provided on the Company's financial statements is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the board; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects.

The board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2011

	Notes	CONSOLIDATED		PARENT	
		2011	2010	**2011**	2010
		$	$	**$**	$
CONTINUING OPERATIONS					
Revenue					
Interest income		**4,169**	190,656	**4,169**	190,656
Dividend revenue		**–**	2,632	**–**	2,632
Net gains/(losses) on equities & derivatives		**(27,015)**	(77,442)	**(27,015)**	(77,442)
Other income	4	**–**	300,000	**–**	300,000
Total revenue		**(22,846)**	415,846	**(22,846)**	415,846
Cost of sales	4	**(437)**	(1,287)	**(437)**	(1,287)
Gross profit		**(23,283)**	414,559	**(23,283)**	414,559
Interest expense		**(89,279)**	(225)	**(89,279)**	(225)
Salary and employee benefit expenses		**(119,090)**	(126,950)	**(119,090)**	(126,950)
Provisions		**(6,023)**	(189,112)	**(12,773)**	(189,112)
Impairments on financial assets		**(40,000)**	–	**(40,000)**	–
Reversal of prior year provision		**–**	1,296,694	**–**	1,296,694
Loss on disposal of investments		**–**	(1,291,694)	**–**	(1,291,694)
Business administration charge		**–**	(40,000)	**–**	(40,000)
Other expenses	4	**(365,266)**	(121,643)	**(365,265)**	(121,643)
Total expenses		**(619,658)**	(472,930)	**(626,407)**	(472,930)
Profit/(loss) from continuing operations before income tax		**(642,941)**	(58,371)	**(649,690)**	(58,371)
Income tax (expense)/benefit	5	**–**	(519,050)	**–**	(519,050)
Profit/(loss) from continuing operations		**(642,941)**	(577,421)	**(649,690)**	(577,421)
DISCONTINUED OPERATION					
Net profit/(loss) after tax from discontinued operations	7(a)	**(5,134)**	(1,388)	**–**	–
Net profit/(loss) attributable to members of the parent company		**(648,075)**	(578,809)	**(649,690)**	(577,421)
OTHER COMPREHENSIVE INCOME					
Net fair value loss on available for sale assets		**–**	(279,154)	**–**	(279,154)
Foreign currency translation		**60**	(11,609)	**–**	–
Other comprehensive income net of tax		**60**	(290,763)	**–**	(279,154)
Total comprehensive income attributable to members of the parent company		**(648,015)**	(869,572)	**(649,690)**	(856,575)

THE STATEMENT OF COMPREHENSIVE INCOME SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	CONSOLIDATED		PARENT	
		2011 **$**	2010 $	**2011** **$**	2010 $
Current assets					
Cash and cash equivalents	8	**898,515**	341,171	**896,612**	340,942
Receivables	9	**9,702**	6,336	**9,702**	6,336
Other financial assets	10	**–**	261,666	**–**	261,666
Other assets	11	**1,575**	–	**1,575**	–
Total current assets		**909,792**	609,173	**907,889**	608,944
Non-current assets					
Deferred tax assets	5	**–**	–	**–**	–
Other financial assets	10	**5,892,104**	1,100,000	**5,892,104**	1,100,000
Plant and equipment	12	**–**	–	**–**	–
Available-for-sale assets	13	**–**	–	**–**	–
Investments in subsidiaries	14	**–**	–	**–**	–
Loans and advances	15	**–**	–	**–**	–
Total non-current assets		**5,892,104**	1,100,000	**5,892,104**	1,100,000
Total assets		**6,801,896**	1,709,173	**6,799,993**	1,708,944
Current liabilities					
Payables	16	**235,193**	237,772	**173,074**	175,651
Loan and borrowings	17	**–**	500,000	**–**	500,000
Provisions	18	**47,987**	43,225	**47,987**	43,225
Total current liabilities		**283,180**	780,997	**221,061**	718,876
Non-current liabilities					
Loan and borrowings	17	**2,391,297**	–	**2,391,297**	–
Provisions	18	**290,000**	290,000	**–**	–
Total non-current liabilities		**2,681,297**	290,000	**2,391,297**	–
Total liabilities		**2,964,477**	1,070,997	**2,612,358**	718,876
Net assets		**3,837,419**	638,177	**4,187,635**	990,068
Shareholder's equity					
Issued capital	20	**18,717,288**	14,870,031	**18,717,288**	14,870,031
Reserves	21	**(2,013,161)**	(2,013,221)	**(1,388,319)**	(1,388,319)
Accumulated (losses)/profit		**(12,866,708)**	(12,218,633)	**(13,141,334)**	(12,491,644)
Total shareholder's equity		**3,837,419**	638,177	**4,187,635**	990,068
Total Equity		**3,837,419**	638,177	**4,187,635**	990,068

THE STATEMENT OF FINANCIAL POSITION SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

STATEMENT OF CASHFLOW

For The Year Ended 31 December 2011

	Notes	CONSOLIDATED		PARENT	
		2011	2010	**2011**	2010
		$	$	**$**	$
Cash flow from operating activities					
Receipts from customers		**239,965**	965,373	**234,651**	965,373
Payments to suppliers		**(674,839)**	(262,128)	**(671,198)**	(259,075)
Payments to personnel		**(94,530)**	(172,111)	**(94,530)**	(172,111)
Net interest received/(paid)		**2,924**	1,135	**2,923**	1,134
Dividend received		**–**	2,632	**–**	2,632
Net cash flow from/(used in) operating activities	22(b)	**(526,480)**	534,901	**(528,154)**	537,953
Cash flow from/(used in) investing activities					
Investment in other financial assets		**(4,832,104)**	(500,000)	**(4,832,104)**	(500,000)
Investment in available for sale assets		**–**	(279,153)	**–**	(279,153)
Net cash inflow/(outflow) from sale of subsidiary		**–**	(138,904)	**–**	5,000
Net cash flow from/(used in) investing activities		**(4,832,104)**	(918,057)	**(4,832,104)**	(774,153)
Cash flow from/(used in) financing activities					
Net proceeds/(repayment) of borrowings		**1,802,018**	500,000	**1,802,018**	500,000
Net proceeds from issue of equity		**4,113,910**	9,043	**4,113,910**	9,043
Net cash flow from/(used in) financing activities		**5,915,928**	509,043	**5,915,928**	509,043
Net increase/(decrease) in cash and cash equivalents		**557,344**	125,887	**555,670**	272,843
Cash and cash equivalents at 1 January		**341,171**	215,284	**340,942**	68,099
Cash and cash equivalents at 31 December	22(a)	**898,515**	341,171	**896,612**	340,942

THE STATEMENT OF CASH FLOW SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2011

