

IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561



23 August 2021

Appendix 4E - Preliminary Final Results for announcement to the market 1. Period Covered: Year ended 30 June 2021

2. Key Information	June 2021	June 2020
	\$000	\$000
Group's Shareholder Net Worth Change - before shareholder payout		
- Gains in Investments / related	1,596	176
- Income Account during year	(124)	(142)
- New Equity Rights Issue	1,836	-
	3,308	34
Change on Net Worth previous year	100%	
Revenue from Ordinary Activities	224	201
<i>Change on previous year</i>	11%	
Profit (Loss) from Ordinary Activities after tax	(118)	(142)
<i>Change on previous year</i>	-17%	
Profit (Loss) from all Activities after tax	(118)	(142)
<i>Change on previous year</i>	-17%	
Net Tangible Assets	6,436	3,313
Per Share	\$1.30	\$1.07
<i>Change on previous year</i>	21%	
Amount of Dividend Proposed (Cents):	6.25	6.25
Amount of Franking:	100%	100%
Rate of Franking	26.0%	27.5%
Record Date for dividend entitlements	15 Oct 21	2 Oct 20
Payment Date for dividend	22 Oct 21	12 Oct 20
Dividend Reinvestment Plan	Operating	Suspended
Annual General Meeting Date:	27 Oct 21	21 Oct 20
Brief Explanation and background to the above results:		
<p>1. Imperial Pacific had an excellent year with net worth rising some 40% before dividend payout. The 2020 Rights Issue was well supported. Imperial Pacific also supported London City's Rights Issue during the year. Again, a 6.25 cent fully franked dividend was paid to shareholders.</p>		
<p>2. London City Equities Limited, 39% owned associate and the key client of Imperial Pacific's subsidiary Imperial Pacific Asset Management, recorded a very good uplift in Shareholder net worth. Management fees have improved.</p>		
<p>3. Group Court action by London City and Imperial Pacific against Ernst & Young continues. Significant resources has been directed by Imperial Pacific at this project. Ultimately the plaintiffs are seeking recompense for serious investment losses. Imperial Pacific also lost indirectly by a massive reduction in management fees.</p>		
<p>4. Imperial Pacific's net assets per share rose 20% to \$1.30, despite the payment of the dividend of 6.25 cents in October 2020 and the Rights Issue carried out at \$1.00 a share. Portfolio values risen further since balance date and current net worth is estimated at \$1.40.</p>		



3. Consolidated Income Statement

[See Attached Account Supporting Information]

	June 2021	June 2020
	\$000	\$000
Revenues:		
Management Fees Received	143	118
Dividends Received	24	27
Interest Received	-	1
Sales - Trading Investments	-	20
Other	57	35
	224	201
Less Costs:		
Cost of Trading Investments Sold	-	(18)
Various Expenses:	(331)	(340)
	(107)	(157)
Plus: Equity Share of Associated Company:	(11)	15
	(118)	(142)
Plus / Less Income Tax Gain (Expense)	-	-
Net Profit (Loss) after Tax attributable to Members	(118)	(142)

4. Balance Sheet

[See Attached Account Supporting Information]

Shareholders Equity	6,436	3,313
Per Ordinary Share	\$ 1.30	\$ 1.07

5. Cash Flow Statement

[See Attached Account Supporting Information]

6. Dividends Paid

Amount paid during year (\$000)	\$ 193	\$ 193
Date Paid	12 Oct 2020	10 Oct 2019
Per Share	6.25 cents	6.25 cents
Amount of Franking:	100%	100%

7. Dividend Reinvestment Plan

The company has established a new Dividend Reinvestment Plan. It operates from 1 July 2021.

8. Net Asset Backing Per Share:

As at 30 June:	\$ 1.30	\$ 1.07
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9. Details of entities over which control has been gained or lost during period.

There were no such entities.

10. Details of Associates

Name of Associate:	London City Equities Limited	
Percentage of ownership held:	39.01%	31.15%
Share of Profit (Loss) for period (\$000)	(11)	15

11. Other Information:

Issued Capital - shares on Issue:		
Ordinary Shares	4,939,474	3,087,171



12. Commentary on Results

(a) General

1. The combined Asset / Income situation improved again during the year. Management fees from client London City Equities are increasing satisfactorily.
2. Considerable administrative attention was given to the legal case of London City Equities against Ernst & Young, former auditors of Penrice Soda.

(b) Earnings Per Share:

Cents Per Share

June 2021

(2.4)

June 2020

(4.6)

Note: No options on issue.

(c) Return to Shareholders

Profit (- Loss) after tax to Shareholders Equity at year end

-1.8%

-4.3%

Profit (- Loss) after tax to Shareholders Equity prior year.

-3.6%

-4.1%

13. Status - Audit:

1. The above Preliminary Final Report has been based on accounts which are in the process of being audited.
2. There are no items in dispute in relation to the accounts of the company.

Signed for and on behalf of the Board

Peter EJ Murray - Director

23 August 2021

IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561



Attachment

Notes and Supporting Information relating to Appendix 4E

(Preliminary Final Results for announcement to the market.)



Consolidated Income Statement for the year ended 30 June 2021

	<i>Notes</i>	2021 \$	2020 \$
Revenue from ordinary activities	3	223,896	201,218
Less:			
Expenses from ordinary activities	4	(330,656)	(357,963)
Share of net profit of associate accounted for by using the equity accounting method	3	(11,380)	14,960
Profit from ordinary activities before income tax		(118,140)	(141,785)
Income tax credit (expense)	5	-	-
Net Profit (Loss) attributable to members of Imperial Pacific Limited		(118,140)	(141,785)

Earnings per share:

Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company.

