

IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561

19 August 2022



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

1. Period Covered: Year ended 30 June 2022

2. Key Information

	June 2022	June 2021
	\$000	\$000
Group's Shareholder Net Worth Change - before shareholder payout		
- Gains in Investments / related	633	1,596
- Income Account during year	756	(124)
- New Equity	151	1,836
	1,540	3,308
Change on Net Worth previous year	24%	
Revenue from Ordinary Activities	342	224
Change on previous year	53%	
Profit (Loss) from Ordinary Activities after tax	756	(118)
Change on previous year	NA	
Profit (Loss) from all Activities after tax	756	(118)
Change on previous year	NA	
Net Tangible Assets	7,668	6,436
Per Share	\$1.52	\$1.30
Change on previous year	19%	
Amount of Dividend Proposed (Cents):	6.25	6.25
Amount of Franking:	100%	100%
Rate of Franking	27.5%	26.0%
Record Date for dividend entitlements	4 Oct 22	15 Oct 21
Payment Date for dividend	14 Oct 22	22 Oct 21
Dividend Reinvestment Plan	Operating	Operating
Annual General Meeting Date:	26 Oct 22	27 Oct 21

Brief Explanation and background to the above results:

1. Imperial Pacific had an excellent year with net worth rising 24% before dividend payout. A 6.25 cent fully franked dividend is to be paid to shareholders, as per 2021.

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. This was due to enhanced investment portfolio values and a confidential settlement of litigation. Our investment portfolio management fees increased significantly. Again, no performance fees were earned because past historical losses have yet to be recouped.

3. Imperial Pacific's net assets per share rose 19% to \$7.7 million. despite payment of the dividend of 6.25 cents in October 2021. Portfolio values have increased marginally since balance date in line with current stock-market conditions.



3. Consolidated Income Statement

[See Attached Account Supporting Information]

	June 2022	June 2021
	\$000	\$000
Revenues:		
Management Fees Received	208	143
Dividends Received	22	24
Interest Received	-	-
Sales - Trading Investments	-	-
Other	112	57
	<u>342</u>	<u>224</u>
Less Costs:		
Cost of Trading Investments Sold	-	-
Various Expenses:	<u>(303)</u>	<u>(331)</u>
	39	(107)
Plus: Equity Share of Associated Company:	<u>717</u>	<u>(11)</u>
Profit (Loss) Before Tax:	756	(118)
Plus / Less Income Tax Gain (Expense)	-	-
Net Profit (Loss) after Tax attributable to Members	<u>756</u>	<u>(118)</u>

4. Balance Sheet

[See Attached Account Supporting Information]

Shareholders Equity	7,668	6,436
Per Ordinary Share	\$ 1.52	\$ 1.30

5. Cash Flow Statement

[See Attached Account Supporting Information]

6. Dividends Paid

Amount paid during year (\$000)	\$ 309	\$ 192
Date Paid	20 Oct 2021	12 Oct 2020
Per Share	6.25 cents	6.25 cents
Amount of Franking:	100%	100%

7. Dividend Reinvestment Plan

The company's Dividend Reinvestment Plan will operate again this year.

8. Net Asset Backing Per Share:

As at 30 June:	\$ 1.52	\$ 1.30
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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 Eq	London City Equities Limite
Percentage of ownership held:	39.58%	39.01%
Share of Profit (Loss) for period (\$000)	717	(11)

11. Other Information:

Issued Capital - shares on Issue:

Ordinary Shares	5,049,852	4,939,474
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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, in which a confidential settlement was reached in December 2021.

(b) Earnings Per Share - weighted average:

	June 2022	June 2021
Cents Per Share	15.1	(2.9)
Note: No options on issue.		