	Issued Capital $	Retained Earnings $	Other Reserves $	Total $
CONSOLIDATED				
2011				
As at 1 January 2011	**14,870,031**	**(12,218,633)**	**(2,013,221)**	**638,177**
Net profit/(loss)	**–**	**(648,075)**	**–**	**(648,075)**
Other comprehensive income				
Foreign currency translation differences	**–**	**–**	**60**	**60**
Available for sale reserve movement	**–**	**–**	**–**	**–**
Total other comprehensive income	**–**	**–**	**60**	**60**
Transactions with owners in their capacity as owners				
Shares issued under share purchase plan	**3,780,000**	**–**	**–**	**3,780,000**
Shares issued on conversion of convertible note	**500,000**	**–**	**–**	**500,000**
Share issue and prospectus costs	**(446,653)**	**–**	**–**	**(446,653)**
Share options exercised	**13,910**	**–**	**–**	**13,910**
Total transactions with owners in their capacity as owners	**3,847,257**	**–**	**–**	**3,847,257**
As at 31 December 2011	**18,717,288**	**(12,866,708)**	**(2,013,161)**	**3,837,419**
2010				
As at 1 January 2010	14,464,123	(13,955,329)	(1,722,458)	(1,213,664)
Net profit/(loss)	–	(578,809)	–	(578,809)
Other comprehensive income				
Foreign currency translation differences	–	–	(11,609)	(11,609)
Available for sale reserve movement	–	–	(279,154)	(279,154)
Total other comprehensive income	–	–	(290,763)	(290,763)
Transactions with owners in their capacity as owners				
Reversal of tax effects on share issue costs	(5,950)	–	–	(5,950)
Share options exercised	9,043	–	–	9,043
Shares issued as consideration for acquisitions	500,000	–	–	500,000
Derecognition of minority interest in Promim Pty Ltd	(97,185)	2,315,505	–	2,218,320
Total transactions with owners in their capacity as owners	405,908	2,315,505	–	2,721,413
As at 31 December 2010	14,870,031	(12,218,633)	(2,013,221)	638,177

THE STATEMENT OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2011

	Issued Capital	Retained Earnings	Other Reserves	Total
	$	**$**	**$**	**$**
PARENT				
2011				
As at 1 January 2011	**14,870,031**	**(12,491,644)**	**(1,388,319)**	**990,068**
Net profit/(loss)	**–**	**(649,690)**	**–**	**(649,690)**
Other comprehensive income				
Available for sale reserve movement	**–**	**–**	**–**	**–**
Total other comprehensive income	**–**	**–**	**–**	**–**
Transactions with owners in their capacity as owners				
Shares issued under share purchase plan	**3,780,000**	**–**	**–**	**3,780,000**
Shares issued on conversion of convertible note	**500,000**			**500,000**
Share issue and prospectus costs	**(446,653)**	**–**	**–**	**(446,653)**
Share options exercised	**13,910**	**–**	**–**	**13,910**
Total transactions with owners in their capacity as owners	**3,847,257**	**–**	**–**	**3,847,257**
As at 31 December 2010	**18,717,288**	**(13,141,334)**	**(1,388,319)**	**4,187,635**
2010				
As at 1 January 2010	14,366,938	(11,914,223)	(1,109,165)	1,343,550
Net profit/(loss)	–	(577,421)	–	(577,421)
Other comprehensive income				
Available for sale reserve movement	–	–	(279,154)	(279,154)
Total other comprehensive income	–	–	(279,154)	(279,154)
Transactions with owners in their capacity as owners				
Reversal of tax effects on share issue costs	(5,950)	–	–	(5,950)
Share options exercised	9,043	–	–	9,043
Shares issued as consideration for acquisitions	500,000	–	–	500,000
Total transactions with owners in their capacity as owners	503,093	–	–	503,093
As at 31 December 2010	14,870,031	(12,491,644)	(1,388,319)	990,068

THE STATEMENT OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Luminus Systems Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is Level 4, 349 Collins Street, Melbourne, Victoria, Australia. The Company is a for-profit entity and primarily involved in the investment and trading in both listed and unlisted securities in Australasia, and following the approval of shareholders in connection with the Duyfken Transaction at the EGM on 28 November 2011, the Company's business activities have been expanded to include direct investment in and development of projects in the mining and resources sector.

Basis of preparation

The financial statements is presented in Australian dollars and have been prepared in accordance on the historical cost basis except for the following items in the statement of financial position:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit and loss are measured at fair value
- available-for-sale financial assets are measured at fair value

Prior year comparative information has been reclassified wherever appropriate to enhance comparability and understanding of the financial statement.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Adoption of new and revised accounting standards

From 1 January 2011, the Group has adopted all of the new and revised Standards and Interpretations, mandatory for annual periods beginning on or after 1 January 2011. Adoptions of these standards and interpretations did not have any effect on the financial position or performance of the Group.

Statement of compliance

The financial statements are general-purpose financial statements which has been prepared in accordance with the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial statements also complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 20th March 2012.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its controlled entities, where it is determined that there is a capacity to control, as at 31 December 2011. Controlled entities are all those entities over which the Company has the power to govern directly or indirectly the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Controlled entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. A list of subsidiaries and controlled entities is contained in Note 14 to the financial statements.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial statements.

Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus cost directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as the date of exchange. Transaction costs arising on the issue of equity instruments are recognized directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at their acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating segment – Refer Note 26

An operating segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Refer to Note 26 for more information on the operating segments of the Group.

Plant and Equipment

Plant and equipment are carried at cost less accumulated depreciation and impairment.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The gain or loss on the disposal of plant and equipment is determined as the difference between the carrying amount of the assets at the time of disposal and the proceeds of disposal, and is included in the results in the year of disposal.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	5 - 33%
Computer Equipment	37.5 - 50%
Computer software	37.5 - 40%
Furniture and fixture	11.25 - 25%

Goodwill and intangibles

Goodwill

Goodwill acquired in business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Impairment losses recognized for goodwill are not subsequently reversed.

Intangible

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognized only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Any expenditure so capitalized is amortised over the period of expected benefit from the related project.

The carrying value of the intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period

A summary of the policies applied to the Group's intangible assets is as follows:

Development costs
Finite

Amortisation method used
Amortised over the period of expected future benefit from the related project on a straight-line basis

Internally generated or acquired
Internally generated

Impairment testing
Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash

For the purpose of the Cash Flow Statement, cash includes:

- Cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts; and
- Investments in money market instruments with less than 14 days to maturity.

Foreign Currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from (i) the settlement of such transactions, and (ii) the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Foreign operations

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy), that have a functional currency different from the Group's presentation currency, are translated into the Group's presentation currency as follows:

(i) assets and liabilities of each foreign operation are translated at the rates of exchange ruling at reporting date;

(ii) revenue and expenses of each foreign operation are translated at the average exchange rate for the year, unless this average is not a reasonable approximation of the rate prevailing on transaction date, in which case revenue and expenses are translated at the exchange rate ruling at transaction date; and

(iii) all resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from borrowings and other currency instruments designated as hedges of net investment in foreign operations, are taken to the foreign currency translation reserve. When a foreign operation is disposed, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Investments and Other Financial Assets

Financial assets in the scope of AASB 9 *Financial Instruments*: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Trading securities and other financial instruments acquired principally for the purpose of selling in the short-term or which are a part of a portfolio which is managed for short-term profit-taking are initially recognised and subsequently measured in the balance sheet at their fair value. Changes in the fair value (gains or losses) of these financial instruments are recognised in the income statement in the period in which they occur.

For listed securities, fair value is determined by reference to the closing price for the relevant security at the reporting date. Where securities are unlisted, an estimate of market value is determined by reference to the current market value of another instrument that is substantially the same, or is calculated based on the expected cash flows of the underlying net asset base of the security

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost, and gains and losses are recognised in income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using effective interest method. Gains or losses are recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale assets

Available-for-sale assets comprise non-derivative financial assets which the Group designates as available-for-sale but which are not deemed to be held principally for trading purposes, and may include equity investments, certain loans and advances, and fixed term securities. They are initially recognised at fair value plus transaction costs. Subsequent gains or losses arising from changes in fair value are included as a separate component of equity, the 'Available-for-sale revaluation reserve'. When the asset is sold the cumulative gain or loss relating to the asset is transferred to the income statement. Where there is objective evidence of impairment on an available-for-sale asset, the cumulative loss related to that asset is removed from equity and recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Financial Instruments

Derivative financial instruments are contracts whose value is derived from one or more underlying price, index or other variable. They include swaps, forward rate agreements, options and combinations of these instruments. Derivative financial instruments are entered into for trading purposes. Derivative financial instruments are recognised initially at fair value with gains or losses from subsequent measurement at fair value being recognised in the income statement.