Basic and diluted earnings per share (Cents)	33	(2.94)	(4.59)
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The accompanying notes form part of these financial statements.



Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	<i>Notes</i>	2021 \$	2020 \$
Profit (Loss) for Year		(118,140)	(141,785)
Other Comprehensive Income (Expense)			
Items that will not be recycled through the Income Statement:			
Net Realised and Unrealised Gain (Loss) for the period on securities in the Investment Portfolio:	17	1,597,991	176,094
Total Other Comprehensive Income (Expense)		1,597,991	176,094
Total Comprehensive Income (Expense) for the year for equity holders		1,479,851	34,309

The accompanying notes form part of these financial statements.

IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561



Consolidated Balance Sheet as at 30 June 2021

	Notes	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	6	48,976	45,898
Receivables	7	68,434	981,512
Total current assets		117,410	1,027,410
Non-current assets			
Investment - Portfolio	10	1,000,266	694,450
Investment - Associated Corporation	10	6,612,248	3,445,268
Right-of-Use Asset	9	20,247	68,840
Tax Asset	8	60,000	65,000
Total non-current assets		7,692,761	4,273,558
Total assets		7,810,171	5,300,968
Current liabilities			
Trade and other payables	11	1,276,938	1,915,971
Lease Liability	12	21,924	49,951
Total current liabilities		1,298,862	1,965,922
Non Current liabilities			
Tax liabilities	13	75,000	-
Lease Liability	14	-	21,924
Total current liabilities		75,000	21,924
Total liabilities		1,373,862	1,987,846
Net assets		6,436,309	3,313,122
Equity			
Share Capital	15	3,528,869	1,692,585
Reserves	17	6,747,433	5,149,442
Retained Profits (Accumulated losses)	17	(3,839,993)	(3,528,905)
Total equity		6,436,309	3,313,122

The accompanying notes form part of these financial statements.



Consolidated Statement of Changes in Equity for the Year Ended 30 June 2021

	<i>Notes</i>	2021 \$	2020 \$
Total Equity at the beginning of the year		3,313,122	3,471,761
Transactions with Equity holders in their capacity as equity holders:			
Contribution to new Equity, after costs		1,836,284	-
Dividends provided or paid		(192,948)	(192,948)
Total transactions with Equity holders in their capacity as equity holders:		1,643,336	(192,948)
Income and Expense for Year:			
Profit (Loss) for Year		(118,140)	(141,785)
Other Comprehensive Income for the year:			
Share of Realised Gain on Investment disposal		2,435	-
Revaluation of Investment Portfolio	17	4,396,491	2,464,185
Provision for Tax on unrealised gains	17	(1,310,570)	(739,737)
Reduced by Deferred Tax Asset	17	234,083	55,066
Less:			
- Reversal of Revaluation Last Year	17	(2,464,185)	(2,211,612)
- Reversal of Deferred Tax Provision Last Year	17	739,737	608,192
		1,597,991	176,094
Total recognised income (including unrealised gains) and expenses for the Year		3,123,187	(158,639)
Total Equity at the end of the year		6,436,309	3,313,122

The accompanying notes form part of these financial statements.





Consolidated Cash Flow Statement for the year ended 30 June 2021

	<i>Notes</i>	2021	2020
		\$	\$
Cash flows from operating activities			
Receipts from Customers (inclusive of goods and services tax)		143,376	120,294
Cash paid to suppliers and management (inclusive of goods and services tax)		(344,050)	(205,739)
Interest Received		13	137
Dividends Received		120,757	123,928
Licence Fee Rental Received		26,211	25,203
Government Grant		10,000	10,000
Other		23,187	-
Trading Investments - Purchased		-	(18,378)
Trading Investments - Sold		-	20,967
Net Cash provided by (used in) operating activities	32	(20,506)	76,412
Cash flows from investing activities			
Purchase of investments		(1,903,304)	(91,336)
Proceeds from sale of investments		-	-
Net Cash provided by (used in) investing activities		(1,903,304)	(91,336)
Cash flows from financing activities			
Receipts (Payments) - related companies		936,089	(493,642)
Repayment - related party		(679,206)	713,350
Reduction Lease Liability		26,668	-
New Equity Capital		1,836,285	-
Dividends Paid		(192,948)	(192,948)
Net Cash used in financing activities		1,926,888	26,760
Net increase (decrease) in cash held		3,078	11,836
Cash at beginning of the financial year		45,898	-
Cash at end of the financial year	6	48,976	11,836

The accompanying notes form part of these financial statements.



Note 1: Summary of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards ("AASBs") adopted by the AASB. The financial report has been prepared in accordance with AIFRS (Australian Equivalents to International Financial Reporting Standards).

In this report "Group" refers to the consolidated entity and "Company" refers to the parent entity, Imperial Pacific Limited. This financial report consists of financial statements for the consolidated entity which consists of Imperial Pacific Limited and its respective subsidiaries and its equity accounted associate London City Equities Limited.

The Group has tried to adopt "plain English" where possible to assist in information transparency.

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

(a) Basis of Accounting

Imperial Pacific Limited is a listed public company incorporated and domiciled in Australia. It has subsidiary companies also incorporated and domiciled in Australia. The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with historical cost convention.

