



# IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561

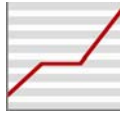
## Appendix 4D Half Year Report for the period ending 31 December 2018

### Results for Announcement to the market:

<i>Reporting Period / Previous corresponding period</i>	<b>6 months to 31 Dec 2018</b>	<b>6 months to 31 Dec 2017</b>
<i>2.1 The amount of and percentage change up or down from the previous corresponding period of revenue from ordinary activities</i>	\$57,000 (Down 23%)	\$74,000
<i>2.2 The amount of and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.</i>	(\$93,000) (Up 360%)	(\$20,000)
<i>2.3 The amount of and percentage change up or down from the previous corresponding period of the net profit (loss) for the period attributable to members.</i>	(\$93,000) (Up 360%)	(\$20,000)
<i>2.4 The amount per security and franked amount per security of final and interim ordinary dividends.</i>	6.25 cents in fully franked dividends paid on 11 Oct 2018.	6.25 cents in fully franked dividends paid on 12 Oct 2017.
<i>2.5 The record date for determining entitlements to the dividends (if any)</i>	Imperial Pacific does not pay interim dividends	Imperial Pacific does not pay interim dividends
<i>2.6 A brief explanation of any of the figures in 2.1 and 2.4 necessary to enable the figures to be understood.</i>	See formal accounts.	See formal accounts.
<i>3.0 Net Tangible Assets per security with the comparative figure for the previous corresponding period.</i>	\$0.97	\$1.28
<i>4.0 Details of entities over which control has been gained or loss over the period.</i>	NA	NA
<i>5.0 Details of individual and total dividends including dates of distribution.</i>	\$192,000 – 6.25 cents in fully franked dividends paid on 11 Oct 2018	\$192,000 – 6.25 cents in fully franked dividends paid on 12 Oct 2017
<i>6.0 Details of Dividend Distribution plan in operation.</i>	No plan in operation	No plan in operation
<i>7.0 Details of associates and joint venture entities including names and details of investments and contribution to profits.</i>	London City Equities Limited – 31.1% owned (Dec 2018 – Loss contrib. of \$5,500)	London City Equities Limited – 30.8% owned (Dec 2017 – Profit contrib. of \$50,612)
<i>8.0 Foreign entities requirements</i>	NA	NA
<i>9.0 Whether the accounts are subject to audit dispute or qualification.</i>	No	No

.....  
Director

14 February 2019



# IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561

[And Controlled Entities]

**Half Yearly Report**

**31 December 2018**

***Established in 1954***



**Website: [www.imperialpacific.com.au](http://www.imperialpacific.com.au)**

*Imperial Pacific Limited*



# IMPERIAL PACIFIC LIMITED

## Chairman's Key Points – December Half

### ➤ **The Big Picture**

While we have remained comfortable with our long held conservative operational strategies the December half has been very frustrating, predominantly due to the solid decline of share prices in the banking and financial services industries. As financial commentators have pointed out, the disclosures by the Royal Commission into misconduct in the Banking and Financial Services industries have been shocking. And unfortunately investors have put all operators in the same basket and the sector has seen massive across the board share price falls. Thus resulting in Imperial Pacific group companies suffering a large fall in portfolio values during 2018.

However, the release last week of the Royal Commission's final report has identified many of the unsatisfactory operators – and has endorsed the business structures of many in the industry, including those in which we hold investments. Share prices of those companies have risen accordingly. Our associated company London City is a key shareholder in Fiducian Group Limited and that shareholding has risen over 20% in the last ten days. Imperial Pacific's investment portfolio has also risen significantly.

### ➤ **Financials – Increased Dividend of 6.25 cents maintained**

We maintained the higher dividend payout that was increased last year. This took place despite incurring an operating loss of \$93,000 in the half – a figure that reflects the lower equity contribution from 31% owned London City Equities Limited because of its outlays on its legal case against Ernst & Young, the former auditors of the failed Penrice Soda Holdings.

