

# IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561



16 August 2019

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

1. **Period Covered:**

Year ended 30 June 2019

<b>2. Key Information</b>	<b>June 2019</b>	<b>June 2018</b>
	\$000	\$000
<b>Group's Shareholder Net Worth Gain - before shareholder payout</b>		
- Gains in Investments / related	265	495
- Income Account during year	(189)	(149)
	76	346
<b>Change on Net Worth previous year</b>	<b>2%</b>	
Revenue from Ordinary Activities	115	133
<i>Change on previous year</i>	-14%	
Profit (Loss) from Ordinary Activities after tax	(189)	(149)
<i>Change on previous year</i>	27%	
Profit (Loss) from all Activities after tax	(189)	(149)
<i>Change on previous year</i>	27%	
Net Tangible Assets	3,472	3,587
Per Share	\$1.12	\$1.16
<i>Change on previous year</i>	-3%	
Amount of Dividend Proposed (Cents):	6.25	6.25
Amount of Franking:	100%	100%
Rate of Franking	27.5%	30.0%
Record Date for dividend entitlements	2 Oct 19	3 Oct 18
Payment Date for dividend	10 Oct 19	11 Oct 18
Annual General Meeting Date:	16 Oct 19	18 Oct 18
<b>Brief Explanation and background to the above results:</b>		
<p>1. Imperial Pacific had a modest year with net worth rising 2% before dividend payout. The continual improving values in 31% owned London City are resulting in higher management fee revenue. Dividend payout is maintained at last year's 6.25 cents a share, fully franked.</p>		
<p>2. 31% owned associate, London City Equities Limited, the key client of Imperial Pacific's subsidiary Imperial Pacific Asset Management, recorded a good uplift in Shareholder net worth and franking credits, assisted particularly by its 6.5% shareholding in Fiducian Group. Court Action by London City and Imperial Pacific against Ernst &amp; Young continues.</p>		
<p>3. Work on creating an Activist Investment Fund also continues.</p>		
<p>5. Imperial Pacific's net assets per share fell slightly to \$1.12, mainly due to the payment of the 6.25 cent fully franked dividend in October 2018.</p>		
<p>6. Directors advise they are reviewing capital management alternatives and will advise the market as soon as a firm decision is reached.</p>		



**3. Consolidated Income Statement**  
**[ See Attached Account Supporting Information ]**

	<b>June 2019</b>	<b>June 2018</b>
	\$000	\$000
<b>Revenues:</b>		
Management Fees Received	100	105
Dividends Received	14	13
Interest Received	1	2
Sales - Trading Investments	-	13
Other	-	-
	115	133
<b>Less Costs:</b>		
Cost of Trading Investments Sold	-	(10)
Various Expenses:	(301)	(279)
	(186)	(156)
Plus: Equity Share of Associated Company:	(3)	7
	(189)	(149)
<b>Profit (Loss) Before Tax:</b>	(189)	(149)
Plus / Less Income Tax Gain (Expense)	-	-
<b>Net Profit (Loss) after Tax attributable to Members</b>	(189)	(149)

**4. Balance Sheet**  
**[ See Attached Account Supporting Information ]**

<b>Shareholders Equity</b>	3,472	3,587
Per Ordinary Share	\$ 1.12	\$ 1.16

**5. Cash Flow Statement**  
**[ See Attached Account Supporting Information ]**

<b>6. Dividends Paid</b>		
Amount paid during year (\$000)	\$ 193	\$ 193
Date Paid	11 Oct 2018	12 Oct 2017
Per Share	6,25 cents	6,25 cents
Amount of Franking:	100%	100%

**7. Dividend Reinvestment Plan**  
The company has no Dividend Reinvestment Plan in place.

<b>8. Net Asset Backing Per Share:</b>		
As at 30 June:	\$ 1.12	\$ 1.16

**9. Details of entities over which control has been gained or lost during period.**  
There were no such entities.

<b>10. Details of Associates</b>		
Name of Associate:	London City Equities Limited	
Percentage of ownership held:	31.1%	31.0%
Share of Profit (Loss) for period (\$000)	(3)	7

**11. Other Information:**

<b>Issued Capital - shares on Issue:</b>		
Ordinary Shares	3,087,171	3,087,171



## 12. Commentary on Results

### (a) General

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

### (b) Earnings Per Share:

	June 2019	June 2018
Cents Per Share	(6.1)	(4.8)