In the application of the Company's accounting policies described above, the Directors are required to evaluate estimates and judgments that may be incorporated into the financial statements. Estimates and associated assumptions are based on historical experience and assume a reasonable expectation of future events. Actual results may differ from these estimates.

There are no estimates or judgments that have a material impact on the Company's financial results for the year ended 30 June 2021. All material financial assets are valued by reference to quoted prices and therefore no significant estimates or judgments are required in respect to their valuation. Revisions to accounting policies are recognised in the period in which the estimate is revised.

(b) Principles of Consolidation

A controlled entity is any entity controlled by Imperial Pacific Limited. Control exists where Imperial Pacific Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Imperial Pacific Limited to achieve the objectives of Imperial Pacific Limited. A list of controlled entities is contained in Note 28 to the financial statements. All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

The accounts of 39.01% owned London City Equities Limited are included by adopting the equity method of accounting (equity accounted as a 31.15% owned entity in 2020).

(c) Investments: Controlled Entities & Associates

The investments in subsidiary companies are carried at their cost of acquisition less any provision for impairment. Dividends are brought to account in the profit and loss account when they are credited or paid by the controlled entity.

London City Equities Limited is not recognised as a controlled entity because it is a company over which the group is not able to exercise control despite its 39.01% equity ownership, as one other shareholder controls over 40.0%. It is an associated company.

Investments in associated companies are recognised in the financial statements by applying the equity method of accounting.



(d) Income Tax Expense

The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the asset bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses. Deferred tax assets and liabilities are offset as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

A tax provision is made for the unrealised gain or loss on Trading Portfolio securities valued at market value through the Income Statement. A tax rate of 26.0% has been adopted (27.5% in 2020).

Where non-current Investment Portfolio securities are adjusted for unrealised gains or losses at balance date in the Unrealised Revaluation Reserve an assessed deferred tax liability or asset is created to reflect the applicable tax, even though there may be no intention to dispose of those holdings. The tax sum is applied to the Unrealised Revaluation Reserve on one hand and the deferred tax liability or asset on the other.

Where the company might dispose of such securities, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes offset against any capital losses carried forward.

Imperial Pacific Limited and its wholly-owned subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime. Imperial Pacific Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the consolidated group.

(e) Investments

The Company has two discrete types of investments. They are Trading Portfolio Financial Assets (Current Assets) and Investment Portfolio Financial Assets (Non-Current Assets).

All investments are initially recognised at the fair value of the consideration paid. After initial recognition, investments (classified as either Trading or Investment Portfolio) are measured at their fair value. Fair value of listed securities is determined by reference to the last sale price at the close of business at balance date. Gains on Trading Portfolio investments are recognised in the Income Statement.

Gains on Investment Portfolio securities are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of.

Dividend income is only taken to account when the right to receive a dividend is established, interest revenue being recognised on a proportional basis taking into account interest rates applicable to the financial assets.

(f) Non-Current Assets

The carrying amounts of all non-current assets other than investments are reviewed at least annually to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds the recoverable amount, the asset is written down to the lower value. In assessing recoverable amounts, the relevant cash flows have been discounted to their present value.

(g) Derivatives

The economic entity is from time to time exposed to fluctuations in interest rates from its activities. It is not the policy of the economic entity to use derivative financial instruments. The economic entity does not hedge its exposure to interest rate fluctuations. It has no foreign exchange exposure.

(h) Employee Entitlements

The company has no employees.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Financial Risk issues

The economic entity has in place risk management controls supervised by the Board and the Audit, Compliance and Risk Management Committee. Risk issues are explained further in Note 19 of the financial statements.

(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable where invoiced. The net amount of GST recoverable from, or payable to the ATO is included with other payables in the balance sheet. Cash Flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are reported as operating cash flow.

IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2021



(l) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Revenues from the rendering of a service is recognised upon meeting the relevant performance obligations.

Management revenue is recognised on an accruals basis.

(m) Leases

The lease liability is measured at the present value of the lease payments still to be paid, discounted at the interest rate implicit in the lease. Lease payments included in the measurement of the lease liability include fixed lease payments less any lease incentive, amounts expected to be payable by the lessee under residual values guarantees, exercise of options and penalties for terminating the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made, initial direct costs, less accumulated depreciation and impairment losses, if any.

(n) New Standards and interpretations not yet adopted.

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The reported results and position of the Company will not change on adoption of these pronouncements as they do not result in any changes to the Company's existing accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective date. B584

(o) Financial Statements Approval

The financial statements were authorised for issue by the Board of Directors on 18 August 2021.

Note 2. Segmental information

During 2020/21 the economic entity acted mainly in the investment and financial services sectors in Australia.