### ➤ **Net Assets Per Share – \$0.97 at 31 December – now \$1.05 a share**

While the net assets at 31 December reflected the downturn in stock market prices at the time, the release of the Royal Commission's final report last week has exonerated ethical operators in the sector and produced major share price increases with many entities, including our group's key shareholding in Fiducian Group Limited. As a result we have estimated our unaudited net assets presently stand at \$1.05 a share.

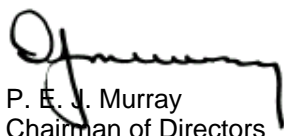
### ➤ **Investments being progressed**

**London City Equities Limited**, 31% owned, is now virtually fully invested. In addition it is pursuing, with the support of Imperial Pacific, serious legal action in the Supreme Court of NSW against Ernst & Young, auditors of Penrice Soda, now in liquidation. Excluding the legal expenses, London City believes its rising dividend income will cover easily all London City's operating costs. We are investigating a number of serious investment opportunities with all group companies now.

### ➤ **Capital Management – possible additional equity raisings.**

The Directors are examining capital raising alternatives, especially ones that would give Imperial Pacific an opportunity to spread our cost base over larger investment resources. We will keep shareholders informed.

For and on behalf of the Board



P. E. J. Murray  
Chairman of Directors

14 February 2019



## **Statutory Directors' Report** **For the Half Year ended 31 December 2018**

The Directors of Imperial Pacific Limited submit their report together with the consolidated financial report for the above period.

### **Directors**

The names of Directors who held office at any time during the half year and up to the date of this report are Mr Peter E.J. Murray, Mr David G. Butel and Mr David A. Sutherland.

### **Results**

Imperial Pacific recorded an operating loss of \$93,000 for the six months. The net assets fell slightly due to the payment of another fully franked dividend and the fall in the value of the Investment Portfolio in the six months coming from negative disclosures of the financial services Royal Commission.

### **Review of Operations**

Imperial Pacific's shareholding in London City declined in value in the period, influenced by the Royal Commission's negative findings with some operators. Imperial Pacific Asset Management's management fee for the portfolio of London City declined as well. Imperial Pacific paid a fully franked dividend of 6.25 cents per share. Funds on deposit are acceptable.

Subsidiary Imperial Pacific Fund Managers Pty Limited is examining scope for recompense from the Penrice Soda situation. It is too early to assess the extent of any financial return.

### **Events occurring after Balance Date**

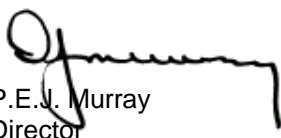
In recent days the release of the Royal Commission's report has endorsed the value of financial services operators of integrity, such as the Fiducian Group Limited, 6.5% owned by our 31% associate London City. Net assets have accordingly risen considerably since. No other material event has taken place since balance date.

### **Auditor's Independence Declaration**


The auditors, Cutcher & Neale, have provided us with the enclosed declaration of independence.

This Report is made in accordance with a resolution of the Directors. Dated at Sydney this 14<sup>th</sup> day of February, 2019

On behalf of the Board



P.E.J. Murray  
Director



D.G. Butel  
Director

# Imperial Pacific Limited

(ABN 65 000 144 56)  
and Controlled Entities



## Consolidated Income Statement

for the Half Year to 31 December 2018

	--- Consolidated Entity ---	
	31 Dec 2018	31 Dec 2017
	\$	\$
<b>Revenue</b>		
Investment revenue	7,593	7,478
Management fees received	48,531	53,851
Proceeds - sale on Investments	0	12,670
	<hr/>	<hr/>
	56,124	73,999
<b>Operating Expenses</b>		
Cost of Investments Sold	-	(10,330)
Management fees	(66,640)	(67,360)
Directors' fees	(30,000)	(30,000)
Other	(46,550)	(36,949)
	<hr/>	<hr/>
	(87,066)	(70,640)
Share of net profit (loss) of associate accounted for using the equity accounting method	(5,554)	50,612
	<hr/>	<hr/>
<b>Profit (Loss) from Ordinary Activities before Income Tax</b>	(92,620)	(20,028)
Income Tax Expense relating to ordinary activities	-	-
	<hr/>	<hr/>
<b>Net Profit (Loss) attributable to outside equity interests</b>	<b>(92,620)</b>	<b>(20,028)</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>(92,620)</b>	<b>(20,028)</b>
	<hr/> <hr/>	<hr/> <hr/>
Basic and diluted Earnings Per Share (Cents per Share)	(3.2)	(0.7)