(c) Return to Shareholders

Profit (- Loss) after tax to Shareholders Equity at year end	9.9%	-1.8%
Profit (- Loss) after tax to Shareholders Equity prior year.	11.7%	-3.6%

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

19 August 2022

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 2022

	Notes	2022 \$	2021 \$
Revenue from ordinary activities	3	341,724	223,896
Less:			
Expenses from ordinary activities	4	(302,923)	(330,656)
Share of net profit of associate accounted for by using the equity accounting method	3	717,161	(11,380)
Profit from ordinary activities before income tax		755,962	(118,140)
Income tax credit (expense)	5	-	-
Net Profit (Loss) attributable to members of Imperial Pacific Limited		755,962	(118,140)

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	15.08	(2.94)
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The accompanying notes form part of these financial statements.

IMPERIAL PACIFIC LIMITED

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	<i>Notes</i>	2022 \$	2021 \$
Profit (Loss) for Year		755,962	(118,140)
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	550,111	1,597,991
Total Other Comprehensive Income (Expense)		550,111	1,597,991
Total Comprehensive Income (Expense) for the year for equity holders		1,306,073	1,479,851

The accompanying notes form part of these financial statements.

IMPERIAL PACIFIC LIMITED

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Consolidated Balance Sheet as at 30 June 2022

	Notes	2022 \$	2021 \$
Current assets			
Cash and cash equivalents	6	57,918	48,976
Receivables	7	72,371	68,434
Total current assets		130,289	117,410
Non-current assets			
Investment - Portfolio	10	1,115,914	1,000,266
Investment - Associated Corporation	10	7,884,993	6,612,248
Right-of-Use Asset	9	132,802	20,247
Tax Asset	8	60,000	60,000
Total non-current assets		9,193,709	7,692,761
Total assets		9,323,998	7,810,171
Current liabilities			
Trade and other payables	11	1,414,725	1,276,938
Lease Liability	12	41,715	21,924
Total current liabilities		1,456,440	1,298,862
Non Current liabilities			
Tax liabilities	13	108,000	75,000
Lease Liability	14	91,512	-
Total current liabilities		199,512	75,000
Total liabilities		1,655,952	1,373,862
Net assets		7,668,046	6,436,309
Equity			
Share Capital	15	3,679,765	3,528,869
Reserves	17	7,381,030	6,747,433
Retained Profits (Accumulated losses)	17	(3,392,749)	(3,839,993)
Total equity		7,668,046	6,436,309

The accompanying notes form part of these financial statements.



Consolidated Statement of Changes in Equity for the Year Ended 30 June 2022

	<i>Notes</i>	2022 \$	2021 \$
Total Equity at the beginning of the year		6,436,309	3,313,122
Transactions with Equity holders in their capacity as equity holders:			
Contribution to new Equity, after costs		150,896	1,836,284
Dividends provided or paid		(308,717)	(192,948)
Total transactions with Equity holders in their capacity as equity holders:		(157,821)	1,643,336
Income and Expense for Year:			
Profit (Loss) for Year		755,962	(118,140)
Other Comprehensive Income for the year:			
Share of Realised Gain on Investment disposal		-	2,435
Revaluation of Investment Portfolio	17	5,184,621	4,396,491
Provision for Tax on unrealised gains	17	(1,544,259)	(1,310,570)
Reduced by Deferred Tax Asset	17	79,155	234,083
Less:			
- Reversal of Revaluation Last Year	17	(4,396,491)	(2,464,185)
- Reversal of Deferred Tax Provision Last Year	17	1,310,570	739,737
		633,596	1,597,991
Total recognised income (including unrealised gains) and expenses for the Year		1,231,737	3,123,187
Total Equity at the end of the year		7,668,046	6,436,309

The accompanying notes form part of these financial statements.