	Investment	Financial Services	Consolidated
2021			
Revenue	\$	\$	\$
Investment /other revenue	44,309	179,587	223,896
Segment Result			
Profit (Loss) after Tax	(66,268)	(51,872)	(118,140)
Segment Assets	7,709,036	101,135	7,810,171
Segment Liabilities	(713,469)	(660,393)	(1,373,862)
Net cash inflow from operating activities	17,555	(38,061)	(20,506)
Share of net profits (losses) of equity accounted associates	(11,380)	-	(11,380)
Carrying amount of investment in Associates accounting for using the equity accounting method	6,612,248	-	6,612,248
2020			
Revenue	\$	\$	\$
Investment /other revenue	48,053	153,165	201,218
Segment Result			
Profit (Loss) after Tax	(57,241)	(84,545)	(141,786)
Segment Assets	5,185,661	115,307	5,300,968
Segment Liabilities	(957,986)	(1,029,860)	(1,987,846)
Net cash inflow from operating activities		(180,999)	(180,999)
Share of net profits (losses) of equity accounted associates	14,960	-	14,960
Carrying amount of investment in Associates accounting for using the equity accounting method	3,445,268	-	3,445,268

IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2021



Note 3. Revenue	2021	2020
From continuing operations	\$	\$
Dividends Received	23,640	26,948
Interest Received	13	138
Management Fees Received:		
- Base Management Fee	143,376	117,962
- Performance Fee	-	-
Licence Fee Revenue - Premises	26,211	25,203
Sales - Trading Investments		20,967
Other	30,656	10,000
Total Revenue	223,896	201,218
Share of net profit (loss) of associate accounted	(11,380)	14,960

Note 4. Profit from ordinary activities

Net gains and expenses

Profit from ordinary activities before income tax has been determined after:

(a) Expenses

Auditors Fees (Note 21)	(25,450)	(24,000)
Depreciation re Lease (Note 24)	(48,593)	(48,593)
Directors fees (Note 20)	(60,000)	(60,000)
Directors superannuation (Note 20)	(5,700)	(5,700)
Interest - re Lease (Note 24)	(2,472)	(4,849)
Professional fees - director related	(138,960)	(129,600)
Other Expenses	(49,481)	(66,843)
Total Operating Expenses	(330,656)	(339,585)
Cost of Trading Investments Sold	-	(18,378)
Net Operating Profit (Loss) before Tax	(118,140)	(141,785)

(b) Revenue and net gains

Management fee - associated company - Base fee	143,376	117,962
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Note 5. Income Tax Expense

(a) The components of income tax expense comprise:

Current Tax	-	-
	-	-

(b) The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:

Profit (Loss) from ordinary activities before income tax	(118,140)	(141,785)
Income tax credit calculated at 26.0% (27.5% - 2020)	30,716	38,991
Plus (Less): Tax Effect of :		
- Rebatable fully franked dividends	(30,716)	(38,991)
Income tax benefit (expense)	-	-

(c) Amounts recognised directly in equity:

Decrease (Increase) in deferred tax liabilities relating to capital gains tax on the increase in unrealised changes in values of the investment portfolio	(336,750)	(76,479)
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(d) Deferred tax assets not recognised

No future income tax benefit has been brought to account in the accounts in respect of estimated tax losses of :

Revenue Losses	1,250,000	1,070,000
Capital Losses	-	-

These losses have not been confirmed by the tax authorities. The taxation benefits will only be obtained if:

- Assessable income is derived of a nature and of amount sufficient to enable the benefit of the deductions to be realised;
- Conditions for deductibility imposed by the law complied with; and
- No changes in tax legislation adversely affect the realisation of the benefit and of the deductions.

IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2021



	2021	2020
	\$	\$
Note 6. Cash and Cash Equivalents		
Cash at Bank and on Hand	48,976	45,898
	<u>48,976</u>	<u>45,898</u>

Note 7. Current assets - Receivables

Other Debtors	64,888	41,877
Amounts receivable from: (payable to)		
Associated Company	3,546	939,635
	<u>68,434</u>	<u>981,512</u>

Note 8. Non current assets - Tax

Current Tax Asset	60,000	65,000
	<u>60,000</u>	<u>65,000</u>

Note 9. Non current assets - Right-to-Use Asset

Right to Use Asset - Lease	20,247	68,840
	<u>20,247</u>	<u>68,840</u>

Note 10. Non current assets - Investment Portfolio

Listed investments

Shares in other corporations - Listed - at Market Value	969,714	663,516
Shares in other corporations - Unlisted - at Market Value	30,552	30,934
	<u>1,000,266</u>	<u>694,450</u>
Shares in associated corporation - at fair value	6,612,248	3,445,268
	<u>6,612,248</u>	<u>3,445,268</u>

Note 11. Current Liabilities - Payables

Directors or their Director Related Entities	1,158,524	1,837,730
Other Creditors	118,414	78,241
	<u>1,276,938</u>	<u>1,915,971</u>

Note 12. Current Liabilities - Lease Liability

Least Liability - Premises	21,924	49,951
	<u>21,924</u>	<u>49,951</u>

Note 13. Non-Current Liabilities - Tax Liabilities

Income Tax	75,000	-
	<u>75,000</u>	<u>-</u>

Note 14. Non-Current Liabilities - Lease Liability

Lease Liability - Premises	-	21,924
	<u>-</u>	<u>21,924</u>

Note 15. Share Capital

	\$	\$
(a) Share capital		
4,939,474 (2020: 3,087,171) fully paid ordinary shares	3,528,869	1,692,585
(b) Movement in ordinary share capital:		
Balance at beginning of accounting period	1,692,585	1,692,585
Movements during the year - Pari Passu Rights Issue	1,836,284	-
Balance at reporting date	<u>3,528,869</u>	<u>1,692,585</u>
(c) Movement in ordinary share numbers:		
Balance at beginning of accounting period	3,087,171	3,087,171
Movements during the year - Pari Passu Rights Issue	1,852,303	-
Balance at reporting date	<u>4,939,474</u>	<u>3,087,171</u>

(d) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number and amounts paid on the shares. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll is entitled to one vote.