*The accompanying notes form part of this financial report.*

# Imperial Pacific Limited

(ABN 65 000 144 56)  
and Controlled Entities



## Statement of Financial Position

as at 31 December 2018

	--- Consolidated Entity ---	
	31 Dec	30 June
	2018	2018
<b>CURRENT ASSETS</b>	\$	\$
Cash and cash equivalents	50,091	142,171
Trade and other receivables	178,941	163,774
<b>TOTAL CURRENT ASSETS</b>	<b>229,032</b>	<b>305,945</b>
<b>NON-CURRENT ASSETS</b>		
Investment Portfolio	3,035,939	3,437,725
Deferred Tax Assets	60,000	60,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,095,939</b>	<b>3,497,725</b>
<b>TOTAL ASSETS</b>	<b>3,324,971</b>	<b>3,803,670</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	321,799	196,237
<b>TOTAL CURRENT LIABILITIES</b>	<b>321,799</b>	<b>196,237</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred Tax Liability	25,000	20,000
	-	-
<b>TOTAL LIABILITIES</b>	<b>346,799</b>	<b>216,237</b>
<b>NET ASSETS</b>	<b>2,978,172</b>	<b>3,587,433</b>
<b>SHAREHOLDERS' EQUITY</b>		
Issued Capital	1,692,585	1,692,585
Realised Capital Gains Reserve	2,848,050	2,848,050
Unrealised Revaluation Reserve	1,535,128	1,858,818
Accumulated Losses	(3,097,591)	(2,812,020)
<b>TOTAL EQUITY</b>	<b>2,978,172</b>	<b>3,587,433</b>

The accompanying notes form part of this financial report.

# Imperial Pacific Limited

and Controlled Entities



## Consolidated Statement in Changes in Equity for the Half Year to 31 December 2018

<b>2018</b>	Issued Capital	Realised Capital Gains Reserve	Unrealised Profits Reserve	Retained Earnings (Losses)	Total Equity
	\$	\$	\$	\$	\$
<b>At 1 July 2018</b>	1,692,585	2,848,050	1,858,818	(2,812,020)	3,587,433
Available-for-sale financial assets					
- Net Unrealised gain taken to equity:			(461,700)		(461,700)
- Net Tax on unrealised loss			138,010		138,010
Net Income for period				(92,620)	(92,620)
Dividends Paid				(192,951)	(192,951)
<b>At 31 December 2018</b>	<b>1,692,585</b>	<b>2,848,050</b>	<b>1,535,128</b>	<b>(3,097,591)</b>	<b>2,978,172</b>

<b>2017</b>	Issued Capital	Realised Capital Gains Reserve	Unrealised Profits Reserve	Retained Earnings (Losses)	Total Equity
	\$	\$	\$	\$	\$
<b>At 1 July 2017</b>	1,692,585	2,848,050	1,363,713	(2,469,975)	3,434,373
Available-for-sale financial assets					
- Net Unrealised gain taken to equity:			827,484		827,484
- Net Tax on unrealised loss			(84,392)		(84,392)
Net Income for period				(20,028)	(20,028)
Dividends Paid				(192,951)	(192,951)
<b>At 31 December 2017</b>	<b>1,692,585</b>	<b>2,848,050</b>	<b>2,106,805</b>	<b>(2,682,954)</b>	<b>3,964,486</b>

The accompanying notes form part of this financial report.

