

Imperial Pacific Limited

ABN 65 000 144 561



Level 10
19 Pitt Street
Sydney NSW 2000
Tel: 9247 9315

21 August 2014

Appendix 4E - Preliminary Final Results for announcement to the market

1. Period Covered:

Year ended 30 June 2014

		June 2014	June 2013
2. Key Information		\$000	\$000
Revenue from Ordinary Activities		80	113
<i>Change on previous year</i>	Decrease	-29%	
Profit (Loss) from Ordinary Activities after tax		(51)	(39)
<i>Change on previous year</i>	Improved	31%	
Profit (Loss) from all Activities after tax		(51)	(39)
<i>Change on previous year</i>	Improved	31%	
Net Tangible Assets		2,379	2,441
Per Share		\$0.82	\$0.84
<i>Change on previous year</i>	Decrease	-3%	
Amount of Dividend Proposed (Cents):		5.00	5.00
Amount of Franking:		100%	100%
Record Date for dividend entitlements		1 Oct 14	13 Sep 13
Payment Date for dividend		9 Oct 14	24 Sep 13
Annual General Meeting Date:		23 Oct 14	24 Oct 13
Brief Explanation and background to the above results:			
1. Imperial Pacific continues to maintain comfortable assets while pursuing time-consuming investment research. A number of active investigations are current.			
2. The key client under the investment management activities of Imperial Pacific's subsidiary Imperial Pacific Asset Management Pty Limited, namely London City Equities Limited, recorded good profit and asset increases, helped by a high franking component gain from an IMB share buy-back programme. Time is being spent with advisers assessing scope for recovering Penrice losses incurred by London City and other friends and supporters.			
3. Preliminary work continues on creating an activist investment fund. Potential investment candidates are being appraised. One target was located and it remains on the watch list.			
4. Imperial Pacific's net asset was 82.0 Cents per share on 30 June, slightly down on 2013, due to the payment of a 5.0 cent dividend in October 2013 and a conservative approach taken by London City to defer accounting for some future tax benefits.			



3. Consolidated Income Statement
[See Attached Account Summary]

	June 2014	June 2013
	\$000	\$000
Revenues:		
Management Fees Received	47	43
Dividends Received	2	6
Interest Received	30	49
Other	1	15
	80	113
Less Costs:		
Depreciation	(1)	(1)
Other Expenses:	(256)	(266)
	(177)	(154)
Plus: Equity Share of Associated Company:	126	115
Profit (Loss) Before Tax:	(51)	(39)
Plus / Less Income Tax Gain (Expense)	-	-
Net Profit (Loss) after Tax attributable to Members	(51)	(39)

4. Balance Sheet
[See Attached Account Summary]

Shareholders Equity	2,379	2,441
Per Ordinary Share	\$ 0.82	\$ 0.84

5. Cash Flow Statement
[See Attached Account Summary]

6. Dividends Paid

Amount paid during year (\$000)	\$ 145	\$ 145
Date Paid	24 Sept 13	17 Oct 12
Per Share	5.0 cents	5.0 cents
Amount of Franking:	100%	100%

7. Dividend Reinvestment Plan

The company has no Dividend Reinvestment Plan in place.

8. Net Asset Backing Per Share:

As at 30 June:	\$ 0.82	\$ 0.84
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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:	30.1%	30.1%
Share of Profit (Loss) for period (\$000)	126	115

11. Other Information:

Issued Capital - shares on Issue:

Ordinary Shares	2,906,504	2,906,504
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12. Commentary on Results

(a) General

1. Low management fees have resulted from reduced portfolio levels of client London City Equities and management time devoted to Penrice Soda matters.
2. Imperial Pacific has approx \$0.7 million in cash on hand.

(b) Earnings Per Share:

	June 2014	June 2013
Cents Per Share	(1.8)	(1.3)

Note: Nil dilution during year - no options on issue.