Note 16. Capital Management

The Company's objective in managing capital is to continue to provide shareholders with attractive investment returns over the medium to longer term through access to investment management fee income, a steady stream of fully-franked dividends, minimum gearing and enhancement of capital invested. These goals include paying dividends that will, over time, grow faster than the rate of inflation. The company recognises that its capital will fluctuate in accordance with market conditions and the performance of its underlying investments. It may adjust the dividends paid, issue new shares from time to time or buy-back its shares or sell assets to minimise debt.

Note 17. Reserves and retained profits

	2021	2020
	\$	\$
(a) Reserves - as per below		
Realised Capital Gains Reserve	2,850,485	2,848,050
Unrealised Revaluation Reserve	3,896,948	2,301,392
	6,747,433	5,149,442
Realised Capital Gains Reserve		
Balance at 1 July 2020	2,848,050	2,848,050
Realisation Gain (Loss) - Investment Portfolio	2,435	-
Balance at 30 June 2021	2,850,485	2,848,050
Unrealised Revaluation Reserve		
Balance at 1 July 2020	2,301,392	2,125,298
Add Back Previous Revaluation of Portfolio	(2,464,185)	(2,211,612)
Add Back previous Provision for Tax	739,737	608,192
Revaluation of Investment Portfolio	4,396,491	2,464,185
Less Provision for Tax on Unrealised Gains	(1,310,570)	(739,737)
Additional Tax Reduction due to Past Losses	234,083	55,066
Balance at 30 June 2021	3,896,948	2,301,392
(b) Retained Profits / (Accumulated losses)		
Retained Earnings (Accumulated losses)		
- beginning of the financial year	(3,528,905)	(3,194,172)
Net gain (loss) loss attributable to members of Imperial Pacific Limited	(118,140)	(141,785)
Dividends paid	(192,948)	(192,948)
Balance at 30 June 2021	(3,839,993)	(3,528,905)
(c) Net Realised and Unrealised Gains in the Period		
Realised Gain (Loss)	2,435	-
Unrealised Gain (Loss)	1,595,556	176,094
	1,597,991	176,094

(d) Nature and purpose of reserves

Realised Capital Gains Reserve

The Realised Capital Gains Reserve records gains from the sale of non-current assets. The reserve may be used for the distribution of bonus shares to shareholders and is available for the payment of cash dividends as permitted by law.

Unrealised Revaluation Reserve

The Unrealised Revaluation Reserve is used to record increments and decrements on the revaluation of non-current Investment Portfolio assets, as described in the accounting policies, adjusted to reflect the applicable deferred tax liability or asset.

IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2021



2021 2020
\$ \$

Note 18. Dividends

(a) Dividends Payable

Dividend paid - Fully Franked	12 Oct 2020	(192,948)	(192,948)
Dividend proposed - Fully Franked	14 Oct 2021	(308,717)	(192,948)

Note: The company will have in place a Dividend Reinvestment Plan for the 2021 dividend.

(b) Franking credits

Franking credit tax component available for dividends in future years	435,000	450,000
Fully franked dividends possible at tax rate of 26.0%	1,238,000	1,186,364

Note: The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking credits and debits arising from payment of tax liabilities and receipt of franked dividends.

Note 19. Financial instruments and risk

A. Financial instruments - fair value of financial assets and liabilities

Accounting Standards require the disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liabilities that are not based on observable market data (unobservable inputs).

2021 Allocation	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Cash & cash equivalents	48,976			48,976
Receivables		68,434		68,434
Portfolio Investments	969,714	30,552		1,000,266
Investment - Associated Corporation		6,612,248		6,612,248
Financial liabilities				
Other creditors	1,276,938			1,276,938

2020 Allocation	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Cash & cash equivalents	45,898			45,898
Receivables		981,512		981,512
Portfolio Investments	663,516	30,934		694,450
Investment - Associated Corporation		3,445,268		3,445,268
Financial liabilities				
Other creditors	1,915,971			1,915,971

B. Risk Considerations - Main factors

The Group's activities expose it to various financial risks, mainly market risk, credit risk and liquidity risk. Risk management is carried out by senior management under policies and strategies approved by the Board and the Audit, Compliance and Risk Management Committee. The Group is not directly exposed to currency risk.

(a) Market Risk

This is the risk that the fair value of future cash flows of financial instruments may fluctuate because of changes in market prices that depend on many factors, including economic conditions, corporate profitability and management competence. The group seeks to reduce market risk by adhering to the prudent investment guidelines of its board, including guidelines in respect of industry status, investee position in the industry, performance outlook, management skills and level of strategic shareholding acquired. Price and Interest Rate risk issues are shown below.



Note 19. Financial instruments and risk (Cont'd)

(a) (i) Price Risk

The Group is exposed to price risk in relation to equities securities and convertible loan notes. These arise from:

- Investments held by the Group and classified on the balance sheet as either Trading or Portfolio; and
- Exposure to adverse movements in equity prices which may have negative flow-on effects to the revenue derived from the management of clients' investment portfolios.

The Group is not directly exposed to commodity price risk or derivative securities risk.

Price Risk Sensitivity Analysis:

The table below summarises the pre-tax impact of both a general fall and general increase in stock-market prices on listed equity securities by 10%. The analysis is based on the assumption that the movements are spread equally over all assets in the investment and trading portfolios. It assumes no performance fees payable from managed funds.