# Imperial Pacific Limited

and Controlled Entities



## Consolidated Cash Flow Statement for the Half Year to 31 December 2018

	--- Consolidated Entity ---	
	31 Dec 2018	31 Dec 2017
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	30,516	24,167
Payments to suppliers and management	(148,581)	(163,831)
Dividends received	104,847	98,768
Interest received	576	1,086
Proceeds - Trading Investments	-	12,670
Payments - Trading Investments	-	-
Income Tax Paid	-	-
Net Cash provided by (used in ) operating activities	<b>(12,642)</b>	<b>(27,140)</b>
<b>Cash flows from investing activities</b>		
Proceeds from Investments	-	-
Payments for Investments	(15,837)	(138,745)
Net Cash provided by (used in) investing activities	<b>(15,837)</b>	<b>(138,745)</b>
<b>Cash flows from financing activities</b>		
Financing movements	129,347	4,191
Dividend Paid to Shareholders	(192,948)	(192,948)
Net Cash provided by (used in) financing activities	<b>(63,601)</b>	<b>(188,757)</b>
<b>Net increase ( decrease) in cash held</b>	(92,080)	(354,642)
Cash at beginning of half year	142,171	587,575
<b>Cash at end of the period</b>	<b>50,091</b>	<b>232,933</b>
<b>Comprising:</b>		
Cash and cash equivalents:	50,091	232,933
	<b>50,091</b>	<b>232,933</b>

*The accompanying notes form part of this financial report.*



# Imperial Pacific Limited

and Controlled Entities



## Notes to the Accounts as at 31 December 2018

### Note 1 Statement of Significant Accounting Policies

#### (a) Basis of Preparation

This general purpose half-year condensed financial report has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001 and other applicable Accounting Standards and other mandatory professional reporting requirements.

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report should be read in conjunction with the 2018 Annual Report and public announcements made by the company during the half year, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This half-year financial report has been prepared in accordance with AIFRS (Australian Equivalents to International Financial Reporting Standards).

The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with the historical cost convention.

The accounting policies adopted have been consistently applied by the company and are consistent with those applied in the 30 June 2018 Annual Report. New standards or interpretations mandatory for the annual reporting period beginning 1 July 2018 will not have any effect on the financial position or performance of the company.

#### (b) Other Disclosure

The financial report of Imperial Pacific Limited for the six months ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 14 February 2019.

Imperial Pacific Limited is a company limited by shares incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange.

# Imperial Pacific Limited

## and Controlled Entities



### Notes to the financial statements - 31 December 2018 (Cont'd)

#### Note 2 Profit (Loss) from ordinary activities

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

(a) crediting as revenue:

	31 Dec 2018	31 Dec 2017
	\$	\$
Interest	578	851
Dividends Received	7,015	6,627
Proceeds - Sale of Investments	-	12,670
Management Fees - associated company	48,531	53,851
	<u>56,124</u>	<u>73,999</u>

(b) charging as expense:

Cost of Investments Sold	-	(10,330)
Payable to Auditors - Audit	(6,800)	(1,600)
Payable to Auditors - Other Services	2,400	(500)
Directors Fees - parent company	(30,000)	(30,000)
Management Fees - Director Related	(66,640)	(67,360)
Superannuation - Director Related	(2,850)	(4,038)
Other Operating Expenses	(39,300)	(30,811)
	<u>(143,190)</u>	<u>(144,639)</u>

Share of net profit of associate accounted for using the equity accounting method

(5,554)	50,612
---------	--------

#### Profit (Loss) from Ordinary Activities before Income Tax

<u>(92,620)</u>	<u>(20,028)</u>
-----------------	-----------------

#### Note 3 Shares on Issue

Ordinary Shares - 1 July 2018

Plus Changes during Period

Ordinary Shares - 31 December 2018

Average Shares on Issue during period

#### ---- Number of Shares ----

3,087,171	3,087,171
-	-
<u>3,087,171</u>	<u>3,087,171</u>
<u>3,087,171</u>	<u>3,087,171</u>

#### Note 4 Trade and other receivables

Other Debtors and Prepayments<sup>1</sup>

Associated Company

107,631	171,814
71,310	2,670
<u>178,941</u>	<u>174,484</u>

#### Note 5 Dividends

The following dividends were recognised in the current accounting period.

A fully franked ordinary dividend of 6.25 cents per share was paid to shareholders on 11 October 2018 (6.25 cents in 2017)

<u>192,948</u>	<u>192,948</u>
----------------	----------------

There are no interim dividends proposed for payment.