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

### (c) Return to Shareholders

Profit ( - Loss) after tax to Shareholders Equity at year end	-5.4%	-4.2%
Profit ( - Loss) after tax to Shareholders Equity prior year.	-5.3%	-4.3%

## 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 and Chief Operating Officer

16 August 2019

# 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.)**

# IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561



## Consolidated Income Statement for the year ended 30 June 2019

	<i>Notes</i>	<b>2019</b> \$	<b>2018</b> \$
<b>Revenue from ordinary activities</b>	3	114,724	133,335
<b>Less:</b>			
Expenses from ordinary activities	4	(300,787)	(289,799)
Share of net profit of associate accounted for by using the equity accounting method	3	<u>(3,141)</u>	<u>7,367</u>
<b>Profit from ordinary activities before income tax</b>		(189,204)	(149,097)
Income tax credit (expense)	5	<u>-</u>	<u>..</u>
<b>Net Profit (Loss) attributable to members of Imperial Pacific Limited</b>		<b><u>(189,204)</u></b>	<b><u>(149,097)</u></b>
<b>Earnings per share:</b>			
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the company.			
Basic and diluted earnings per share (Cents)	30	(6.13)	(4.83)

The accompanying notes form part of these financial statements.

# IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561



## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	<i>Notes</i>	2019 \$	2018 \$
<b>Profit (Loss) for Year</b>		<b>(189,204)</b>	<b>(149,097)</b>
<b>Other Comprehensive Income (Expense)</b>			
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:	14	266,480	495,105
<b>Total Other Comprehensive Income (Expense)</b>		<b>266,480</b>	<b>495,105</b>
<b>Total Comprehensive Income (Expense) for the year for equity holders</b>		<b>77,276</b>	<b>346,008</b>

The accompanying notes form part of these financial statements.

# IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561



## Consolidated Balance Sheet as at 30 June 2019

	<i>Notes</i>	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	6	34,062	142,171
Receivables	7	511,075	163,774
<b>Total current assets</b>		<b>545,137</b>	<b>305,945</b>
<b>Non-current assets</b>			
Investment - Portfolio	9	641,062	325,813
Investment - Associated Corporation	9	3,328,548	3,111,912
Tax Asset	8	60,000	60,000
<b>Total non-current assets</b>		<b>4,029,610</b>	<b>3,497,725</b>
<b>Total assets</b>		<b>4,574,747</b>	<b>3,803,670</b>
<b>Current liabilities</b>			
Trade and other payables	10	1,100,986	196,237
Tax liabilities	11	2,000	20,000
<b>Total current liabilities</b>		<b>1,102,986</b>	<b>216,237</b>
<b>Total liabilities</b>		<b>1,102,986</b>	<b>216,237</b>
<b>Net assets</b>		<b>3,471,761</b>	<b>3,587,433</b>
<b>Equity</b>			
Share Capital	12	1,692,585	1,692,585
Reserves	14	4,973,348	4,706,868
Retained Profits (Accumulated losses)	14	(3,194,172)	(2,812,020)
<b>Total equity</b>		<b>3,471,761</b>	<b>3,587,433</b>

The accompanying notes form part of these financial statements.

# IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561



## Consolidated Statement of Changes in Equity for the Year Ended 30 June 2019

	<i>Notes</i>	2019 \$	2018 \$
<b>Total Equity at the beginning of the year</b>		<b>3,587,433</b>	<b>3,434,373</b>
<b>Transactions with Equity holders in their capacity as equity holders:</b>			
<b>Contribution to new Equity, after costs</b>		-	
Dividends provided or paid		(192,948)	(192,948)
<b>Total transactions with Equity holders in their capacity as equity holders:</b>		<b>(192,948)</b>	<b>(192,948)</b>
<b>Income and Expense for Year:</b>			
Profit (Loss) for Year		<b>(189,204)</b>	<b>(149,097)</b>
<b>Other Comprehensive Income for the year:</b>			
Realised Capital Gain (Loss) for year	14	-	-
Revaluation of Investment Portfolio	14	2,211,612	1,969,324
Provision for Tax on unrealised gains	14	(608,193)	(590,719)
Reduced by Deferred Tax Asset	14	41,666	165,012
Less:			
- Reversal of Revaluation Last Year	14	(1,969,324)	(1,498,046)
- Reversal of Deferred Tax Provision Last Year	14	590,719	449,534
		<b>266,480</b>	<b>495,105</b>
<b>Total recognised income (including unrealised gains) and expenses for the Year</b>		<b>(115,672)</b>	<b>153,060</b>
<b>Total Equity at the end of the year</b>		<b>3,471,761</b>	<b>3,587,433</b>

The accompanying notes form part of these financial statements.

# IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561



## Consolidated Cash Flow Statement for the year ended 30 June 2019

	<i>Notes</i>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from Customers (inclusive of goods and services tax)		43,266	82,897
Cash paid to suppliers and management (inclusive of goods and services tax)		(321,599)	(283,983)
Interest Received		854	2,600
Dividends Received		112,136	109,776
Trading Investments - Purchased			-
Trading Investments - Sold			12,670
Net Cash provided by (used in) operating activities	29	<b>(165,343)</b>	<b>(76,040)</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		(379,922)	(177,937)
Proceeds from sale of investments		-	-
Net Cash provided by (used in) investing activities		<b>(379,922)</b>	<b>(177,937)</b>
<b>Cash flows from financing activities</b>			
Receipts (Payments) - related companies		(210,196)	1,521
Advances - related party		840,301	
Dividends Paid		(192,948)	(192,948)
Net Cash used in financing activities		<b>437,157</b>	<b>(191,427)</b>
Net increase (decrease) in cash held		(108,108)	(445,404)
Cash at beginning of the financial year		142,171	587,575
Cash at end of the financial year	6	<b>34,063</b>	<b>142,171</b>

The accompanying notes form part of these financial statements.

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2019



## 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 2019. 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 25 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 31.1% owned London City Equities Limited are included by adopting the equity method of accounting (equity accounted as a 31.0% owned entity in 2018).

### **(c) Investments: Controlled Entities & Associates**

The Group had 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 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 31.1% equity ownership, as one other shareholder controls over 46.0%. 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 2019



## **(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 27.5% has been adopted (30% in 2018).

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 16 of the financial statements.

## **(k) Goods and Services Tax**

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

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

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2019



## (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) 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 Company does not intend to adopt any of these pronouncements before their effective date.

In the case of AASB 16: Leases: applicable to annual reporting periods beginning on or after 1 January 2019, this standard replaces the current AASB 117 Leases standard for the financial year commencing on 1 July 2019. AASB 16 sets out a comprehensive model for identifying and measuring lease arrangements. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time. Contracts that are leases within the scope of AASB 16 from the lessee's perspective require the recognition of a right-of-use (ROU) asset and a related lease liability, being the present value of future lease payments.

This results in an increase in the recognised assets and liabilities in the statement of financial position. The income statement will include interest expense on the lease liability together with depreciation of the ROU asset. Based on the elected transition method, Imperial Pacific Limited will recognise lease liabilities and ROU assets of approximately \$60,000.

From 1 July 2019, in the Statement of Profit or Loss and Other Comprehensive Income net rental expense will be replaced by an interest expense and a straight-lined depreciation expense. A schedule of current operating lease commitments is disclosed in Note 21.

## (n) Financial Statements Approval

The financial statements were authorised for issue by the Board of Directors on 15 August 2019.

## Note 2. Segmental information

During 2018/19 the economic entity acted mainly in the investment and financial services sectors in Australia.

	Investment	Financial Services	Consolidated
<b>2019</b>			
Revenue	\$	\$	\$
Investment /other revenue	15,162	99,562	114,724
Segment Result			
Profit (Loss) after Tax	(78,215)	(110,989)	(189,204)
Segment Assets	4,519,979	54,768	4,574,747
Segment Liabilities	(550,493)	(552,493)	(1,102,986)
Net cash inflow from operating activities	15,656	(180,999)	(165,343)
Share of net profits (losses) of equity accounted associates	(3,141)	-	(3,141)
Carrying amount of investment in Associates accounting for using the equity accounting method	3,328,548	-	3,328,548
<b>2018</b>			
Revenue	\$	\$	\$
Investment /other revenue	27,989	105,346	133,335
Segment Result			
Profit (Loss) after Tax	(58,814)	(90,283)	(149,097)
Segment Assets	3,625,679	177,991	3,803,670
Segment Liabilities	(78,871)	(137,366)	(216,237)
Net cash inflow from operating activities	37,251	(113,291)	(76,040)
Share of net profits (losses) of equity accounted associates	7,367	-	7,367
Carrying amount of investment in Associates accounting for using the equity accounting method	3,111,912	-	3,111,912