All gains and losses from changes in the fair value of derivatives that are not designated in a hedging relationship but are entered into to manage the interest rate and foreign exchange risk of funding instruments are recognised in the income statement.

Employee Entitlements

Annual leave

Liabilities for annual leave are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised and measured as the present value of the expected future payments to be made in respect of services provided by employee up to the reporting date. Expected future payments are discounted using market yield at the reporting date on national government bond with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Revenue recognition

Revenue is recognized and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will follow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when there is persuasive evidence, usually in the form of an executed sales agreement at the time of delivery of the goods to customer, indicating that there has been a transfer of the risks and rewards to the customer, no further work or processing is required, the quantity and quality of the goods has being determined, the price is fixed and generally title has passed.

Rendering of services

Revenue from the installation and ongoing maintenance services is recognized by reference to the stage of completion of a contract or contracts in progress at balance date or at the time of completion of the contract and billing to the customer.

When the contract outcome cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable.

Interest income is recognised in the income statement as they accrue, using the effective interest method.

Fees and commissions that are integral to the effective interest rate of a financial asset or liability are included in the determination of the effective interest rate. Fees and commissions that relate to the execution of a significant act (i.e. placement and underwriting fees) are recognised when the significant act has been completed.

Dividend income is recognised when the right to receive the payment is established and option premiums are recognised on the expiry or exercise of options

All revenue is stated net of the amount of goods and services tax (GST) or value added tax (VAT).

Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may be reversed.

Goods and Services Tax (GST) and Value Added Taxes (VAT)

Revenues, expenses and assets are recognised net of the amount of GST or VAT style taxes, except where the amount of GST or VAT style taxes incurred is not recoverable from the Australian Taxation Office or the relevant revenue authority. In these circumstances the GST or VAT style taxes is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are presented inclusive of GST or VAT.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Finance Costs

Finance costs are recognized as an expense when incurred.

Income Tax

The Group adopts the 'balance sheet liability' method of tax-effect accounting in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets (other than tax losses) and liabilities are measured at the tax rates that are expected to apply to the period when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, other than those in relation to taxable temporary differences arising from goodwill.

Deferred tax assets, including those related to the tax effects of income tax losses and credits available to be carried forward, are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences or unused tax losses and credits can be utilized.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In applying the Group's accounting policies, management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(ii) Classification of and valuation of investments and other financial assets

The Group has classified investments in listed securities (i.e. shares and fixed interest securities) as 'financial assets at fair value through profit or loss' held for trading purposes, and movements in fair value are recognised in the income statement. The fair values of listed securities are determined by references to published price quotation in an active market.

The fair values of unlisted securities not traded in an active market are determined by the use of management judgment, estimates and assumptions that affect reported amounts and the application of policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable. Actual results may differ from these estimates, and such estimates are reviewed on an ongoing basis.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instrument comprises receivables, payables, loans and advances, trading securities, derivative instruments, available for sale investments, securities borrowed and loaned, cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operations and pursue its trading and investment strategies. The trading securities of the Group were subject to a securities lending arrangement with a provider of primebrokerage services, including margin services. The Group also enters into derivative transactions, principally contract for difference and equity swaps for the purpose of managing the equity price risk arising from the Group's trading and investment activities.

The main risks arising from the Group's financial instruments are foreign currency risk, interest rate risk, credit risk, liquidity risk and equity price risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

As a result of the Group's investment operations in the United States and Switzerland, movements in the USD/AUD and CHF/AUD exchange rate can affect the Group's balance sheet. The Group seeks to mitigate the effect of these currency exposures by matching assets and liabilities in the same currency.

Credit risk

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

With respect to credit risk arising from certain derivative instruments and securities lending arrangement, the Group's exposure to credit risk arises from default of the counterpart, with a maximum exposure equal to the carrying amount of these instruments. The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated in the balance sheet.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts and loans from financial institutions. The Group's policies for determining the level of debt entered into are examined on a monthly basis in conjunction with financiers.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group has notional exposure to interest rate risk with respect of the payable under the loans and advances. The interest rate is determined as the base rate for the relevant interest period plus a margin that is agreed with the counterparty from time to time. The Group's exposure to market risk for changes in interest rates is minimal due to short term debt obligation. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

		CONSOLIDATED			PARENT		
Interest rate risk sensitivity		**Increase of 25 bps**	**Decrease of 25 bps**	**Increase of 100 bps**	**Increase of 25 bps**	**Decrease of 25 bps**	**Increase of 100 bps**
		$	**$**	**$**	**$**	**$**	**$**
2011	Net profit/(loss)	**(3,732)**	**3,732**	**(14,928)**	**(3,737)**	**3,737**	**(14,947)**
	Equity increase/(decrease)	**(3,732)**	**3,732**	**(14,928)**	**(3,737)**	**3,737**	**(14,947)**
2010	Net profit/(loss)	867	(867)	3,470	867	(867)	3,468
	Equity increase/(decrease)	867	(867)	3,470	867	(867)	3,468

Equity price risk

Equity price risk is the risk that the fair value of equities increases/decreases as a result of changes in market price, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the Group's direct investments in listed equity. The Group's exposure to equity securities price risk is significant. To limit this risk, the Group diversifies its portfolio in accordance with limits set by the Board and majority of the equity investments is of high quality and is publicly traded on the ASX.

All financial assets and financial liabilities included in the balance sheet are carried at fair value and disclosed as a net amount only when a legally enforceable right of set off exist. For the purpose of the equity price risk sensitivity analysis, the gross amount of the financial assets and liabilities were used. The carrying amounts of all the consolidated entity's financial assets and financial liabilities at the balance sheet date approximated their fair values as all financial assets and liabilities not fair valued are short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Price risk sensitivity		CONSOLIDATED Increase of 10% $	CONSOLIDATED Decrease of 10% $	PARENT Increase of 10% $	PARENT Decrease of 10% $
2011	Net profit/(loss)	–	–	–	–
	Equity increase/(decrease)	–	–	–	–
2010	Net profit/(loss)	26,167	(26,167)	26,167	(26,167)
	Equity increase/(decrease)	26,167	(26,167)	26,167	(26,167)

4. REVENUE AND EXPENSES

	CONSOLIDATED **2011** $	CONSOLIDATED 2010 $	PARENT **2011** $	PARENT 2010 $
(a) Other income				
Fee income	–	300,000	–	300,000
	–	300,000	–	300,000
(b) Cost of Sales				
Brokerage and transaction costs	**(437)**	(1,287)	**(437)**	(1,287)
	(437)	(1,287)	**(437)**	(1,287)
(c) Other expenses				
Legal and consultant services	**(187,604)**	(3,104)	**(187,604)**	(743)
Audit services	**(32,000)**	(73,676)	**(32,000)**	(73,676)
Share registry costs	**(68,656)**	(28,119)	**(68,656)**	(28,119)
Listing fees	**(40,179)**	(5,001)	**(40,179)**	(5,001)
Other operating expenses	**(36,827)**	(11,743)	**(36,827)**	(14,104)
	(365,266)	(121,643)	**(365,266)**	(121,643)

5. INCOME TAX

Income tax expense

A reconciliation of income tax expense to accounting profit before income tax, using tax rates applicable in the country of operation, is as follows:

Accounting profit before tax from continuing operations	**(642,941)**	(58,371)	**(649,690)**	(58,371)
Accounting profit/(loss) before tax from discontinued operations	**(5,134)**	(1,388)	**–**	–
Accounting profit before income tax	**(648,075)**	(59,759)	**(649,690)**	(58,371)