# Imperial Pacific Limited

## and Controlled Entities



### Notes to the financial statements - 31 December 2018 (Cont'd)

#### Note 6 Segment Information

During the period the economic entity acted mainly in the investment and property sectors within Australia.

<b>December 2018</b>	<b>Investment</b>	<b>Financial Services</b>	<b>Consolidated</b>
Revenue			
Investment /other revenue	7,593	48,531	56,124
Segment Result			
Profit (Loss) after Tax	(69,556)	(23,064)	(92,620)
Segment Assets	3,199,846	125,125	3,324,971
Segment Liabilities	(185,900)	(160,899)	(346,799)
Net cash inflow from operating activities	67,707	(80,349)	(12,642)

Carrying amount on investment in associates accounted for using the equity accounting method

2,679,784	-	2,679,784
-----------	---	-----------

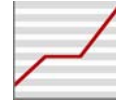
<b>December 2017</b>	<b>Investment</b>	<b>Financial Services</b>	<b>Consolidated</b>
Revenue			
Investment /other revenue	20,133	53,866	73,999
Segment Result			
Profit (Loss) after Tax	(6,739)	(13,289)	(20,028)
Segment Assets	4,026,855	112,115	4,138,970
Segment Liabilities	(93,757)	(80,727)	(174,484)
Net cash inflow from operating activities	63,935	(91,075)	(27,140)

Carrying amount on investment in associates accounted for using the equity accounting method

3,396,111	-	3,396,111
-----------	---	-----------

#### Note 7. Legal Matter - Ernst & Young

On 17 June 2011 associate London City was granted judgment in its favour by the Federal Court of Australia to access certain records and documents of Penrice Soda Holdings Limited ("Penrice"). The records have since been returned. The purpose of the legal action was, inter alia, to assess the conduct of parties associate with Penrice and the provision of information to investors. On 31 July 2014 Liquidators were appointed over Penrice and the operations closed. London City incurred substantial direct and indirect losses in relation to the investment in Penrice. During 2017 London City and other parties commenced legal proceedings in the Supreme Court of NSW by lodging a Statement of Claim against Messrs Ernst & Young, the former auditor of Penrice, seeking appropriate recompense. The next material date in the proceedings will take place on 29 March. There is insufficient information at this date to estimate the extent of either future benefit or future costs that might arise from this action.



## Directors' Declaration

In the Directors' opinion:

1. the financial statements and notes set out on pages 3 to 9 are in accordance with the Corporations Act 2001, including
  - (i) complying with Accounting Standards , the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) give a true and fair view of the Company's financial position as at 31 December 2018 and its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.
2. there are reasonable grounds to believe that Imperial Pacific Limited will be able to pay its debts as and when they become due and payable.

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

P.E.J. MURRAY, Director

D. G. BUTEL, Director

Sydney

Dated this 14th day of February 2019

**Auditor's Independence Declaration to the Directors of Imperial Pacific Limited**

In relation to our review of the financial report of Imperial Pacific Limited for the half year ended 31 December 2018, to the best of my knowledge and belief there have been:

- (a) no contravention of the auditor independence requirements of the Corporation Act 2001;
- (b) no contravention of any applicable code of professional conduct.



**Mark O'Connor CA**  
**Partner**



Cutcher & Neale  
Chartered Accountants

25 Bolton Street  
Newcastle NSW 2300

14 February 2019

## **Independent Review Report to the Members of Imperial Pacific Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the financial report of Imperial Pacific Limited (“the Company”) and its consolidated entities (“the Consolidated Entity”) for the half year ended 31 December 2018 as set out on pages 3 to 9. The financial report comprises the statement of financial position as at 31 December 2018, the income statement, cash flow statement, and statement of changes in equity for the half-year ended on that date, accompanying notes to the financial statements, and the directors’ declaration.

#### *Directors’ Responsibility for the Half-Year Financial Report*

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### *Auditor’s Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity’s financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Imperial Pacific Limited and its consolidated entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors, would be in the same terms if given to the Directors as at the time of this auditor's report.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Imperial Pacific Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.



**Mark O'Connor CA**  
**Partner**



Cutcher & Neale  
Chartered Accountants

25 Bolton Street  
Newcastle NSW 2300

14 February 2019