Consolidated Cash Flow Statement for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from Customers (inclusive of goods and services tax)		208,363	143,376
Cash paid to suppliers and management (inclusive of goods and services tax)		(244,819)	(344,050)
Interest Received		30	13
Dividends Received		188,747	120,757
Licence Fee Rental Received		13,113	26,211
Government Grant		-	10,000
Other		98,026	23,187
Trading Investments - Purchased		-	-
Trading Investments - Sold		-	-
Net Cash provided by (used in) operating activities	32	263,460	(20,506)
Cash flows from investing activities			
Purchase of investments		(171,158)	(1,903,304)
Proceeds from sale of investments		-	-
Net Cash provided by (used in) investing activities		(171,158)	(1,903,304)
Cash flows from financing activities			
Receipts (Payments) - related companies		31,085	936,089
Advance (repayment) - related party		73,236	(679,206)
Reduction (Increase) Lease Liability		(29,860)	26,668
New Equity Capital		150,896	1,836,285
Dividends Paid		(308,717)	(192,948)
Net Cash used in financing activities		(83,360)	1,926,888
Net increase (decrease) in cash held		8,942	3,078
Cash at beginning of the financial year		48,976	45,898
Cash at end of the financial year	6	57,918	48,976

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 2022. 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 27 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 39.58% owned London City Equities Limited are included by adopting the equity method of accounting (equity accounted as a 39.01% owned entity in 2021).

(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 39.58% equity ownership, as one other shareholder controls a similar percentage of London City's issued capital. 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 (26.0% in 2021).

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.



(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.

(o) Financial Statements Approval

The financial statements were authorised for issue by the Board of Directors on 17 August 2022.

Note 2. Segmental information

During 2021/22 the economic entity acted mainly in the investment and financial services sectors in Australia.

	Investment	Financial Services	Consolidated
	\$	\$	\$
2022			
Revenue			
Investment /other revenue	22,248	319,476	341,724
Segment Result			
Profit (Loss) after Tax	648,532	107,430	755,962
Segment Assets	9,102,879	221,119	9,323,998
Segment Liabilities	(815,362)	(840,590)	(1,655,952)
Net cash inflow from operating activities	115,331	148,129	263,460
Share of net profits (losses) of equity accounted associates	717,161	-	717,161
Carrying amount of investment in Associates accounting for using the equity accounting method	7,884,993	-	7,884,993
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

IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2022



Note 3. Revenue

	2022	2021
From continuing operations	\$	\$
Dividends Received	22,218	23,640
Interest Received	30	13
Management Fees Received:		
- Base Management Fee	208,363	143,376
- Performance Fee	-	-
Licence Fee Revenue - Premises	13,113	26,211
Sales - Trading Investments		
Other	98,000	30,656
Total Revenue	341,724	223,896
Share of net profit (loss) of associate accounted	717,161	(11,380)

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)	(20,650)	(25,450)
Depreciation re Lease (Note 23)	(23,783)	(48,593)
Directors fees (Note 20)	(60,000)	(60,000)
Directors superannuation (Note 20)	(7,575)	(5,700)
Interest - re Lease (Note 23)	(866)	(2,472)
Professional fees - director related	(91,680)	(138,960)
Other Expenses	(98,369)	(49,481)
Total Operating Expenses	(302,923)	(330,656)

Cost of Trading Investments Sold

	-	-
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Net Operating Profit (Loss) before Tax

	755,962	(118,140)
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(b) Revenue and net gains

Management fee - associated company - Base fee	208,363	143,376
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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	755,962	(118,140)
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Income tax credit calculated at 26.0% (27.5% - 2021)	30,716	30,716
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Plus (Less): Tax Effect of :

- Rebatable fully franked dividends	(30,716)	(30,716)
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Income tax benefit (expense)	-	-
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(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	(624,193)	(336,750)
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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	1,540,000	1,365,000
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 2022



Note 6. Cash and Cash Equivalents

Cash at Bank and on Hand

	2022	2021
	\$	\$
	57,918	48,976
	<u>57,918</u>	<u>48,976</u>

Note 7. Current assets - Receivables

Other Debtors

Amounts receivable from: (payable to)