	----- 2021 -----		----- 2020 -----	
	10.0% increase in market prices	10.0% decrease in market prices	10.0% increase in market prices	10.0% decrease in market prices
	\$	\$	\$	\$
Impact on Profit (Pre tax)	17,236	(17,236)	11,153	(11,153)
Impact on Equity (Pre tax)	761,251	(761,251)	413,972	(413,972)

(a) (ii) Interest Rate Risk

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At balance date the Group had money on deposit with its bankers. As such, the Group's revenues and assets are subject to interest rate risk to the extent that the cash rate might fall over any given period. Given that the Group does not have any interest bearing liabilities at balance date, however, the Board and management do not consider it necessary to hedge the group's exposure to interest rate risk.

Interest Rate Risk Sensitivity Analysis:

The table below summarises the pre-tax impact of both a decrease and an increase in interest rates by 100 basis points (1.00%). The analysis is based on the assumption that the change is based on the amounts of cash at bank and cash at year end.

	----- 2021 -----		----- 2020 -----	
	100 bps increase in Interest Rate	100 bps decrease in Interest Rate	100 bps increase in Interest Rate	100 bps decrease in Interest Rate
	\$	\$	\$	\$
Impact on profit (pre-tax)	490	(490)	459	(459)

(b) Credit Risk

The credit risk on the financial assets of the entity is the risk that one party to a financial instrument may cause a financial loss for the other party by failing to discharge an obligation. This credit risk for Imperial Pacific is minimised by its policy of placing surplus funds with the company's bankers.

(b) (i) Cash and Cash Equivalents

The credit risk of the Group in relation to cash and cash equivalents in the carrying amount and any accrued unpaid interest. The average weighted maturity of the cash portfolio at any time is no greater than 90 days. The credit quality of cash deposits and equivalents can be assessed by reference to external credit ratings.

		2021	2020
		\$	\$
Cash at bank and short-term bank deposits			
- Credit Rating (Short)	AA -	48,976	45,898

(b) (ii) Trade and sundry receivables

The credit risk of the Group in relation to trade and sundry receivables is their carrying amounts. The sums are minor and relate mainly to accrued unpaid interest and prepayments. The risk is mitigated by internal monitoring.



Note 19. Financial instruments and risk (Cont'd)

(c) Liquidity Risk

This risk is that experienced by an entity when it has difficulties meeting its financial obligations. The Imperial Pacific consolidated entity has no formal external borrowings, although it has temporary related party director advances of \$1,158,524 at 30 June 2021 which carry no interest and a 90 day prior repayment notice.

Imperial Pacific manages maturity balances of deposits, marketable securities and cash flows carefully. The Group's management and its Board actively review the liquidity position on a regular basis to ensure that the Group can always meet its commitments, including investment programmes.

(c) (i) Maturities of financial assets

The following table details the Group's maturity periods of its financial assets. This table has been prepared based on the fair values of financial assets as at 30 June and according to the committed deposit maturing dates. Estimates are continually evaluated and are based on historical experience and expectations which are considered reasonable.

	2021	2020
To 30 days	\$ 113,864	\$ 87,775
90 - 120 days	\$ -	\$ 939,635
Long Term	\$ 7,612,514	\$ 4,139,718

(c) (ii) Maturities of financial liabilities

The following table details the Group's maturity periods of its financial liabilities. This table has been prepared based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group is liable to meet its obligations. The table includes both interest (where applicable) and principal cash flows.

	2021	2020
To 30 days	118,414	78,241
90 - 120 days	1,158,524	1,887,681
Long Term	21,924	21,924

NOTE: Of the 2021 financial liabilities due within 90 days, \$1,158,524 has been provided by a Director pending the Company concluding alternative investment scenarios that are being considered. The Director has given written assurances that the sums are interest free and subject to 90 day prior notice for repayment.

Note 20. Directors and Executives' Remuneration

(a) Names and positions held of parent entity directors and specified executives in office at any time during the financial year are:

Parent Entity Directors:

Mr P E J Murray - Chairman
 Mr D G Butel - Director - Non-Executive
 Mr N E Schafer - Director - Non-Executive

(b) Parent Entity Directors' Remuneration					Total
	2021	Primary Salary, Fees & Commissions	Post Superannuation Contributions	Other Employment	
Mr P E J Murray	138,960	-	-	-	138,960
Mr D G Butel	30,000	2,850	-	-	32,850
Mr N E Schafer	30,000	2,850	-	-	32,850
	<u>198,960</u>	<u>5,700</u>	<u>-</u>	<u>-</u>	<u>204,660</u>
	2020				
Mr P E J Murray	129,600	-	-	-	129,600
Mr D G Butel	30,000	2,850	-	-	32,850
Mr N E Schafer	30,000	2,850	-	-	32,850
	<u>189,600</u>	<u>5,700</u>	<u>-</u>	<u>-</u>	<u>195,300</u>

(c) Shareholdings

Number of Shares held by Parent Entity Directors / Specified Executives

	Balance	Received as	Options		Balance
	1.07.20	Remuneration	Exercised	Net change *	30.06.21
Mr P E J Murray	1,209,105	-	-	1,074,232	2,283,337
Mr D G Butel	36,800	-	-	67,080	103,880
Mr N E Schafer	4,000	-	-	18,399	22,399
	<u>1,249,905</u>	<u>-</u>	<u>-</u>	<u>1,159,711</u>	<u>2,409,616</u>

* Net change refers to shares purchased or sold during the financial year.