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

	CONSOLIDATED		PARENT	
	2011	2010	**2011**	2010
	$	$	**$**	$

5. INCOME TAX (CONTINUED)

	2011 $	2010 $	**2011 $**	2010 $
Prima facie tax expense/(benefit) on operating profit	**(194,423)**	(17,928)	**(194,907)**	(17,511)
Tax effect of permanent differences:				
Non deductible fines & penalties	**–**	–	**–**	–
Entertainment expenses	**233**	–	**233**	–
Rebateable dividends	**–**	790	**–**	790
Deferred tax relating to origination and reversal of temporary differences				
Current year timing differences and tax losses unrecognised	**194,190**	17,138	**194,674**	16,721
Derecognition of temporary differences and tax losses previously recognised	**–**	519,050	**–**	519,050
Income tax expense/(benefit) reported in the statement of comprehensive income	**–**	519,050	**–**	519,050
Income tax expense attributable to discontinued operations	**–**	–	**–**	–
	–	519,050	**–**	519,050
Deferred tax assets and liabilities				
Recognised				
Deferred tax assets	**–**		**–**	–
Unrecognised				
Deferred tax assets	**8,952,456**	8,758,266	**4,291,682**	3,963,013

Deferred tax assets relating to carried forward tax losses have only been brought to account at reporting date to the extent that it is probable that sufficient taxable profit will be available to allow the deferred tax asset to be utilised.

6. DIVIDENDS

	2011 $	2010 $	**2011 $**	2010 $
Dividends paid, declared or recommended during the year:				
Final dividend proposed or paid	**–**	–	**–**	–
Interim dividend proposed or paid	**–**	–	**–**	–
	–	–	**–**	–
Franking account balance				
The amount of franking credits available for the subsequent financial year are as follows:				
Balance of franking account at the end of the year at 30% (2010: 30%)	**24,249**	24,249	**24,249**	24,249
	24,249	24,249	**24,249**	24,249

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

7. DISCONTINUED OPERATIONS

(a) Financial performance of discontinued operations

The results of the discontinued operations for the year are presented below:

	CONSOLIDATED	
	2011 **$**	2010 $
Revenue	**57**	1
Expenses	**(5,191)**	(1,389)
Profit /(loss) before income tax from discontinued operations	**(5,134)**	(1,388)
Income tax (expense)/benefit	**–**	–
Profit /(loss) after income tax from discontinued operations	**(5,134)**	(1,388)

(b) Assets and liabilities of discontinued operations

The major classes of assets and liabilities of discontinued operations are as follows:

Assets		
Cash and cash equivalents	**1,903**	229
Other assets	**–**	–
	1,903	229
Liabilities		
Trade and other payables	**62,120**	62,120
Provisions	**290,000**	290,000
	352,120	352,120
Net assets/(liabilities) attributable to discontinued operations	**(350,217)**	(351,891)

c) Cash flow of discontinued operations

The net cash flow of discontinued operations are as follows:

Operating activities	**1,674**	(3,052)
Investing activities	**–**	–
Financing activities	**–**	–
Net cash inflow/(outflow)	**1,674**	(3,052)

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

	CONSOLIDATED		PARENT	
	2011	2010	**2011**	2010
	$	$	**$**	$
8. CASH AND CASH EQUIVALENTS				
Cash at bank	**17,441**	29,148	**15,538**	28,919
Cash held in custody	**881,074**	312,023	**881,074**	312,023
	898,515	341,171	**896,612**	340,942
9. RECEIVABLES				
Trade receivables	–	–	–	–
Other receivables	**2,190,559**	2,187,193	**1,278,233**	1,268,118
Provisions	**(2,180,857)**	(2,180,857)	**(1,268,531)**	(1,261,782)
	9,702	6,336	**9,702**	6,336
10. OTHER FINANCIAL ASSETS				
Current				
Trading securities	–	261,666	–	261,666
	–	261,666	–	261,666
Non-Current				
Investments in other entities	**60,000**	100,000	**60,000**	100,000
Other investments	**5,832,104**	1,000,000	**5,832,104**	1,000,000
	5,892,104	1,100,000	**5,892,104**	1,100,000

Investments in other entities

Investments in other entities represent the Company's 10% equity interest in Promim Australia Pty Ltd ("Promim Australia"), which was acquired in 2010. During the year, the Company has made an allowance for impairment loss on its investment in Promim Australia and as at balance date, the carrying value of Promim Australia was revalued to $60,000 (2010: $100,000).

Other investments

In October 2010, the Company acquired an initial 10% investment in a substantial number of prospective phosphate tenements in the Mt Isa Inlier - Georgina Basin regions and a 10% interest in the Mt Haden mining leases (Duyfken Assets).

Pursuant to the term of the Duyfken Option Agreement, the Company is required to satisfy the option premium and exercise price for the option to the Duyfken Vendors with total cash payments of $5,150,000 and issuance of 12,116,153 shares (post consolidation) in the Company.

During the year, the Company has made all the cash payments required under terms of the Duyfken Option Agreement.

11. OTHER ASSETS

	CONSOLIDATED 2011	CONSOLIDATED 2010	PARENT 2011	PARENT 2010
Prepayments	**533**	–	533	–
Accrued interest	**1,042**	–	1,042	–
	1,575	–	1,575	–

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

	CONSOLIDATED		PARENT	
	2011	2010	**2011**	2010
	$	$	**$**	$
12. PLANT & EQUIPMENT				
Computer equipment				
At cost	**–**	51,166	**–**	51,166
Accumulated depreciation	**–**	(51,166)	**–**	(51,166)
	–	–	–	–
Total property, plant and equipment				
At cost	**–**	51,166	**–**	51,166
Accumulated depreciation	**–**	(51,166)	–	(51,166)
	–	–	–	–
Reconciliations				
Computer equipment				
Carrying amount at beginning	–	–	**–**	–
Additions/(disposals)	**–**	–	**–**	–
Depreciation expense	**–**	–	**–**	–
	–	–	**–**	–
Total plant and equipment				
Carrying amount at beginning	**–**	–	**–**	–
Additions/(disposals)	**–**	–	**–**	–
Depreciation expense	**–**	–	**–**	–
	–	–	**–**	–
13. AVAILABLE FOR SALE ASSETS				
At fair value				
Investment in unlisted entity	**–**	–	**–**	–
	–	–	**–**	–

Available-for-sale assets comprise non-derivative financial assets, which the Group designates as available-for-sale. These assets are not deemed to be held for trading purposes and generally include equity investments. As at reporting date, these assets have a fair value of $Nil (2010: $Nil).

The fair value of the available-for-sale assets has been determined using valuation techniques based on assumptions that are not supported by observable market prices and rates. Management believes that the estimated fair value, derived from the valuation techniques, recorded in the balance sheet are reasonable and the most appropriate at the reporting date.

The Group's available-for-sale assets consist of investments in the following entities:

(a) Dexsar Inc (formerly Digital Now Inc) ("Dexsar"), an unlisted entity incorporated in USA; and

(b) Image Trends Inc ("ITI"), an unlisted entity incorporated in USA.

The Group's initial investment in Dexsar was the result of a transfer of intellectual property and other assets to Dexsar in exchange for a convertible note having a face value of USD 2,500,000 in 2006. The conversion date of this convertible note is 31 January 2012.

During the year, no further investments were made to Dexsar under the converting note structure (2010: USD $248,000 which equated to AUD $279,153).

As at balance date, the face value of Dexsar investment was USD $3,564,000 (2010: USD $3,564,000) and the fair value was $Nil (2010: $Nil). The fair value of Dexsar investment was determined with reference to the uncertainty associated with estimating future cash flows and the market value of the developed technologies (refer to Note 29 in respect of subsequent events).