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2019



## Note 3. Revenue

	2019	2018
<b>From continuing operations</b>	\$	\$
Dividends Received	14,304	12,953
Interest Received	858	2,350
Management Fees Received:		
- Base Management Fee	99,562	105,346
- Performance Fee	-	-
Sales - Trading Investments	-	12,670
Other	-	16
<b>Total Revenue</b>	<u>114,724</u>	<u>133,335</u>
<b>Share of net profit (loss) of associate accounted</b>	<u>(3,141)</u>	<u>7,367</u>

## 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 18)	(24,800)	(21,700)
Directors fees (Note 17)	(61,500)	(60,000)
Directors superannuation (Note 17)	(5,842)	(6,887)
Professional fees - director related	(126,960)	(124,800)
Rental expense on operating leases	(27,243)	(23,479)
Other Expenses	(54,442)	(42,603)
<b>Total Operating Expenses</b>	<u>(300,787)</u>	<u>(279,469)</u>
Cost of Trading Investments Sold	-	(10,330)
<b>Net Operating Profit (Loss) before Tax</b>	<u>(189,204)</u>	<u>(149,097)</u>

#### (b) Revenue and net gains

Management fee - associated company - Base fee	99,562	105,346
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## 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	(189,204)	(149,097)
Income tax credit calculated at 27.5% (30% in 2018)	52,031	44,729
Plus (Less): Tax Effect of :		
- Rebatable fully franked dividends	(52,031)	(44,729)
Income tax benefit (expense)	<u>-</u>	<u>-</u>

(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	24,192	23,827
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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	930,000	570,000
Capital Losses	-	-

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

- (i) Assessable income is derived of a nature and of amount sufficient to enable the benefit of the deductions to be realised;
- (ii) Conditions for deductibility imposed by the law complied with; and
- (iii) 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 2019



	2019	2018
<b>Note 6. Cash and Cash Equivalents</b>		
Cash at Bank and on Hand	\$ 34,062	\$ 142,171
	<u>34,062</u>	<u>142,171</u>
<b>Note 7. Current assets - Receivables</b>		
Other Debtors	51,362	98,568
Amounts receivable from:		
Associated Company	459,713	65,206
	<u>511,075</u>	<u>163,774</u>
<b>Note 8. Non current assets - Tax</b>		
Current Tax Asset	60,000	60,000
	<u>60,000</u>	<u>60,000</u>
<b>Note 9. Non current assets - Investment Portfolio</b>		
<b>Listed investments</b>		
Shares in other corporations - Listed - at Market Value	602,369	325,813
Shares in other corporations - Unlisted - at Market Value	38,693	
	<u>641,062</u>	<u>325,813</u>
Shares in associated corporations - at fair value	3,328,548	3,111,912
	<u>3,328,548</u>	<u>3,111,912</u>
<b>Note 10. Current Liabilities - Payables</b>		
Directors or their Director Related Entities	981,820	48,703
Other Creditors	119,166	147,534
	<u>1,100,986</u>	<u>196,237</u>
<b>Note 11. Current Liabilities - Tax Liabilities</b>		
Income Tax	2,000	20,000
	<u>2,000</u>	<u>20,000</u>
<b>Note 12. Share Capital</b>		
<b>(a) Share capital</b>	\$	\$
3,087,171 (2018: 3,087,171) fully paid ordinary shares	1,692,585	1,692,585
	<u>1,692,585</u>	<u>1,692,585</u>
<b>(b) Movement in ordinary share capital:</b>		
Balance at beginning of accounting period	1,692,585	1,692,585
Movements during the year	-	-
Balance at reporting date	<u>1,692,585</u>	<u>1,692,585</u>
<b>(c) Movement in ordinary share numbers:</b>		
Balance at beginning of accounting period	3,087,171	3,087,171
Movements during the year	-	-
Balance at reporting date	<u>3,087,171</u>	<u>3,087,171</u>
<b>(d) Ordinary Shares</b>		
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.		