(c) Return to Shareholders

Profit (- Loss) after tax to Shareholders Equity at year end	-2.1%	-1.6%
Profit (- Loss) after tax to Shareholders Equity prior year.	-2.1%	-1.3%

(d) Segmental Disclosure:

	Investment	Financial Services	Consol.
2014			
Revenue	\$000	\$000	\$000
Investment /other revenue	32	48	80
Segment Result			
Profit (Loss) after Tax	81	(132)	(51)
Segment Assets	2,338	86	2,424
Segment Liabilities	(21)	(24)	(45)
Net cash inflow from operating activities	8	(22)	(14)
2013			
Revenue	\$000	\$000	\$000
Investment /other revenue	55	58	113
Segment Result			
Profit (Loss) after Tax	90	(129)	(39)
Segment Assets	2,286	207	2,493
Segment Liabilities	(15)	(37)	(52)
Net cash inflow from operating activities	(67)	(175)	(242)

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

21 August 2014

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Consolidated Income Statement for the year ended 30 June 2014

	<i>Notes</i>	2014 \$	2013 \$
Revenue from ordinary activities	3	80,108	113,021
Less:			
Depreciation expenses	4	(70)	(151)
Other expenses from ordinary activities	4	(257,059)	(267,145)
Share of net profit of associate accounted for by using the equity accounting method+B64	3	<u>125,926</u>	<u>115,094</u>
Profit from ordinary activities before income tax		(51,095)	(39,181)
Income tax credit (expense)	5	<u>-</u>	<u>-</u>
Net Profit (Loss) attributable to members of Imperial Pacific Limited		<u>(51,095)</u>	<u>(39,181)</u>

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)	31	(1.76)	(1.35)
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The accompanying notes form part of these financial statements.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014

	<i>Notes</i>	2014 \$	2013 \$
Profit (Loss) for Year		(51,095)	(39,181)
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:	15	134,997	(433,994)
Total Other Comprehensive Income (Expense)		134,997	(433,994)
Total Comprehensive Income (Expense) for the year for equity holders		83,902	(473,175)

The accompanying notes form part of these financial statements.

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Consolidated Balance Sheet as at 30 June 2014

	<i>Notes</i>	2014 \$	2013 \$
Current assets			
Cash and cash equivalents	6	788,668	953,314
Receivables	7	7,035	110,976
Current Tax Asset	8	59,485	60,000
Total current assets		855,188	1,124,290
Non-current assets			
Investment Portfolio	9	1,569,029	1,367,963
Property, plant and equipment	10	346	416
Total non-current assets		1,569,375	1,368,379
Total assets		2,424,563	2,492,669
Current liabilities			
Trade and other payables	11	45,094	51,778
Tax liabilities	12	-	-
Total current liabilities		45,094	51,778
Total liabilities		45,094	51,778
Net assets		2,379,469	2,440,891
Equity			
Share Capital	13	1,560,970	1,560,970
Reserves	15	2,474,757	2,339,760
Retained Profits (Accumulated losses)	15	(1,656,258)	(1,459,839)
Total equity		2,379,469	2,440,891

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity for the Year Ended 30 June 2014

	<i>Notes</i>	2014 \$	2013 \$
Total Equity at the beginning of the year		<u>2,440,891</u>	<u>3,059,391</u>
Transactions with Equity holders in their capacity as equity holders:			
Dividends provided or paid		<u>(145,324)</u>	<u>(145,325)</u>
Total transactions with Equity holders in their capacity as equity holders:		<u>(145,324)</u>	<u>(145,325)</u>
Income and Expense for Year:			
Profit (Loss) for Year		<u>(51,095)</u>	<u>(39,181)</u>
Other Comprehensive Income for the year:			
Realised Capital Losses for year	15	(90,543)	(1,114,506)
Revaluation of Investment Portfolio	15	212,145	(110,068)
Provision for Tax on unrealised gains	15	(63,652)	33,021
Less:			
- Reversal of Revaluation Last Year	15	110,068	1,082,227
- Reversal of Tax Provision Last Year	15	(33,021)	(324,668)
Total recognised income (including unrealised gains) and expenses for the Year		<u>134,997</u>	<u>(433,994)</u>
Total Equity at the end of the year		<u>2,379,469</u>	<u>2,440,891</u>

The accompanying notes form part of these financial statements.