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

	CONSOLIDATED		PARENT	
	2011	2010	**2011**	2010
	$	$	**$**	$

14. INTEREST IN SUBSIDIARIES AND CONTROLLED ENTITIES

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT 2011 $	PARENT 2010 $
Investment in subsidiaries, controlled	**–**	–	**277,782**	277,782
Investment in other controlled entities	**–**	–	**–**	–
	–	–	**277,782**	277,782
Less: provision for diminution in value of investments	**–**	–	**(277,782)**	(277,782)
	–	–	**–**	–

The consolidated financial statements include the financial statements of Luminus Systems Limited and the subsidiaries and controlled entities listed in the following table:

	Country of incorporation	**Interest 2011**	Interest 2010
Luminus Systems Inc	USA	100%	100%
Luminus Systems AG	Switzerland	100%	100%
Labocontrol Gmbh	Switzerland	100%	100%

15. LOANS AND ADVANCES

	CONSOLIDATED **2011** **$**	CONSOLIDATED 2010 $	PARENT **2011** **$**	PARENT 2010 $
Loans to other entities	**3,362,538**	3,362,538	**3,362,538**	3,362,538
Less: provisions and impairment	**(3,362,538)**	(3,362,538)	**(3,362,538)**	(3,362,538)
	–	–	**–**	–

16. PAYABLES

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT 2011 $	PARENT 2010 $
Trade payables	**91,669**	116,822	**80,921**	106,074
Accrued expenses	**128,366**	102,873	**76,993**	51,500
Other payables	**15,158**	18,077	**15,160**	18,077
	235,193	237,772	**173,074**	175,651

17. LOANS AND BORROWINGS

Current

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT 2011 $	PARENT 2010 $
Convertible note – non-interest bearing	**–**	500,000	**–**	500,000
	–	500,000	**–**	500,000

Refer to Note 25 for further information regarding the convertible note.

Non-Current

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT 2011 $	PARENT 2010 $
Term loan – interest bearing (a)	**2,391,297**	–	**2,391,297**	–
	2,391,297	–	**2,391,297**	–

(a) Amount advanced by PB Securities Finance Pty Ltd ("PBSF"), related entity to S Catalano and I Pattison. The term loan is secured by a first ranking fixed and floating charge over all of the Company's assets and the loan is repayable in full by 30 January 2013. The current variable interest rate on the loan is 11.25% per annum and interest may be capitalised pursuant to the terms of the loan facility.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

	CONSOLIDATED		PARENT	
	2011 $	2010 $	**2011 $**	2010 $

18. PROVISIONS

	2011 $	2010 $	**2011 $**	2010 $
Current				
Employee entitlements	**47,987**	43,225	**47,987**	43,225
	47,987	43,225	**47,987**	43,225
Non-Current				
Other taxes	**290,000**	290,000	**–**	–
	290,000	290,000	**–**	–
(i) Movements in provisions				
Employee entitlements				
Carrying amount at the beginning of the financial year	**43,225**	312,723	**43,225**	80,101
Additional provision	**7,529**	6,975	**7,529**	6,975
Reversal of provision previously reversed	**–**	(40,736)	**–**	(40,736)
Amounts utilised during the year	**(2,767)**	(3,115)	**(2,767)**	(3,115)
Deconsolidation of subsidiary	**–**	(232,622)	**–**	–
Balance at year end	**47,987**	43,225	**47,987**	43,225
Other taxes				
Carrying amount at the beginning of the financial year	**290,000**	290,000	**–**	–
Balance at year end	**290,000**	290,000	**–**	–

(ii) Nature and purpose of reserve

Employee entitlements
Employee provisions are recorded for accrued annual leave, long service leave, and any post-employment amounts the Company is required to pay upon redundancies.

Other taxes
Other taxes relates to alternative minimum US tax payable by Luminus Systems inc for the 2007 tax year.

19. AUDITORS REMUNERATION

	2011 $	2010 $	**2011 $**	2010 $
Amounts received or due and receivable by Hayes Knight Audit for:				
Audit and review of financial statements of the entity and any other entity in the consolidated entity	**32,000**	73,676	**32,000**	73,676
Other regulatory services in relation to the entity and any other entity in the consolidated entity	**–**	–	**–**	–
	32,000	73,676	**32,000**	73,676
Amounts received or due and receivable by auditors other than Hayes Knight Audit for:				
Audit and review of financial statements of the entity and any other entity in the consolidated entity	**–**	–	**–**	–
	–	–	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

	CONSOLIDATED		PARENT	
	$	#	$	#

20. SHARE CAPITAL

2011				
Ordinary shares, each fully paid	**18,717,288**	**23,536,435**	**18,717,288**	**23,536,435**
Unlisted options	**–**	**10,887,824**	**–**	**10,887,824**
	18,717,288		**18,717,288**	
2010				
Ordinary shares, each fully paid	14,870,031	99,972,731	14,870,031	99,972,731
Unlisted options	–	60,269,339	–	60,269,339
	14,870,031		14,870,031	

(i) Movements in issued and paid up capital

Ordinary shares, fully paid

2011				
Opening Balance	**14,870,031**	**99,972,731**	**14,870,031**	**99,972,731**
Shares issued under share purchase plan (a)	**3,780,000**	**84,000,000**	**3,780,000**	**84,000,000**
Shares issued on conversion of convertible note (b)	**500,000**	**50,000,000**	**500,000**	**50,000,000**
Share issue and prospectus costs	**(446,653)**	**–**	**(446,653)**	**–**
Shares options exercised	**13,910**	**1,391,056**	**13,910**	**1,391,056**
Share consolidation (c)	**–**	**(211,827,352)**	**–**	**(211,827,352)**
Closing balance	**18,717,288**	**23,536,435**	**18,717,288**	**23,536,435**
2010				
Opening Balance	14,366,938	86,146,471	14,366,938	86,146,471
Reversal of tax effects on share issue costs	(5,950)	–	(5,950)	–
Shares issued as consideration for acquisitions (d)	500,000	12,921,970	500,000	12,921,970
Shares options exercised	9,043	904,290	9,043	904,290
Closing balance	14,870,031	99,972,731	14,870,031	99,972,731

(a) In accordance with the terms of the 2011 Share Purchase Plan ("SPP") dated 27 January 2011

(b) In accordance with the terms of the Convertible Note agreement with Pershing Nominees Pty Ltd – refer Note 25 for further details

(c) Shares and options consolidation at ratio of 10:1

(d) In accordance with the terms of the Duyfken Option Agreement as part of the consideration for the acquisition of Duyfken Assets

Unlisted options

2011				
Opening Balance	**–**	**60,269,339**	**–**	**60,269,339**
Share options issued on conversion of convertible note (b)	**–**	**50,000,000**	**–**	**50,000,000**
Share options exercised	**–**	**(1,391,056)**	**–**	**(1,391,056)**
Share option consolidation (c)	**–**	**(97,990,459)**	**–**	**(97,990,459)**
Closing balance	**–**	**10,887,824**	**–**	**10,887,824**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

20. SHARE CAPITAL (CONTINUED)

Unlisted options (continued)

	CONSOLIDATED		PARENT	
	$	#	$	#
2010				
Opening Balance	–	61,173,629	–	61,173,629
Share options exercised	–	(904,290)	–	(904,290)
Closing Balance	–	60,269,339	–	60,269,339

(ii) Terms and conditions of contributed equity

Ordinary Shares

Ordinary Shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company.