Note 20. Directors and Executives' Remuneration (Cont'd)

(d) Remuneration Practices

The company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

1. The remuneration arrangements for directors are determined by the shareholders in general meeting. From time to time the Board may submit proposals to increase the fees, which are presently have a maximum of \$125,000. The company has scope to remunerate Directors for special duties that may be requested on occasion. Mr Murray does not receive Directors Fees from the Company.
2. The company has no formal executives. In the case of Mr Murray his remuneration is based on an assessment of his experience, performance and tasks undertaken through the year where, in the main, an hourly fee of \$80 is payable, plus a share of corporate advisory fee income, if any.
3. The company has a Remuneration Committee in operation.

Note 21. Auditor's Remuneration

	2021	2020
	\$	\$
Remuneration for audit or review of the financial reports of the parent or any entity in the economic entity		
Cutcher & Neale - Assurance services	20,200	19,000
Remuneration for other services:		
Cutcher & Neale - Other compliance services	5,250	5,000
Total	25,450	24,000

Note: Imperial Pacific Limited's Audit, Compliance and Risk Management Committee oversees the audit relationship, including reviewing with the Board the scope of the audit and the proposed fee.

Note 22. Legal Matter - Ernst & Young

Legal action has taken place with Penrice Soda Holdings Limited ("Penrice") since 2010. On 31 July 2014 liquidators were appointed over Penrice and the operations closed. Associate London City, whose portfolio is managed by Imperial Pacific Group incurred serious losses. During 2018 London City, Imperial Pacific and other plaintiffs took legal proceedings in the Supreme Court of NSW against Ernst & Young, former auditor of Penrice, seeking appropriate recompense. The Court judgment of 1 August 2019 held that the claim be accepted and that there was a tenable case on the question of duty of care owed to shareholders altering their behaviour due to EY's conduct as auditors. Proceedings have continued and in May 2021 orders agreed for discovery and mediation to be completed by 15 October 2021. The damages assessed by an Expert Forensic Accountant are in the order of \$14.0 million. Imperial Pacific group seeks recompense for costs and lost management fees. At this date there is insufficient information to estimate the extent of future benefits or costs that may arise.

Note 23. Contingent liabilities

Directors report that the legal action taking place regarding Ernst & Young may carry some contingent cost liabilities, together with minor bank guarantee arrangements regarding office rentals. Otherwise, the Directors are not aware of any contingent liabilities that may impact on the company.

Note 24. Capital and Leasing commitments

(a) Capital Expenditure Commitments

There are no material capital commitments outstanding at year end.

These commitments represent non-cancellable operating leases relating to office premises.

(b) Impact of AASB 16: Leases on the Group during the year ended 30 June 2021:

Lease liability balance at 30 June 2021	21,924
Right-of-use assets at 30 June 2021	20,247
Cost - Interest component during the year	(2,472)
Cost - Depreciation component during the year	(48,593)



Note 25. Employee entitlements

There is no pension scheme within the immediate group entities as at 30 June 2021. The company has no formal employees.

Note 26. Related Party transactions

Directors

The names of persons who were Directors of Imperial Pacific Limited at any time during the financial year were Mr P.E.J.Murray, Mr D.G. Butel and Mr N.E. Schafer..

Each Director was also a Director of associated company London City Equities Ltd during the same period. Each Director took up his Rights Issue entitlement fully and supported the raising of the Issue funds sought. An associated party of Mr Murray underwrote the \$1.8 million Rights Issue in late 2020 for no fee. A number of parties acted as sub-underwriters to the issue and supported the shortfall.

Remuneration

Information on remuneration of directors is disclosed in Note 20.

Other related parties

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with each class of other related parties:

	2021	2020
Management fee revenue	\$	\$
Associated corporation - London City Equities Limited	143,376	117,962

Aggregate amounts receivable from, and (payable to), each class of other related parties at balance date:

Current payables		
Director related advance - PEJ Murray - interest free - see Note 11.	1,158,524	1,837,730
Current receivables		
Associated entity (intercompany balance) - interest free	3,546	939,635

Each Director also received director fee remuneration from the associated corporation, London City Equities Limited, based on \$30,000 each per annum.

Note 27. Group Parent Entity - Imperial Pacific Limited

The ultimate parent company is Imperial Pacific Limited (ABN 65 000 144 561) which was incorporated on 13 December 1954. Its investments in subsidiary entities are shown in the following note. The parent entity's financial statements show the following summarised amounts:

	----- Parent Entity -----	
	2021	2020
<i>(a) Balance Sheet</i>		
Current Assets	136,125	792,240
Non current Assets	12,448,504	9,964,953
Total Assets	<u>12,584,629</u>	<u>10,757,193</u>
Current Liabilities	(1,857,216)	(2,290,194)
Non Current Liabilities	(6,223,594)	(5,979,118)
Total Liabilities	<u>(8,080,810)</u>	<u>(8,269,312)</u>
Net Assets	<u>4,503,819</u>	<u>2,487,881</u>
<i>(b) Shareholders Equity</i>		
Issued Capital	3,528,869	1,692,585
Capital Profits Reserve	2,647,973	2,647,973
Unrealised Revaluation Reserve	1,388,661	901,697
Retained Profits (Accumulated Losses)	(3,061,684)	(2,754,374)
	<u>4,503,819</u>	<u>2,487,881</u>
<i>(c) Profit and Loss Account</i>		
Total Income	230,721	220,443
Total Expenses	(345,083)	(336,932)
Net Profit (Loss) Before Tax	<u>(114,362)</u>	<u>(116,489)</u>
Tax Credit (Expense)	-	-
Net Profit (Loss) after Tax	<u>(114,362)</u>	<u>(116,489)</u>
<i>(d) Contingent Liabilities</i>		
The parent company has no known contingent liabilities.		
<i>(e) Contractual Commitments</i>		
As stated in Note 24 the parent company has office leasing liability of \$20,247 at balance date (\$71,875 in 2020). There are no capital purchase commitments.		

IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2021



Note 28. Investment in controlled entities

The ultimate parent company Imperial Pacific Limited has the following direct and indirect investments in subsidiary companies:

Name of Entity	Country of Incorpn	Class of shares	Equity holding		Cost of parent entity's investment	
			2021	2020	2021	2020
Imperial Pacific Asset Management Pty Limited	Australia	Ordinary Shares	100	100	1,000,000	1,000,000
Imperial Pacific Fund Managers Pty Limited	Australia	Ordinary Shares	100	100	1,700,000	1,700,000
Imperial Pacific Resources Pty Limited	Australia	Ordinary Shares	100	100	*	*

Note: Imperial Pacific Asset Management Pty Ltd and Imperial Pacific Fund Managers Pty Ltd are 100% directly controlled by Imperial Pacific Limited. Imperial Pacific Resources Pty Limited is wholly owned by Imperial Pacific Fund Managers Pty Limited.

Note 29. Investment in associate

Name of company	Ownership Interest		Consolidated carrying amount		Parent Entity carrying amount	
	2021	2020	2021	2020	2021	2020
Traded on organised markets:			\$	\$	\$	\$
London City Equities Limited (Incorporated in Australia)	39.01%	31.15%	6,612,248	3,445,268	3,667,343	1,773,985
Strategic holding company investing in shares and deposits.			6,612,248	3,445,268	3,667,343	1,773,985

	Consolidated carrying amount	
	2021	2020
Movements in carrying amounts of investments in associate	\$	\$
Carrying amount at the beginning of the financial year	3,445,269	3,328,548
Additional Equity Purchased	1,893,358	4,415
Net Increase (Reduction) in Reserves	1,382,118	194,325
Share of operating profit (loss) after income tax	(11,380)	14,960
Less dividends received from associates	(97,117)	(96,979)
Carrying amount at the end of the financial year	6,612,248	3,445,269

	2021	2020
Results attributable to associate	\$	\$
Operating profits (loss) after income tax	(11,380)	14,960
Less dividends received	(97,117)	(96,979)
	(108,497)	(82,019)
Retained profits attributable at beginning of the financial year	1,663,428	1,745,447
Retained profits attributable at the end of the financial year	1,554,931	1,663,428

Reserves attributable to associate

Capital Reserves	1,389,975	7,856
Share of associate's contingent liabilities	Nil	Nil
Share of associate's expenditure commitments	Nil	Nil

Summary of the performance and financial position of associates

The aggregate profits, assets and liabilities of associates are:

Profits (loss) from ordinary activities after income tax	(29,170)	48,029
Assets	19,609,225	13,377,054
Liabilities	(3,373,659)	(3,101,989)
Net Assets	16,235,566	10,275,065

IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2021



Note 30. Economic dependency

The major business activities of the group during the year 2020/21 were the management of the London City Equities portfolio, portfolio investment, economic and research monitoring and the participation in legal action relating to the Penrice Soda collapse.

The 39.01% owned London City Equities at 30 June 2021 owns interests in companies in the financial services sector. Together with that indirect interest Imperial Pacific has its own interests in the same sector. Accordingly the group has dependency on the financial services sector.

Note 31. Events occurring after balance date

As reported in Notes 22 and 23 above, London City and other parties (including a subsidiary of Imperial Pacific) are pursuing legal proceedings in the Supreme Court of NSW against Ernst & Young, the former auditors of Penrice Soda (now in liquidation). These proceedings are active and the matter has moved to the 'discovery' process and a mediation agreed before 15 October 2021.

The Directors have declared a fully franked dividend of 6.25 cents per share for 2021. This is not shown in the accounts.

Note 32. Cash Flow Information

Reconciliation of operating profit after income tax to net cash inflow from operating activities:	2021 \$	2020 \$
Operating Profit (Loss) after Income Tax	(118,140)	(141,785)
Non cash flows in operating profit / (loss) :		
Dividend Received - Associated Company	97,117	96,979
Equity Accounted Interest in Associated Company	11,380	14,960
Depreciation	48,593	48,593
Changes in Operating Assets and Liabilities		
(Increase) Decrease in other Operating Debtors	(21,524)	26,499
Increase (Decrease) in other Operating Creditors	31,550	31,166
Net Cash used by Operating Activities	<u>48,976</u>	<u>76,412</u>

Cash Balances at Year End comprise:

Cash at Bank and on hand (Note 6)	<u>48,976</u>	<u>45,898</u>
Balance as per Cash Flow Statement	<u>48,976</u>	<u>45,898</u>

Note 33. Earnings per share

		2021	2020
Basic and Diluted Earnings per share	Cents	(2.94)	(4.59)
(No dilution as no options in existence)			
Weighted average number of ordinary shares during the year used in the calculation of basic EPS		4,013,323	3,087,171