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Consolidated Cash Flow Statement for the year ended 30 June 2014

		2014	2013
	<i>Notes</i>	\$	\$
Cash flows from operating activities			
Receipts from Customers (inclusive of goods and services tax)		141,516	17,500
Cash paid to suppliers and management (inclusive of goods and services tax)		(252,078)	(380,285)
Interest Received		28,861	69,751
Dividends Received		67,289	51,012
Income Tax Refunded (Paid)		-	-
Net Cash provided by (used in) operating activities	30	<u>(14,412)</u>	<u>(242,022)</u>
Cash flows from investing activities			
Purchase of investments		(18,979)	-
Proceeds from sale of investments		14,438	(23,190)
Net Cash provided by (used in) investing activities		<u>(4,541)</u>	<u>(23,190)</u>
Cash flows from financing activities			
Receipts (Payments) - related companies		(368)	-
Proceeds from Advances			(1,950)
Dividends Paid		(145,325)	(145,325)
Net Cash used in financing activities		<u>(145,693)</u>	<u>(147,275)</u>
Net increase (decrease) in cash held		(164,646)	(412,487)
Cash at beginning of the financial year		953,314	1,365,801
Cash at end of the financial year	6	<u>788,668</u>	<u>953,314</u>

The accompanying notes form part of these financial statements.

IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2014



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 early adopted AASB 9 - Financial Instruments. The Company has voluntarily adopted this standard as it is considered to result in a presentation that better reflects the performance and operations of the Company. A feature of AASB 9 is that unrealised gains or losses to fair value of the Investment Portfolio are not treated as "impairment" charges in the Income Statement but are reflected in the unrealised reserve account.

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.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis. 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 26 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 30.1% owned London City Equities Limited are included by adopting the equity method of accounting (equity accounted as a 30.1% owned entity in 2013).

(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 30.1% equity ownership, as two other shareholders control over 48.0%. It is an associated company.

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

IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2014



(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.

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. In the case of the unlisted equity investment in Mainstream BPO Pty Limited fair value takes into account both the strategic nature of the investment and its perceived future potential.

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 flow 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 17 of the financial statements.

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Notes to the financial statements - 30 June 2014



(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.

(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 delivery of the service.

Management revenue is recognised on an accruals basis.

(m) New Standards and interpretations not yet adopted.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, and, except for ASSB 9 which has been early adopted, have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

(n) Financial Statements Approval

The financial statements were authorised for issue by the Board of Directors on 20 August 2014.

Note 2. Segmental information

During 2013/13 the economic entity acted mainly in the investment and financial services sectors in Australia.

	Investment	Financial Services	Consolidated
	\$	\$	\$
2014			
Revenue			
Investment /other revenue	32,207	47,901	80,108
Segment Result			
Profit (Loss) after Tax	80,994	(132,089)	(51,095)
Segment Assets	2,338,227	86,248	2,424,475
Segment Liabilities	(21,366)	(23,728)	(45,094)
Other:			
Depreciation	-	(70)	(70)
Net cash inflow from operating activities	7,620	(22,032)	(14,412)
Share of net profits (losses) of equity accounted associates	125,926	-	125,926
Carrying amount of investment in Associates accounting for using the equity accounting method	1,383,872	-	1,383,872
2013			
Revenue			
Investment /other revenue	54,596	58,425	113,021
Segment Result			
Profit (Loss) after Tax	89,501	(128,682)	(39,181)
Segment Assets	2,285,946	206,723	2,492,669
Segment Liabilities	(15,533)	(36,245)	(51,778)
Other:			
Depreciation	-	(151)	(151)
Net cash inflow from operating activities	(66,380)	(175,642)	(242,022)
Share of net profits (losses) of equity accounted associates	115,094	-	115,094
Carrying amount of investment in Associates accounting for using the equity accounting method	1,189,062	-	1,189,062

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Notes to the financial statements - 30 June 2014



Note 3. Revenue	2014	2013
From continuing operations	\$	\$
Dividends Received	2,375	5,937
Interest Received	29,832	48,659
Management Fees Received:		
- Base Management Fee	47,401	43,425
- Performance Fee	-	-
Other	500	15,000
Total Revenue	80,108	113,021
Share of net profit (loss) of associate accounted	125,926	115,094

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 20)	(22,400)	(22,250)
Depreciation - plant and equipment	(70)	(151)
Directors fees (Note 18)	(50,000)	(49,972)
Directors superannuation (Note 18)	(4,625)	(4,684)
Professional fees - director related	(123,370)	(131,340)
Rental expense on operating leases	(18,342)	(19,130)
Other Expenses	(38,322)	(39,769)
Total Operating Expenses	(257,129)	(267,296)

Net Operating Profit (Loss) before Tax

(51,095)	(39,181)
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(b) Revenue and net gains

Management fee - associated company - Base fee	47,401	43,425
Professional Fee - associated company	-	15,000

Note 5. Income Tax Expense

(a) The components of income tax expense comprise:

Current Tax

-	-
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(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	(51,095)	(39,181)
Income tax credit calculated at 30%	15,329	11,754
Plus (Less): Tax Effect of :		
- Rebatable fully franked dividends	(15,329)	(11,754)
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

148,493	(291,647)
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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	500,000	400,000
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.