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2019



## Note 13. 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.

	2019	2018
	\$	\$
<b>Note 14. Reserves and retained profits</b>		
<b>(a) Reserves - as per below</b>		
Realised Capital Gains Reserve	2,848,050	2,848,050
Unrealised Revaluation Reserve	2,125,298	1,858,818
	<u>4,973,348</u>	<u>4,706,868</u>
<b>Realised Capital Gains Reserve</b>		
Balance at 1 July 2018	2,848,050	2,848,050
Realisation Gain (Loss) - Investment Portfolio	-	-
Less Provision for Tax on Realised Losses	-	-
Balance at 30 June 2019	<u>2,848,050</u>	<u>2,848,050</u>
<b>Unrealised Revaluation Reserve</b>		
Balance at 1 July 2018	1,858,818	1,363,713
Add Back Previous Revaluation of Portfolio	(1,969,324)	(1,498,046)
Add Back previous Provision for Tax	590,719	449,534
Revaluation of Investment Portfolio	2,211,612	1,969,324
Less Provision for Tax on Unrealised Gains	(608,193)	(590,719)
Additional Tax Reduction due to Past Losses	41,666	165,012
Balance at 30 June 2019	<u>2,125,298</u>	<u>1,858,818</u>
<b>(b) Retained Profits / (Accumulated losses)</b>		
Retained Earnings (Accumulated losses)		
- beginning of the financial year	(2,812,020)	(2,469,975)
Net gain (loss) attributable to members of Imperial Pacific Limited	(189,204)	(149,097)
Dividends paid	(192,948)	(192,948)
Balance at 30 June 2019	<u>(3,194,172)</u>	<u>(2,812,020)</u>
<b>(c) Net Realised and Unrealised Gains in the Period</b>		
Realised Gain (Loss)	-	-
Unrealised Gain (Loss)	266,480	495,105
	<u>266,480</u>	<u>495,105</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 2019



2019 \$                      2018 \$

## Note 15. Dividends

### (a) Dividends Payable

Dividend paid - Fully Franked	11 Oct 2018	(192,948)	(192,948)
Dividend proposed - Fully Franked	10 Oct 2019	<u>(192,948)</u>	<u>(192,948)</u>

### (b) Franking credits

Franking credit tax component available for dividends in future years	446,726	405,993
Fully franked dividends possible at tax rate of 27.5% (2018 -30%)	<u>1,042,361</u>	<u>947,317</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 16. 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).

2019 Allocation	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>	\$	\$	\$	\$
Cash & cash equivalents	34,062			34,062
Receivables		511,075		511,075
Portfolio Investments	602,369	38,693		641,062
Investment - Associated Corporation		3,328,548		3,328,548
<b>Financial liabilities</b>				
Other creditors	1,100,986			1,100,986
<b>2018 Allocation</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>	\$	\$	\$	\$
Cash & cash equivalents	142,171			142,171
Receivables		163,774		163,774
Portfolio Investments	325,813			325,813
Investment - Associated Corporation		3,111,912		3,111,912
<b>Financial liabilities</b>				
Other creditors	(216,237)			(216,237)

### 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.

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2019



## Note 16. 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.

	----- 2019 -----		----- 2018 -----	
	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)	\$ 11,257	\$ (11,257)	\$ 9,627	\$ (9,627)
Impact on Equity (Pre tax)	396,961	(396,961)	347,000	(347,000)

### (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.

	----- 2019 -----		----- 2018 -----	
	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)	\$ 341	\$ (341)	\$ 1,422	\$ (1,422)

### (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.

	2019	2018
Cash at bank and short-term bank deposits	\$	\$
- Credit Rating (Short) AA -	34,062	142,171

### (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.

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2019



## Note 16. 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 Imperia Pacific consolidated entity has no formal external borrowings, although it has a temporary related party director advance of \$981,000 at 30 June 2019 that carries no interest and a 90 day repayment notice (pending the completion of an equity raising in the near future). Imperial Pacific manages maturity balances of deposits, marketable securities and cash flows carefully. The Group's management and its Board actively review the 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.

	2019	2018
Immediate	\$ 34,062	\$ 142,171
To 30 days	\$ 511,075	\$ 163,774
30 to 60 days	\$ -	\$ -
Long Term	\$ 3,969,610	\$ 3,437,725

### (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.

	2019	2018
Within 90 days	\$ 1,100,986	\$ 196,237

NOTE: Of the 2019 financial liabilities due within 90 days, \$981,000 has been provided by a Director pending the Company pursuing and completing an equity issue to strengthen the financial structure. The Director has provided written assurances that the sums will be interest free and not be repayable at least until 30 November 2019.