Unlisted Options

Exercisable on a 1:1 basis for ordinary shares of the Company at an exercise price of $0.10 per share. Unexercised options will expire at 5.00pm (AEST) on 31 December 2012.

Holders of unlisted options have no rights to receive dividends as declared, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets.

Unlisted options do not entitle the holder to vote at a meeting of the Company.

21. RESERVES

	CONSOLIDATED		PARENT	
	2011 $	2010 $	**2011 $**	2010 $
Available for sale reserve	**(1,503,162)**	(1,503,162)	**(1,388,319)**	(1,388,319)
Foreign currency translation reserve	**(509,999)**	(510,059)	**–**	–
	(2,013,161)	(2,013,221)	**(1,388,319)**	(1,388,319)

(i) Movements in reserves

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT 2011 $	PARENT 2010 $
Available for sale reserve				
Opening balance	**(1,503,162)**	(1,224,008)	**(1,388,319)**	(1,109,165)
Movement in available for sale reserve	**–**	(279,154)	**–**	(279,154)
Closing balance	**(1,503,162)**	(1,503,162)	**(1,388,319)**	(1,388,319)
Foreign currency translation reserve				
Opening balance	**(510,059)**	(498,450)	**–**	–
Gain/(loss) on translation of overseas controlled entities	**60**	(11,609)	**–**	–
Closing balance	**(509,999)**	(510,059)	**–**	–

(ii) Nature and purpose of reserve

Available for sale reserve

The available for sale reserve is used to record increments and decrements in the fair value of non-derivative financial assets, which the Group designates as available for sale.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

	CONSOLIDATED		PARENT	
	2011	2010	**2011**	2010
	$	$	**$**	$

22. CASH FLOW STATEMENT

(a) Reconciliation of cash

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT 2011 $	PARENT 2010 $
Cash balance comprises				
Cash and cash equivalents	**898,515**	341,171	**896,612**	68,099

(b) Reconciliation of the net profit /(loss) after tax to the net cash flows from operations

	CONSOLIDATED 2011 $	CONSOLIDATED 2010 $	PARENT 2011 $	PARENT 2010 $
Net profit/(loss)	**(648,075)**	(578,809)	**(649,690)**	(577,421)
Non cash Items				
Amortisation & depreciation	**–**	–	**–**	–
Loss/(gain) on foreign currency exchange	**–**	(1,541)	**–**	–
Loss/(gain) on disposal of investments	**–**	1,291,694	**–**	1,291,694
Reversal of prior year provision	**–**	(1,296,694)	**–**	(1,296,694)
Provisions	**6,023**	189,112	**12,773**	189,112
Impairment of investment	**40,000**	–	**40,000**	–
Movement in fair value of other financial assets	**66,927**	–	**66,927**	–
Other adjustments	**(250,264)**	(106,074)	**(257,077)**	(105,951)
Changes in assets and liabilities				
(Increase)/Decrease in receivables	**(3,365)**	(701)	**(3,365)**	(701)
(Increase)/Decrease in other current assets	**(1,575)**	–	**(1,575)**	–
(Increase)/Decrease in other financial assets	**261,666**	675,066	**261,666**	675,066
(Increase)/Decrease in deferred tax assets	**–**	525,000	**–**	525,000
(Increase)/Decrease in loans and advances	**–**	(189,112)	**–**	(189,112)
Increase/(Decrease) in payables	**(2,579)**	63,836	**(2,575)**	63,836
Increase/(Decrease) in provisions	**4,762**	(36,876)	**4,762**	(36,876)
Net cash flow from operating activities	**(526,480)**	534,901	**(528,154)**	537,953

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

	CONSOLIDATED	
	2011	2010
	$	$
23. EARNINGS PER SHARE		
Earnings/(losses) per ordinary share (cents)		
Basic	**(0.3513)**	(0.6501)
Diluted	**(0.3513)**	(0.6501)
Earnings/(losses) per ordinary share (cents) from continuing operations		
Basic	**(0.3486)**	(0.6486)
Diluted	**(0.3486)**	(0.6486)

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding.

The following reflects the income and share data used in the calculation of the basic and diluted earnings per share:

	CONSOLIDATED	
	2011	2010
	$	$
Net profit/(loss) attributable to equity holders - continuing operations	**(642,941)**	(577,421)
Net profit/(loss) attributable to equity holders - discontinued operations	**(5,134)**	(1,388)
Net Profit/(loss) attributable to equity holders of the parent	**(648,075)**	(578,809)
	#	#
Weighted average number of ordinary shares for basic earnings per share	**184,455,135**	89,030,605
Weighted average number of ordinary shares for diluted earnings per share	**184,455,135**	89,030,605

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

24. KEY MANAGEMENT PERSONNEL

(a) Names and positions of Key Management Personnel in office at any time during the financial year are:

S Catalano	Chairman and Chief Executive Officer
I Pattison	Chief Financial Officer and Company Secretary
G Mueller	Non-executive director (formerly Chief Operating Officer)

(b) Remuneration of Directors and Key Management Personnel

Remuneration for the year ended 31 December 2011

	Short-Term			Post - Employment	Long Term	Total
	Salary, Fees & Commissions	Cash Bonus	Other Benefits	Super Contribution	Other Benefits	
	$	$	$	$	$	$
Executive Directors						
S Catalano	**60,000**	**–**	**4,609**	**5,400**	**999**	**71,008**
I Pattison	**15,000**	**–**	**1,152**	**1,350**	**250**	**17,752**
Non-Executive Directors						
G Mueller	**30,000**	**–**	**–**	**–**	**–**	**30,000**
Total	**105,000**	**–**	**5,761**	**6,750**	**1,249**	**118,760**

Remuneration for the year ended 31 December 2010

	Short-Term			Post - Employment	Long Term	Total
	Salary, Fees & Commissions	Cash Bonus	Other Benefits	Super Contribution	Other Benefits	
	$	$	$	$	$	$
Executive Directors						
S Catalano	86,250	–	5,615	7,763	–	99,628
I Pattison	35,125	–	1,361	3,161	–	39,647
Non-Executive Directors						
G Mueller	30,000	–	–	–	–	30,000
Total	157,375	–	6,976	10,924	–	169,275

(c) Shareholding of Directors and Key Management Personnel

	Balance 1 January 2011 #	Exercise of Options #	Acquisition/ (Disposals)	Net Change Other* #	Balance 31 December 2011 #
Directors					
S Catalano **	64,420,278	–	66,844,419	(118,138,227)	13,126,470
I Pattison **	64,071,241	–	78,307,533	(128,140,897)	14,237,877
G Mueller	1,174,246	–	–	(1,056,821)	117,425
	129,665,765	**–**	**145,151,952**	**(247,335,945)**	**27,481,772**

* Net Change Other' relates to share consolidation at ratio of 10:1.

** S Catalano and I Pattison have common interest in 11,811,213 shares (2010: 62,800,155).

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

24. KEY MANAGEMENT PERSONNEL (CONTINUED)

d) Option holdings of Directors and Key Management Personnel

	Balance 1 January 2011 #	Exercise of Options #	Acquisition/ (Disposals)	Net Change Other* #	Balance 31 December 2011 #
Directors					
S Catalano **	49,474,989	–	50,000,000	(89,527,490)	9,947,499
I Pattison **	50,013,269	–	50,000,000	(90,011,942)	10,001,327
G Mueller	1,200,000	–	–	(1,080,000)	120,000
	100,688,258	**–**	**100,000,000**	**(180,619,432)**	**20,068,826**

* Net Change Other' relates to share consolidation at ratio of 10:1.