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Notes to the financial statements - 30 June 2014



	2014	2013
	\$	\$
Note 6. Cash and Cash Equivalents		
Cash at Bank and on Hand	788,668	953,314
	<u>788,668</u>	<u>953,314</u>

Note 7. Current assets - Receivables

Other Debtors	6,985	36,567
Amounts receivable from:		
Associated Company	50	74,409
	<u>7,035</u>	<u>110,976</u>

Note 8. Current assets - Tax

Current Tax Asset	59,485	60,000
	<u>59,485</u>	<u>60,000</u>

Note 9. Non current assets - Investment Portfolio

Listed investments

Shares in other corporations - at Market Value	6,256	-
Shares in associated corporations - at fair value	1,383,872	1,189,062
	<u>1,390,128</u>	<u>1,189,062</u>

Unlisted investments

Shares in other corporations - at fair value	178,901	178,901
	<u>178,901</u>	<u>178,901</u>
	<u>1,569,029</u>	<u>1,367,963</u>

Note: Non-traded unlisted investments in corporations relate to MainstreamBPO Pty Limited. The values adopted have taken into account various factors, including strategic nature, equity values in the light of a Shareholders Agreement and possible future values of the entity. This is a long term investment and the value is considered appropriate.

Note 10. Non-current assets - Property, plant and equipment

Plant and Equipment		
Plant and Equipment - at cost	9,509	9,509
Less: Accumulated Depreciation	(9,163)	(9,093)
Total Property, Plant & Equipment	<u>346</u>	<u>416</u>

Movement in carrying amount

Movements in the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	Plant and Equipment	Total
Carrying amount at 1 July 2013	416	416
Depreciation expense	(70)	(151)
Less Loss on Disposal	-	(239)
Carrying amount at 30 June 2014	<u>346</u>	<u>26</u>

Note 11. Current Liabilities - Payables

Directors or their Director Related Entities	9,829	-
Other Creditors	35,265	51,778
	<u>45,094</u>	<u>51,778</u>

Note 12. Current Liabilities - Tax Liabilities

Income Tax	-	-
	<u>-</u>	<u>-</u>

IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2014



Note 13. Share Capital

	2014	2013
(a) Share capital	\$	\$
2,906,504 (2013: 2,906,504) fully paid ordinary shares	1,560,970	1,560,970
(b) Movement in ordinary share capital:		
Balance at beginning of accounting period	1,560,970	1,560,970
Movements during the year	-	-
Balance at reporting date	1,560,970	1,560,970
(c) Movement in ordinary share numbers:		
Balance at beginning of accounting period	2,906,504	2,906,504
Movements during the year	-	-
Balance at reporting date	2,906,504	2,906,504

(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 14. 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 15. Reserves and retained profits

(a) Reserves - as per below

Realised Capital Gains Reserve	2,326,264	2,416,807
Unrealised Revaluation Reserve	148,493	(77,047)
	<u>2,474,757</u>	<u>2,339,760</u>

Realised Capital Gains Reserve

Balance at 1 July 2013	2,416,807	3,531,313
Realisation losses - Investment Portfolio	(90,543)	(1,114,506)
Less Provision for Tax on Realised Losses	-	-
Balance at 30 June 2014	<u>2,326,264</u>	<u>2,416,807</u>

Unrealised Revaluation Reserve

Balance at 1 July 2013	(77,047)	(757,559)
Add Back Previous Revaluation of Portfolio	110,068	1,082,227
Add Back previous Provision for Tax	(33,021)	(324,668)
Revaluation of Investment Portfolio	212,145	(110,068)
Less Provision for Tax on Unrealised Gains	(63,652)	33,021
Balance at 30 June 2014	<u>148,493</u>	<u>(77,047)</u>

(b) Retained Profits / (Accumulated losses)

Retained Earnings (Accumulated losses)		
- beginning of the financial year	(1,459,839)	(1,275,333)
Net gain (loss) loss attributable to members of Imperial Pacific Limited	(51,095)	(39,181)
Dividends paid	(145,324)	(145,325)
Balance at 30 June 2014	<u>(1,656,258)</u>	<u>(1,459,839)</u>

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Notes to the financial statements - 30 June 2014



Note 15. Reserves and retained profits (Cont'd)

	2014	2013
	\$	\$
(c) 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 only available for the payment of cash dividends in limited circumstances 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.		