Associated Company

	71,514	64,888
	857	3,546
	<u>72,371</u>	<u>68,434</u>

Note 8. Non current assets - Tax

Current Tax Asset

	60,000	60,000
	<u>60,000</u>	<u>60,000</u>

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

Right to Use Asset - Lease

	132,802	20,247
	<u>132,802</u>	<u>20,247</u>

Note 10. Non current assets - Investment Portfolio

Listed investments

Shares in other corporations - Listed - at Market Value

Shares in other corporations - Unlisted - at Market Value

	1,089,181	969,714
	26,733	30,552
	<u>1,115,914</u>	<u>1,000,266</u>
	7,884,993	6,612,248
	<u>7,884,993</u>	<u>6,612,248</u>

Shares in associated corporation - at fair value

Note 11. Current Liabilities - Payables

Directors or their Director Related Entities

Other Creditors

Associated Entity

	1,231,760	1,158,524
	138,541	118,414
	44,424	
	<u>1,414,725</u>	<u>1,276,938</u>

Note 12. Current Liabilities - Lease Liability

Least Liability - Premises

	41,715	21,924
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Note 13. Non-Current Liabilities - Tax Liabilities

Income Tax

	108,000	75,000
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Note 14. Non-Current Liabilities - Lease Liability

Lease Liability - Premises

	91,512	-
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Note 15. Share Capital

(a) Share capital

5,049,852 (2021: 4,939,474) fully paid ordinary shares

	\$	\$
	3,679,765	3,528,869

(b) Movement in ordinary share capital:

Balance at beginning of accounting period

Movements during the year - Dividend Reinvestment Plan

Balance at reporting date

	3,528,869	1,692,585
	150,896	1,836,284
	<u>3,679,765</u>	<u>3,528,869</u>

(c) Movement in ordinary share numbers:

Balance at beginning of accounting period

Movements during the year - Dividend Reinvestment Plan

Balance at reporting date

	Number	Number
	4,939,474	3,087,171
	110,378	1,852,303
	<u>5,049,852</u>	<u>4,939,474</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

(a) Reserves - as per below

	2022 \$	2021 \$
Realised Capital Gains Reserve	2,850,485	2,850,485
Unrealised Revaluation Reserve	4,530,545	3,896,948
	<u>7,381,030</u>	<u>6,747,433</u>

Realised Capital Gains Reserve

Balance at 1 July 2021	2,850,485	2,848,050
Realisation Gain (Loss) - Investment Portfolio		2,435
Balance at 30 June 2022	<u>2,850,485</u>	<u>2,850,485</u>

Unrealised Revaluation Reserve

Balance at 1 July 2021	3,896,948	2,301,392
Add Back Previous Revaluation of Portfolio	(4,396,491)	(2,464,185)
Add Back previous Provision for Tax	1,310,570	739,737
Revaluation of Investment Portfolio	5,180,290	4,396,491
Less Provision for Tax on Unrealised Gains	(1,544,259)	(1,310,570)
Additional Tax Reduction due to Past Losses	83,487	234,083
Balance at 30 June 2022	<u>4,530,545</u>	<u>3,896,948</u>

(b) Retained Profits / (Accumulated losses)

Retained Earnings (Accumulated losses)		
- beginning of the financial year	(3,839,993)	(3,528,905)
Net gain (loss) loss attributable to members of Imperial Pacific Limited	755,962	(118,140)
Dividends paid	(308,718)	(192,948)
Balance at 30 June 2022	<u>(3,392,749)</u>	<u>(3,839,993)</u>

(c) Net Realised and Unrealised Gains in the Period

Realised Gain (Loss)	-	2,435
Unrealised Gain (Loss)	550,111	1,595,556
	<u>550,111</u>	<u>1,597,991</u>

(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 2022



2022	2021
\$	\$

Note 18. Dividends

(a) Dividends Payable

Dividend paid - Fully Franked	22 Oct 2021	(308,717)	(192,948)
Dividend proposed - Fully Franked	14 Oct 2022	(315,616)	(308,717)

Note: The company will operate its Dividend Reinvestment Plan for the 2022 dividend.