** S Catalano and I Pattison have common interest in 9,874,218 options (2010: 48,742,183).

25. RELATED PARTY DISCLOSURES

The Directors of Luminus Systems Limited during the year were:

S Catalano
I Pattison
G Mueller

Related Party Transactions

Custodian Services and Administrative Services

The Company outsources substantially all of its back office function to Chimaera Capital Limited ("CCL"), an entity related to S Catalano and I Pattison. The services provided by CCL included custodial services, administration, finance and related services. During the year, no services fee was charged to the Company (2010: $40,000). As at 31 December 2011, no amounts were outstanding under this arrangement (2010: $106,074).

As at balance date, the Company had $881,074 in cash (2010: $312,023) and $Nil in trading securities (2010: $79,350) held in its custody account with CCL.

Underwriting

In January 2011, CCL was appointed as the Underwriter of the Company's SPP, which was completed in April 2011. The Company incurred a cost of $180,000 in respect of the underwriting of the share purchase plan. As at balance date, no amounts were outstanding under this arrangement.

Funding Facilities

In December 2011, the Company entered into a fixed term financing facility with PB Securities Finance Pty Ltd ("PBSF"), an entity related to S Catalano and I Pattison. As at 31 December 2011, $2,391,297 had been drawn by the Company pursuant to this agreement.

During the year, the Company entered into a loan agreement with Pershing Nominees Pty Ltd ("Pershing"), an entity related to S Catalano and I Pattison, and Sylvan Superannuation Fund ("Sylvan"), an entity related to I Pattison. Interest charged by Pershing and Sylvan during the year were $88,143 and $1,135, respectively and the amount advanced to the Company under each loan facility was $2,325,162 and $66,135, respectively. As at balance date, no amounts were outstanding under both loan facilities.

In October 2010, the Company was a party to a Convertible Note facility with Pershing that provided the Company with funding to enable it to exploit the investment opportunity represented in part by the Duyfken Transaction. On 9 March 2011, the shareholders of the Company passed a resolution at the Extraordinary General Meeting approving the conversion of the $500,000 Convertible Note held by Pershing. Upon conversion in April 2011, the Company issued 50,000,000 fully paid ordinary shares and 50,000,000 unlisted options (expiry date 31 December 2012), exercisable on a 1:1 basis for ordinary shares of the Company at an exercise price of $0.01 per share on a pre-share consolidation basis.

Investment in Dexsar Inc ("Dexsar")

During the year, no further investment was made to Dexsar under the converting note structure (2010: US$248,000 (A$279,153)).

As at 31 December 2011, the face value of the investment in Dexsar in the form of convertible notes was US$3,564,000 (2010: US$3,564,000) and the carrying value of the investment was $Nil (2010: $Nil). The decision in relation to the carrying value of the investment was made in light of the uncertainty associated with estimating future cash flows and determining the market value of the developed technologies.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

26. OPERATING SEGMENTS

The Group has identified its reporting segments based on the internal reports that are reviewed and used by the chief operating decision maker for the purpose of resource allocation and assessment of performance.

The Group's reportable segments are as follows.

- Trading – this operating segment engaged in business activities that derived revenue and incurred expenses from trading in listed and unlisted financial instruments.
- Mining exploration and development – this operating segment engages in the acquisition, evaluation and potentially development of resource assets and resource related investments.
- Discontinued operation – this segment comprise of the following discontinued business operations:

  Trading and investment activities of the US operation – activities previously conducted by the US subsidiary and were discontinued in prior years. The operation consisted of trading activities and digital photographic equipment activities - which design, manufacture and distributes photographic scanning equipment, and digital image processing software.

Major products and services

The Group's revenue from its major products and services were as follows:

	2011	2010
	$	$
Continuing operations		
Trading activities	**(22,846)**	225,190
Minerals exploration and development	**–**	–
	(22,846)	225,190
Discontinued operations		
Discontinued operations	**57**	1
	57	1
Consolidated revenue	**(22,789)**	225,191

Segment revenue and results

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segments for the year under review.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

26. OPERATING SEGMENTS (CONTINUED)

2011	CONTINUING OPERATIONS			DISCONTINUED OPERATIONS	TOTAL OPERATIONS
	Trading	Minerals Exploration and Development	Total		
	$	$	$	$	$
Revenue					
Revenue from external customers	(27,015)	–	(27,015)	56	(26,959)
Interest revenues	4,169	–	4,169	1	4,170
Total revenue for reportable segments	(22,846)	–	(22,846)	57	(22,789)
Elimination of inter-segment revenue	–	–	–	–	–
Consolidated revenue	(22,846)	–	(22,846)	57	(22,789)
Expenses					
Cost of sales	(437)	–	(437)	–	(437)
Interest expense	–	(89,279)	(89,279)	–	(89,279)
Salary and employee benefits	(119,090)	–	(119,090)	–	(119,090)
Provisions	(6,023)	–	(6,023)	–	(6,023)
Impairment expense	(40,000)	–	(40,000)	–	(40,000)
Other expenses	(192,080)	(173,186)	(365,266)	(5,191)	(370,457)
Total expense for reportable segments	(357,630)	(262,465)	(620,095)	(5,191)	(625,286)
Elimination of inter-segment expenses	–	–	–	–	–
Consolidated expenses	(357,630)	(262,465)	(620,095)	(5,191)	(625,286)
Profit or loss					
Consolidated profit before income tax	(380,476)	(262,465)	(642,941)	(5,134)	(648,075)
Income tax (expense)/benefit	–	–	–	–	–
Consolidated net profit for the year	(380,476)	(262,465)	(642,941)	(5,134)	(648,075)
Assets and Liabilities					
Total assets for reportable segments	967,356	5,832,637	6,799,993	1,903	6,801,896
Consolidated total assets	967,356	5,832,637	6,799,993	1,903	6,801,896
Total liabilities for reportable segments	152,922	2,459,435	2,612,357	352,120	2,964,477
Consolidated total liabilities	152,922	2,459,435	2,612,357	352,120	2,964,477

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

26. OPERATING SEGMENTS (CONTINUED)

2010	CONTINUING OPERATIONS			DISCONTINUED OPERATIONS	TOTAL OPERATIONS
	Trading	Minerals Exploration and Development	Total		
	$	$	$	$	$
Revenue					
Revenue from external customers	225,190	–	225,190	–	225,190
Interest revenues	190,656	–	190,656	1	190,657
Total revenue for reportable segments	415,846	–	415,846	1	415,847
Elimination of inter-segment revenue	–	–	–	–	–
Consolidated revenue	415,846	–	415,846	1	415,847
Expenses					
Cost of sales	(1,287)	–	(1,287)	–	(1,287)
Interest expense	(225)	–	(225)	–	(225)
Reversal of prior year provision	1,296,694	–	1,296,694	–	1,296,694
Gain/(loss) on sale of investment	(1,291,694)	–	(1,291,694)	–	(1,291,694)
Other expenses	(477,705)	–	(477,705)	(1,389)	(479,094)
Total expense for reportable segments	(474,217)	–	(474,217)	(1,389)	(475,606)
Elimination of inter-segment expenses	–	–	–	–	–
Consolidated expenses	(474,217)	–	(474,217)	(1,389)	(475,606)
Results					
Consolidated profit before income tax	(58,371)	–	(58,371)	(1,388)	(59,759)
Income tax (expense)/benefit	(519,050)	–	(519,050)	–	(519,050)
Consolidated net profit for the year	(577,421)	–	(577,421)	(1,388)	(578,809)
Assets and Liabilities					
Total assets for reportable segments	708,944	1,000,000	1,708,944	229	1,709,173
Consolidated total assets	708,944	1,000,000	1,708,944	229	1,709,173
Total liabilities for reportable segments	218,876	500,000	718,876	352,121	1,070,997
Consolidated total liabilities	218,876	500,000	718,876	352,121	1,070,997