Note 16. Dividends

(a) Dividends Payable

Dividend paid - Fully Franked	24 Sept 2014	(145,325)	(145,325)
Dividend proposed - Fully Franked	9 Oct 2014	<u>(145,325)</u>	<u>(145,325)</u>

(b) Franking credits

Franking credit tax component available for dividends in future years	<u>525,585</u>	<u>569,000</u>
Fully franked dividends possible at tax rate of 30%	<u>1,226,365</u>	<u>1,327,667</u>

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 17. Financial instruments and risk

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

The net fair value of cash and cash equivalents and non-interest bearing monetary assets and financial liabilities of the company approximates their carrying value. The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rate for assets and liabilities with similar risk profiles. Equity investments traded on organised markets have been valued by reference to the last sale price at balance date. For non-traded equity investments the net fair value is an assessment by the directors based on underlying net assets, future maintainable earnings and any special circumstances pertaining to a particular investment. In the case of the unlisted 2% shareholding in MainstreamBPO Pty Limited fair value takes into account the strategic nature of the investment, the Shareholders Agreement, statements by MainstreamBPO directors and perceived future value either to other organisations or by way of enhancing its operations in the future.

IMPERIAL PACIFIC LIMITED

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Note 17. Financial instruments and risk (Cont'd)

The carrying amounts and net fair values of financial assets and liabilities at balance date are:-

	----- 2014 -----		----- 2013 -----	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
On-balance sheet financial instruments				
Financial assets				
Cash	788,668	788,668	953,314	953,314
Receivables	7,035	7,035	110,976	110,976
Other Investments	178,901	178,901	178,901	178,901
Non-traded financial assets	974,604	974,604	1,243,191	1,243,191
Portfolio Investments - non current	1,383,872	1,383,872	1,189,062	1,189,062
	<u>2,358,476</u>	<u>2,358,476</u>	<u>2,432,253</u>	<u>2,432,253</u>
	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
Financial liabilities				
Other creditors	45,094	45,094	51,778	51,778
Non-traded financial liabilities	45,094	45,094	51,778	51,778

Other than those classes of assets and liabilities denoted as "Portfolio Investments", none of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

Net fair value is exclusive of costs which would be incurred on realisation of an asset, and inclusive of costs which would be incurred on settlement of a liability. Financial assets where the carrying amount exceeds net fair values have not been written down as they represent the investment in an associated company which the economic entity intends to hold as a long term investment.

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.

(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.

	----- 2014 -----		----- 2013 -----	
	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)	4,881	(4,881)	4,476	(4,476)
Impact on Equity (Pre tax)	156,894	(156,894)	137,562	(137,562)

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Note 17. Financial instruments and risk (Cont'd)

(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.

	----- 2014 -----		----- 2013 -----	
	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)	7,887	(7,887)	9,533	(9,533)

(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 is 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.

		2014	2013
		\$	\$
Cash at bank and short-term bank deposits			
- Credit Rating (Short)	A-1+	788,668	953,314

(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.

(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 external borrowings. It manages liquidity carefully, maintaining appropriate maturity balances of short term deposits and marketable securities. 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.

	2014	2013
	\$	\$
Immediate	88,668	53,314
To 30 days	7,035	1,010,976
30 to 60 days	700,000	-
Long Term	1,569,029	1,367,963

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Note 17. Financial instruments and risk (Cont'd)

(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.