## Note 17. 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 DG Butel	- Director - Non-Executive
Mr DA Sutherland	- Director - Non-Executive (Retired on 19 March 2019)
Mr NE Schafer	- Director - Non-Executive (Appointed 19 March 2019)

(b) Parent Entity Directors' Remuneration	2019	Primary	Post	Other	Total
		Salary, Fees & Commissions	Superannuation Contributions		
Mr P E J Murray	126,960	-	-	-	126,960
Mr D A Sutherland **	22,500	2,138	-	-	24,638
Mr D G Butel	30,000	2,850	-	-	32,850
Mr N E Schafer #	9,000	855	-	-	9,855
	188,460	5,843	-	-	194,303
** Retired on 19 March 2019. # Appointed 19 March 2019.					
(b) Parent Entity Directors' Remuneration	2018	Primary	Post	Other	Total
		Salary, Fees & Commissions	Superannuation Contributions		
Mr P E J Murray	124,800	-	-	-	124,800
Mr D A Sutherland	30,000	2,850	-	-	32,850
Mr D G Butel	30,000	4,037	-	-	34,037
	184,800	6,887	-	-	191,687

(c) Shareholdings

Number of Shares held by Parent Entity Directors / Specified Executives

	Balance	Received as	Options	Net change *	Balance
	1.07.18	Remuneration	Exercised		
Mr P E J Murray	1,202,893	-	-	4,712	1,207,605
Mr D G Butel	36,800	-	-	-	36,800
Mr N E Schafer	-	-	-	4,000	4,000
	1,239,693	-	-	8,712	1,248,405

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

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2019



## Note 17. 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 18. Auditor's Remuneration

	2019	2018
	\$	\$
Remuneration for audit or review of the financial reports of the parent or any entity in the economic entity		
Cutcher & Neale - Assurance services	19,800	13,900
Remuneration for other services:		
Cutcher & Neale - Other compliance services	5,000	7,800
Total	24,800	21,700

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 19. Legal Matter - Ernst & Young

Legal action has taken place with Penrice Soda Holdings Limited ("Penrice") by associate London City Equities Limited since 2010. On 31 July 2014 liquidators were appointed over Penrice. London City incurred substantial and indirect losses regarding its investment in Penrice. During 2018 London City, Imperial Pacific group and other parties started legal court proceedings by lodging a Statement of Claim against Ernst & Young, the former auditor of Penrice, seeking appropriate recompense. Following a Court hearing on 29 March 2019 Justice Fullerton handed down on 1 August 2019 her judgment that London City's Statement of Claim be accepted and that there was a tenable case on the question of duty of care owed to shareholders altering their behaviour on the basis of EY's conduct as auditors. The matter will now proceed to a full hearing. There is insufficient information at this date to estimate the extent of future benefit or costs that may arise. future costs that might arise from this action.

## Note 20. Contingent liabilities

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

## Note 21. 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	25,203	11,700
Between One and Two Years	26,212	-
Later than Two Years but not later than Five Years	11,099	-
	51,415	11,700

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

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2019



## Note 22. Employee entitlements

There is no pension scheme within the immediate group entities as at 30 June 2019. The company has no formal employees.

## Note 23. 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 DA Sutherland, Mr DG Butel and Mr NE Schafer..

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

### Remuneration

Information on remuneration of directors is disclosed in Note 17.

### 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:

	2019	2018
	\$	\$
Management fee revenue		
Associated corporation - London City Equities Limited	99,562	105,346

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 16 (c)	(981,820)	(48,703)
Current receivables		
Associated entity (intercompany balance) - interest free	459,713	65,206

Each Director also received director fee remuneration from the associated corporation, London City Equities Limited, of \$25-30,000 each.

## Note 24. 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 -----	
	2019	2018
(a) <i>Balance Sheet</i>		
Current Assets	93,580	228,459
Non current Assets	6,470,517	5,988,715
Total Assets	6,564,097	6,217,174
Current Liabilities	(3,680,371)	(3,144,402)
Total Liabilities	(3,680,371)	(3,144,402)
Net Assets	2,883,726	3,072,772
(b) <i>Shareholders Equity</i>		
Issued Capital	1,692,585	1,692,585
Capital Profits Reserve	2,647,974	2,647,974
Unrealised Revaluation Reserve	988,105	857,097
Retained Profits (Accumulated Losses)	(2,444,938)	(2,124,884)
	2,883,726	3,072,772
(c) <i>Profit and Loss Account</i>		
Total Income	171,036	186,395
Total Expenses	(298,140)	(273,690)
Net Profit (Loss) Before Tax	(127,104)	(87,295)
Tax Credit (Expense)	-	-
Net Profit (Loss) after Tax	(127,104)	(87,295)

### (d) *Contingent Liabilities*

The parent company has no known contingent liabilities.