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

27. FINANCIAL INSTRUMENTS

(a) Terms and conditions and accounting policies

The Group's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the reporting date, are as follows:

Financial instruments	Balance sheet notes	Terms, conditions and accounting policies
(i) Financial assets		
Cash and cash equivalents	8	Cash deposits are held at call.
Trade and other receivables	9	Terms vary and are negotiated in each individual transaction undertaken.
Trading securities	10	The Group holds both listed and unlisted equity and fixed interest securities.
Derivative financial instruments	10	The Group is a party in unlisted, or over-the-counter derivatives, including equity swaps and options.
Available-for-sale securities	13	The Group holds unlisted equity investment designated as available-for-sale assets. These assets are principally held for investment purposes and not deemed to be trading securities.
(ii) Financial liabilities		
Trade and other payables	16	Terms vary and are negotiated in each individual transaction undertaken.
Loans and borrowings	17	The loans and borrowing are interest-bearing loans, typically, debtor finance facility, term loan and finance lease and hire purchase contracts.
(iii) Equity		
Ordinary shares	20	Details of shares issued are set out in Note 20 and 'ASX Additional Information' note.
Options	20	Details of options issued are set out in Note 20 and 'ASX Additional Information' note.

(b) Net Fair Values

All financial assets and liabilities have been recognised at the reporting date at their net fair values.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised financial instruments

Cash and cash equivalents: The carrying amount approximates fair value because of their short term in nature and is receivable on demand.

Trade receivables and payables: The carrying amount approximates fair value.

Financial assets: The fair value of the asset or liability is determined by reference to the closing price for the relevant stock received or delivered. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security.

Concentrations of credit risk

The limited number of counterparties in which the Company transacts has caused credit risk to be concentrated. Given the limited number of transactions undertaken and the specific contractual nature of these transactions, credit risk is managed on a 'transaction by transaction' basis. The Group's maximum exposures to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2011

28. CONTINGENT ASSETS

The Company and Luminus Systems Inc have previously consented to be named as Plaintiffs in a legal action against Australian and New Zealand Banking Group Limited ("ANZ"). The legal action relates to losses incurred as a result of ANZ's appointment of receivers to Primebroker Securities Limited (Receivers & Managers appointed) (In Liquidation) ("PSL") and the conduct of ANZ leading up to that time.

On 18 November 2011, ANZ and PSL agreed to settle the legal dispute out of court and as at the date of filing these results, the Directors were unable to determine the likely return to the Group as a result of this settlement.

29. AFTER BALANCE DATE EVENTS

The following events occurred after balance date:

- On 10 January 2012, the Company reached an agreement with the Duyfken Vendors to extend the terms of the option in respect to the Duyfken Transaction. The completion and termination date under the Option Deed was formally extended to 17 March 2012 and a further extension to 17 May 2012 is currently being negotiated.
- On 31 January 2012, the DEXSAR convertible note had expired and the conversion date of this convertible note has not been extended or renegotiated. DEXSAR is expected to file for liquidation by mid 2012.

DIRECTORS' DECLARATION

In the opinion of the directors of Luminus Systems Limited:

(a) the consolidated financial statements and notes that are set out on pages 11 to 39, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the year ended on that date; and

  (ii) complying with Accounting Standards and Corporations Regulations 2001

(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.

In the opinion of the directors, the financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2011.

Signed in accordance with a resolution of the directors made pursuant to Section 295(5) of the Corporations Act 2001.

S CATALANO	**I PATTISON**
Director	Director

Dated at Melbourne, this 20th day of March 2012

Hayes Knight Audit
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your partners in success

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF LUMINUS SYSTEMS LIMITED

Report on the Financial Statements

We have audited the accompanying Financial Statements of Luminus Systems Limited (the company) and Luminus Systems Limited and its Controlled Entities (the consolidated entity), which comprise the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Statements

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

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the Corporations Regulations 2001.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements 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 Statements are free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, 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 Statements 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 Statements and the remuneration disclosures in the directors' report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of Luminus Systems Limited.

Auditor's Opinion

In our opinion:

a. the Financial Statements of Luminus Systems Limited and Luminus Systems Limited and Controlled Entities are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2011 and of their 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;

b. the Financial Statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 5 of the report of the directors for the year ended 31 December 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 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 Luminus Systems Limited for the year ended 31 December 2011 complies with s 300A of the *Corporations Act 2001*.

Hayes Knight Audit

Hayes Knight Audit Pty Ltd

Melbourne

G. S. Parker

Director

Dated this 20 day of MARCH 2012

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows.
The information was current as at 21 February 2012.

(a) Distribution of equity securities

Range	Shares	% Shareholders	Number
1 to 500	43,021	0.18	635
From 501 to 1000	40,765	0.17	58
From 1,001 to 5,000	225,833	0.96	99
From 5,001 to 10,000	186,712	0.79	25
From 10,001 to 100,000	837,345	3.56	26
100,001 to 9,999,999,999	22,206,769	94.34	25
	23,540,445	**100.00%**	**868**

(b) Unmarketable parcels	**Minimum Parcel Size**	**Holders**	**Units**
Minimum $ 500.00 parcel at $ 0.046 per unit	10,870	818	506,345

(c) Twenty largest shareholders

Listed ordinary shares	**Number of Shares**	**% of ordinary shares**
PERSHING NOMINEES PTY LTD	6,737,749	28.62
CHIMAERA CAPITAL LIMITED	4,849,438	20.60
ANZ NOMINEES LIMITED <PRIMEBROKER-PSL NO3 HLDG A/C>	2,521,768	10.71
INVERAREY PTY LTD <KILCHURN A/C>	1,999,111	8.49
CITICORP NOMINEES PTY LIMITED	1,684,655	7.16
I E PROPERTIES PTY LTD	556,611	2.36
MR LEENDERT CORNELIUS VANDER SLUYS	453,876	1.93
NUTSVILLE PTY LTD <INDUST ELECTRIC CO S/F A/C>	448,889	1.91
PILMORE PTY LIMITED	323,049	1.37
SOMNUS PTY LTD <SOMNUS SUPERANNUATION A/C>	270,000	1.15
MRS JACLYN STOJANOVSKI + MR CHRIS RETZOS + MRS SUSIE RETZOS <RETZOS EXECUTIVE S/F A/C>	252,500	1.07
ASTROGLADE PTY LTD	250,000	1.06
VOLLEY OIL PTY LTD	222,222	0.94
VOLLEY OIL PTY LTD	222,222	0.94
INSYNC INVESTMENTS PTY LTD <WEEKLEY SUPER FUND NO 1 A/C>	202,000	0.86
KATHERINE FORREST + IAN PATTISON <SYLVAN SUPER FUND A/C>	161,778	0.69
ADVANCE PUBLICITY PTY LTD <THE IZMAR FAMILY A/C>	161,000	0.68
BEAS INVESTMENTS PTY LTD	138,667	0.59
MR IAN PATTISON	127,109	0.54
MR GARY MUELLER	117,425	0.50
	21,700,069	**92.17**

ASX ADDITIONAL INFORMATION

d) Substantial shareholders

The names of substantial shareholders who have notified the company in accordance with section 671B of the Corporations Act 2001 are

	Number of Shares
Pershing Nominees Pty Ltd & Associates	**15,558,029**
Primebroker Securities Limited (Receivers and Managers Appointed)(In Liquidation)	**2,521,768**
Base Asia Pacific Limited	**1,683,333**
Leendert Cornelius Van Der Sluys	**646,099**

(e) Voting rights

All ordinary shares carry one vote per share without restriction.

LUMINUS SYSTEMS

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