	2014	2013
Within 90 days	\$ 45,094	\$ 51,778

Note 18. 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 R Chenery	- Director - Non-Executive
Mr DA Sutherland	- Director - Non-Executive

(b) Parent Entity Directors' Remuneration

	2014	2013			
	Salary, Fees & Commissions	Primary Superannuation Contributions	Post Employment	Other	Total
Mr P E J Murray	123,370	-	-	-	123,370
Mr R Chenery	25,000	2,313	-	-	27,313
Mr D A Sutherland	25,000	2,313	-	-	27,313
	<u>173,370</u>	<u>4,625</u>	<u>-</u>	<u>-</u>	<u>177,995</u>
Mr P E J Murray	131,340	-	-	-	131,340
Mr R Chenery	25,000	2,250	-	-	27,250
Mr D A Sutherland	24,972	2,434	-	-	27,406
	<u>181,312</u>	<u>4,684</u>	<u>-</u>	<u>-</u>	<u>185,996</u>

(c) Shareholdings

Number of Shares held by Parent Entity Directors / Specified Executives

	Balance 1.07.13	Received as Remuneration	Options Exercised	Net change *	Balance 30.06.14
Mr P E J Murray	1,156,994	-	-	4,899	1,161,893
Mr R Chenery	1,000	-	-	-	1,000
Mr D A Sutherland	1,000	-	-	-	1,000
	<u>1,157,994</u>	<u>-</u>	<u>-</u>	<u>4,899</u>	<u>1,162,893</u>

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

(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.
3. The company has a Remuneration Committee in operation.

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Note 19. Auditor's Remuneration

	2014	2013
Remuneration for audit or review of the financial reports of the parent or any entity in the economic entity	\$	\$
Cutcher & Neale - Assurance services	17,100	18,150
Remuneration for other services:		
Cutcher & Neale - Other compliance services	5,300	4,100
Total	22,400	22,250

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 20. Contingent Liabilities

In support of past and future financing needs the parent company and its subsidiary Imperial Pacific Asset Management Pty Ltd have in place historical cross-guarantees to a bank. Neither company presently has any bank loan facilities or arrangements.

Note 21. Contingent Assets

On 28 January 2011 shareholders of Imperial Pacific approved the sale of the company's interest in convertible loan notes in MainstreamBPO Pty Limited. It was a condition of that contract that Imperial Pacific will accrue a profit share of 15% of the realised gain achieved by the purchaser if the investment is sold within five years. There is insufficient information at the date of this report to estimate any future benefit that may arise.

On 17 June and on 25 July 2011 associated company London City Equities Limited was granted judgment in its favour by the Federal Court of Australia to access certain records and documents of Penrice Soda Holdings Limited ("Penrice"). This followed legal action by London City to assess the conduct of the directors of Penrice and the provision of information in 2008 and 2009 when London City made investments in Penrice. This investigatory process may ultimately lead to legal action being taken against the Directors of Penrice, or that company itself, for the recovery of substantial investment losses. There is insufficient information at the date of this report to estimate any future benefit that may arise.

Note 22. Capital and Leasing commitments

(a) Capital Expenditure Commitments

There are no material capital commitments outstanding at year end.

(b) Operating Lease Commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable

Not later than one year	6,108	18,324
Between One and Two Years	-	6,108
	6,108	24,432

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

Note 23. Employee entitlements

There is no pension scheme within the immediate group entities as at 30 June 2014. The company has no formal employees.

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Notes to the financial statements - 30 June 2014



Note 24. 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 R.Chenery and Mr DA Sutherland.

Each Director was also a Director of associated company London City Equities Ltd during the same periods.

Remuneration

Information on remuneration of directors is disclosed in Note 19.

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:

	2014	2013
Management fee revenue	\$	\$
Associated corporation - London City Equities Limited	47,401	43,425
Professional fee revenue - London City Equities Limited	-	15,000

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

Current payables		
Director related	(9,829)	(54,477)
Associated entity (intercompany balance)	50	(11,090)
Current receivables		
Director related	-	8,182
Associated entity (intercompany balance)	-	74,409

Messrs R. Chenery and D Sutherland also received director fee remuneration from the associated corporation London City Equities Limited, of \$25,000 each.