(b) Franking credits

Franking credit tax component available for
dividends in future years

	415,000	435,000
Fully franked dividends possible at tax rate of 26.0%	1,094,000	1,238,000

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).

2022 Allocation	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Cash & cash equivalents	57,918			57,918
Receivables		72,371		72,371
Portfolio Investments	1,089,181	26,733		1,115,914
Investment - Associated Corporation		7,884,993		7,884,993
Financial liabilities				
Other creditors	1,414,725			1,414,725

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	-		969,714
Investment - Associated Corporation		6,612,248		6,612,248
Financial liabilities				
Other creditors	91,512			91,512

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.

	----- 2022 -----		----- 2021 -----	
	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)	20,019	(20,019)	17,236	(17,236)
Impact on Equity (Pre tax)	900,091	(900,091)	761,251	(761,251)

(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.

	----- 2022 -----		----- 2021 -----	
	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)	579	(579)	490	(490)

(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.

	2022	2021
Cash at bank and short-term bank deposits	\$	\$
- Credit Rating (Short) AA -	57,918	48,976

(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 2022 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.

	2022	2021
To 30 days	\$ 57,919	\$ 113,864
90 - 120 days	\$ 116,794	\$ -
Long Term	\$ 9,133,709	\$ 7,612,514

(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.

	2022	2021
To 30 days	108,000	118,414
90 - 120 days	1,456,440	1,158,524
Long Term	91512	21,924

NOTE: Of the 2022 financial liabilities due within 90 days, \$1,231,760 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	Primary	Post	Other	Total
2022	Salary, Fees & Commissions	Superannuation Contributions	Employment	
Mr P E J Murray	91,680	-	-	91,680
Mr D G Butel	30,000	3,000	-	33,000
Mr N E Schafer	30,000	3,000	-	33,000
	151,680	6,000	-	157,680
2021	Salary, Fees & Commissions	Superannuation Contributions	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
	198,960	5,700	-	204,660

(c) Number of Shares held by Parent Entity Directors / Specified Executives

	Balance	Received as	Options		Balance
	1.07.21	Remuneration	Exercised	Net change *	30.06.22
Mr P E J Murray	2,283,337	-	-	111,777	2,395,114
Mr D G Butel	103,880	-	-	-	103,880
Mr N E Schafer	21,692	-	-	-	21,692
	2,408,909	-	-	111,777	2,520,686

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

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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

Remuneration for audit or review of the financial reports of the parent or any entity in the economic entity

Cutcher & Neale - Assurance services

Remuneration for other services:

Cutcher & Neale - Other compliance services

Total

	2022	2021
	\$	\$
Cutcher & Neale - Assurance services	15,650	20,210
Cutcher & Neale - Other compliance services	5,000	5,250
Total	20,650	25,460

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. Contingent liabilities

Directors are not aware of any contingent liabilities that may impact on the company.

Note 23. 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 2022:

Lease liability balance at 30 June 2022	133,227
Right-of-use assets at 30 June 2022	132,802
Cost - Interest component during the year	(866)
Cost - Depreciation component during the year	(23,783)

Note 24. Employee entitlements

There is no pension scheme within the immediate group entities as at 30 June 2022. The company has no formal employees.

Note 25. 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..

Murray family interests have provided interest free advances of \$1,231,760 to the company.

Remuneration

Information on remuneration of directors is disclosed in Note 20.



Note 25. Related Party transactions (cont'd)

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:

	2022	2021
Management fee revenue	\$	\$
Associated corporation - London City Equities Limited	208,363	143,376

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.	1,231,760	1,158,524
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Current receivables (liabilities)

Associated entity (intercompany balance) - interest free	857	3,546
Associated entity (intercompany balance) - interest free	(44,424)	-