### (e) *Contractual Commitments*

As stated in Note 21 the parent company has office leasing commitments of \$51,415 at 2019 and \$11,700 in 2018. There are no capital purchase commitments.

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2019



## Note 25. 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	
			2019	2018	2019	2018
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 26. Investment in associate

Name of company	Ownership Interest		Consolidated carrying amount		Parent Entity carrying amount	
	2019	2018	2019	2018	2019	2018
Traded on organised markets: London City Equities Limited (Incorporated in Australia)	31.1%	31.0%	3,328,548	3,111,912	1,769,569	1,761,061
Strategic holding company investing in shares and deposits.						
			3,328,548	3,111,912	1,769,569	1,761,061

	Consolidated carrying amount	
	2019	2018
<b>Movements in carrying amounts of investments in associate</b>	\$	\$
Carrying amount at the beginning of the financial year	3,111,912	2,672,293
Additional Equity Purchased	8,509	81,801
Net Increase (Reduction) in Reserves	307,978	444,602
Share of operating profit (loss) after income tax	(3,141)	7,367
Less dividends received from associates	(96,710)	(94,151)
Carrying amount at the end of the financial year	3,328,548	3,111,912
<b>Results attributable to associate</b>	\$	\$
Operating profits (loss) after income tax	(3,141)	7,367
Less dividends received	(96,710)	(94,151)
	(99,851)	(86,784)
Retained profits attributable at beginning of the financial year	1,845,298	1,932,082
Retained profits attributable at the end of the financial year	1,745,447	1,845,298

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2019



<b>Note 26. Investment in associate (Cont'd)</b>	<b>2019</b>	<b>2018</b>
<b>Reserves attributable to associate</b>	<b>\$</b>	<b>\$</b>
Capital Reserves	(186,469)	(494,447)
<b>Share of associate's contingent liabilities</b>	Nil	Nil
<b>Share of associate's expenditure commitments</b>	Nil	Nil
<b>Summary of the performance and financial position of associates</b>		
The aggregate profits, assets and liabilities of associates are:		
Profits (loss) from ordinary activities after income tax	(10,098)	23,752
Assets	13,471,807	12,187,339
Liabilities	(2,670,446)	(2,042,371)

## Note 27. Economic dependency

The major business activities of the group during the year 2018/19 were the management of the London City Equities portfolio, the depositing of funds, portfolio investment and the participation in legal action relating to the Penrice Soda collapse.

The 31.1% owned London City Equities at 30 June 2019 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 28. Events occurring after balance date

As reported in Notes 19 and 20 above, London City and other parties (including a subsidiary of Imperial Pacific) have commenced proceedings in the Supreme Court of NSW against Messrs Ernst & Young, the former auditors of Penrice Soda (now in liquidation). These proceedings are active and following a recent favourable judgment the matter will be pursued to a full hearing. Imperial Pacific Fund Managers is also working with London City Equities in a potential complementary action regarding Penrice.

The Directors have declared a fully franked dividend of 6.25 cents per share for 2019. This is not shown in the accounts.

## Note 29. Cash Flow Information

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

Operating Profit (Loss) after Income Tax	(189,204)	(149,097)
Non cash flows in operating profit / (loss) :		
Dividend Received - Associated Company	96,710	94,151
Equity Accounted Interest in Associated Company	3,141	(7,367)
Trading Investments sold but purchased previous year		10,329
Changes in Operating Assets and Liabilities		
(Increase) Decrease in other Operating Debtors	362,980	(35,832)
Increase (Decrease) in other Operating Creditors	(239,564)	11,776
Net Cash used by Operating Activities	<u>34,063</u>	<u>(76,040)</u>

## Cash Balances at Year End comprise:

Cash at Bank and on hand (Note 6)	34,062	142,171
Balance as per Cash Flow Statement	<u>34,062</u>	<u>142,171</u>

## Note 30. Earnings per share

Basic and Diluted Earnings per share		<b>2019</b>	<b>2018</b>
(No dilution as no options in existence)	Cents	(6.13)	(4.83)
Weighted average number of ordinary shares during the year used in the calculation of basic EPS		3,087,171	3,087,171

\*\*\*\*\*