Note 25. 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 -----	
(a) <i>Balance Sheet</i>		
Current Assets	796,522	4,681,926
Non current Assets	8,218,178	4,226,532
Total Assets	<u>9,014,700</u>	<u>8,908,458</u>
Current Liabilities	(6,240,516)	(6,110,942)
Total Liabilities	<u>(6,240,516)</u>	<u>(6,110,942)</u>
Net Assets	<u>2,774,184</u>	<u>2,797,516</u>
(b) <i>Shareholders Equity</i>		
Issued Capital	1,560,970	1,560,970
Capital Profits Reserve	2,342,275	2,342,275
Unrealised Revaluation Reserve	(49,687)	(278,092)
Retained Profits (Accumulated Losses)	(1,079,374)	(827,637)
	<u>2,774,184</u>	<u>2,797,516</u>
(c) <i>Profit and Loss Account</i>		
Total Income	147,619	168,394
Total Expenses	(254,031)	(263,889)
Net Profit (Loss) Before Tax	<u>(106,412)</u>	<u>(95,495)</u>
Tax Credit (Expense)	-	-
Net Profit (Loss) after Tax	<u>(106,412)</u>	<u>(95,495)</u>

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(d) *Guarantees re debts of subsidiaries*

As stated in Note 21 the parent company has in place a guarantee to a bank in respect of possible facilities of Imperial Pacific Asset Management Pty Limited. No such facilities exist.

(e) *Contingent Liabilities*

The parent company has no known contingent liabilities.

(f) *Contractual Commitments*

As stated in Note 22 the parent company has office leasing commitments of \$6,108 at 2014, \$24,432 in 2013. There are no capital purchase commitments.

Note 26. 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 Incorporn	Class of shares	Equity holding		Cost of parent entity's investment	
			2014	2013	2014	2013
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 27. Investment in associate

Name of company	Ownership Interest		Consolidated carrying amount		Parent Entity carrying amount	
	2014	2013	2014	2013	2014	2013
Traded on organised markets: London City Equities Limited			\$	\$	\$	\$
Limited (Incorporated in Australia)	30.1%	30.1%	1,383,872	1,189,062	1,168,451	1,168,451
Strategic holding company investing in shares and deposits.						
			1,383,872	1,189,062	1,168,451	1,168,451

	Consolidated carrying amount	
	2014	2013
Movements in carrying amounts of investments in associate	\$	\$
Carrying amount at the beginning of the financial year	1,189,062	1,548,586
Additional Equity Purchased	-	23,190
Net Increase (Reduction) in Reserves	133,797	(433,994)
Share of operating profit (loss) after income tax	125,926	115,094
Less dividends received from associates	(64,913)	(63,814)
Carrying amount at the end of the financial year	1,383,872	1,189,062
Results attributable to associate	\$	\$
Operating profits (loss) after income tax	125,926	115,094
Less dividends received	(64,913)	(63,814)
	61,013	51,280
Retained profits attributable at beginning of the financial year	2,041,148	1,989,868
Retained profits attributable at the end of the financial year	2,102,161	2,041,148

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Note 27. Investment in associate (Cont'd)

	2014	2013
Reserves attributable to associate	\$	\$
Capital Reserves	(2,284,011)	(2,417,809)
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	418,843	382,817
Assets	5,176,144	4,445,800
Liabilities	(229,621)	(147,236)

Note 28. Economic dependency

The major business activities of the group during the year 2013/2014 were the portfolio management of London City Equities Limited, the depositing of funds and an investment in MainstreamBPO Pty Ltd. The 30.1% owned London City Equities at 30 June 2014 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 some dependency on the financial services sector.

Note 29. Events occurring after balance date

The Directors have declared a fully franked dividend of 5.0 cents per share for 2014. This is not shown in the accounts.

Note 30. Cash Flow Information

Reconciliation of operating profit after income tax to net cash inflow from operating activities:

Operating Profit (Loss) after Income Tax	(51,095)	(39,181)
Non cash flows in operating profit / (loss) :		
Income Tax Credit	-	-
Depreciation	70	151
Dividend Received - Associated Company	64,914	63,814
Equity Accounted Interest in Associated Company	(125,926)	(115,094)
Changes in Operating Assets and Liabilities		
(Increase) Decrease in other Debtors	104,279	(85,853)
Increase (Decrease) in other Creditors	(6,654)	(65,859)
Net Cash used by Operating Activities	<u>(14,412)</u>	<u>(242,022)</u>

Cash Balances at Year End comprise:

Cash at Bank and on hand (Note 6)	788,668	953,314
Balance as per Cash Flow Statement	<u>788,668</u>	<u>953,314</u>

Note 31. Earnings per share

	2014	2013
Basic and Diluted Earnings per share		
(No dilution as no options in existence)	Cents (1.76)	(1.35)
Weighted average number of ordinary shares during the year used in the calculation of basic EPS	2,906,504	2,906,504