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

Note 26. 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 -----	
	2022	2021
(a) Balance Sheet		
Current Assets	111,450	136,125
Non current Assets	10,093,073	12,448,504
Total Assets	10,204,523	12,584,629
Current Liabilities	(4,472,053)	(1,857,216)
Non Current Liabilities	(828,512)	(6,223,594)
Total Liabilities	(5,300,565)	(8,080,810)
Net Assets	4,903,958	4,503,819
(b) Shareholders Equity		
Issued Capital	3,679,765	3,528,869
Capital Profits Reserve	2,647,974	2,647,973
Unrealised Revaluation Reserve	1,946,360	1,388,661
Retained Profits (Accumulated Losses)	(3,370,141)	(3,061,684)
	4,903,958	4,503,819
(c) Profit and Loss Account		
Total Income	300,617	230,721
Total Expenses	(300,355)	(345,083)
Net Profit (Loss) Before Tax	262	(114,362)
Tax Credit (Expense)	-	-
Net Profit (Loss) after Tax	262	(114,362)
(d) Contingent Liabilities		
The parent company has no known contingent liabilities.		
(e) Contractual Commitments		
There are no capital purchase commitments.		

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Note 27. 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 Incorp	Class of shares	Equity holding		Cost of parent entity's investment	
			2022	2021	2022	2021
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 28. Investment in associate

Name of company	Ownership Interest		Consolidated carrying amount		Parent Entity carrying amount	
	2022	2021	2022	2021	2022	2021
Traded on organised markets:			\$	\$	\$	\$
London City Equities Limited						
Limited	39.58%	39.01%	7,884,993	6,612,248	3,838,501	3,667,343
<i>(Incorporated in Australia)</i>						
Strategic holding company investing in shares and deposits.						
			7,884,993	6,612,248	3,838,501	3,667,343

	Consolidated carrying amount	
	2022	2021
Movements in carrying amounts of investments in associate	\$	\$
Carrying amount at the beginning of the financial year	6,612,248	3,445,269
Additional Equity Purchased	171,159	1,893,358
Net Increase (Reduction) in Reserves	546,617	1,382,118
Share of operating profit (loss) after income tax	717,161	(11,380)
Less dividends received from associates	(162,192)	(97,117)
Carrying amount at the end of the financial year	7,884,993	6,612,248

Results attributable to associate	\$	
	2022	2021
Operating profits (loss) after income tax	717,161	(11,380)
Less dividends received	(162,192)	(97,117)
	554,969	(108,497)
Retained profits attributable at beginning of the financial year	1,554,931	1,663,428
Retained profits attributable at the end of the financial year	2,109,900	1,554,931

Reserves attributable to associate

Capital Reserves	1,936,593	1,389,975
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	1,812,051	(29,170)
Assets	22,970,975	19,609,225
Liabilities	(3,849,587)	(3,373,659)
Net Assets	19,121,388	16,235,566

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Note 29. Economic dependency

The major business activities of the group during the year 2021/21 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 39.58% owned London City Equities at 30 June 2022 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 30. Events occurring after balance date

The Directors have declared a fully franked dividend of 6.25 cents per share for 2022. This is not shown in the accounts.

Note 31. Cash Flow Information

Reconciliation of operating profit after income tax to net cash inflow from operating activities:	2022 \$	2021 \$
Operating Profit (Loss) after Income Tax	755,962	(118,140)
Non cash flows in operating profit / (loss) :		
Dividend Received - Associated Company	165,068	97,117
Equity Accounted Interest in Associated Company	(717,161)	11,380
Depreciation	23,783	48,593
Changes in Operating Assets and Liabilities		
(Increase) Decrease in other Operating Debtors	(6,626)	(21,524)
Increase (Decrease) in other Operating Creditors	42,434	31,550
Net Cash used by Operating Activities	263,460	48,976

Cash Balances at Year End comprise:

Cash at Bank and on hand (Note 6)	57,918	48,976
Balance as per Cash Flow Statement	57,918	48,976

Note 32. Earnings per share

	2022	2021
Basic and Diluted Earnings per share	15.08	(2.94)
(No dilution as no options in existence)		
Weighted average number of ordinary shares during the year used in the calculation of basic EPS	5,013,059	4,013,323
