

# IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561

18 August 2023



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

### 1. Period Covered:

Year ended 30 June 2023

### 2. Key Information

	June 2023	June 2022
	\$000	\$000
<b>Group's Shareholder Net Worth Change - before shareholder payout</b>		
- Gains in Investments / related	(372)	633
- Income Account during year	113	756
- New Equity	174	151
	<b>(85)</b>	<b>1,540</b>
<b>Change on Net Worth previous year</b>	<b>-1%</b>	<b>24%</b>
Revenue from Ordinary Activities	395	343
Change on previous year	15%	
Profit from Ordinary Activities after tax	113	758
Change on previous year	-85%	
Profit from all Activities after tax	113	758
Change on previous year	-85%	
Net Tangible Assets	7,278	7,678
Per Share	\$1.41	\$1.52
Change on previous year	-7%	
Amount of Dividend Proposed (Cents):	6.25	6.25
Amount of Franking:	100%	100%
Rate of Franking	25.0%	25.0%
Record Date for dividend entitlements	4 Oct 23	4 Oct 22
Payment Date for dividend	13 Oct 23	14 Oct 22
Dividend Reinvestment Plan	Operating	Operating
Annual General Meeting Date:	2 Nov 23	26 Oct 22

#### Brief Explanation and background to the above results:

1. Imperial Pacific's operating results were enhanced by improved fee income, partly assisted by the receipt of a modest performance fee relating to the significant results achieved by London City's portfolio in recent years.

2. Imperial Pacific's investment values fell over the year. Some realised profits were taken to reserves. The reduced value of London City's portfolio was due primarily to the drop in values of its 7% shareholding in Fiducian Group that had fallen in line with the financial services sector. This reduction, however, was moderated by good values coming from Excelsior Capital Limited. Total values have improved by \$600,000 since balance date. Net Assets per share are now \$1.51.

3. Together with London City and other associates, Imperial Pacific shares in a 12.0% shareholding in Excelsior Capital Limited, a modest investor group with an expanding and well performing electrical supplies business. Imperial Pacific owns close to 2% directly in Excelsior.

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### 3. Consolidated Income Statement

[ See Attached Account Supporting Information ]

	June 2023	June 2022
	\$000	\$000
<b>Revenues:</b>		
Management Fee Received - Base	191	208
" " " - Performance	136	
Dividends Received	34	23
Interest Received	-	-
Sales - Trading Investments	-	-
Other	34	112
	<u>395</u>	<u>343</u>
<b>Less Costs:</b>		
Cost of Trading Investments Sold	-	-
Various Expenses:	(351)	(303)
	<u>44</u>	<u>40</u>
Plus: Equity Share of Associated Company:	69	718
<b>Profit (Loss) Before Tax:</b>	<u>113</u>	<u>758</u>
Plus / Less Income Tax Gain (Expense)	-	-
<b>Net Profit (Loss) after Tax attributable to Members</b>	<u>113</u>	<u>758</u>

### 4. Balance Sheet

[ See Attached Account Supporting Information ]

<b>Shareholders Equity</b>	7,278	7,678
Per Ordinary Share	\$ 1.41	\$ 1.52

### 5. Cash Flow Statement

[ See Attached Account Supporting Information ]

### 6. Dividends Paid

Amount paid during year (\$000)	\$ 315	\$ 308
Date Paid	14 Oct 2022	14 Oct 2021
Per Share	6.25 cents	6.25 cents
Amount of Franking:	100%	100%

### 7. Dividend Reinvestment Plan

The company's Dividend Reinvestment Plan will again operate this year with a discount of 2.5%.

### 8. Net Asset Backing Per Share:

As at 30 June:	\$ 1.41	\$ 1.52
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### 9. Details of entities over which control has been gained or lost during period.

There were no such entities.

### 10. Details of Associates

Name of Associate:	London City Equities Limited	
Percentage of ownership held:	40.47%	39.62%
Share of Profit for period (\$000)	69	718

### 11. Other Information:

<b>Issued Capital - shares on Issue:</b>		
Ordinary Shares	5,168,980	5,049,852

## 12. Commentary on Results

### (a) General

1. Imperial Pacific's operating results are beginning to reflect scope for enhanced profits with the receipt this year of both basic and performance fees.
2. In line with its key associate, London City Equities, Imperial Pacific saw its investment values fall around 6%. Net Tangible Assets fell 7% over the year.
3. 2023 was the first year for possibly ten years where no funding or executive time has been spent on litigation.



### (b) Earnings Per Share:

Cents Per Share

June 2023

2.2

June 2022

15.0

Note: No options on issue.

### (c) Return to Shareholders

Profit after tax to Shareholders Equity at year end

1.6%

9.9%

Profit after tax to Shareholders Equity prior year.

1.5%

11.8%

## 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

18 August 2023

# 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 2023

	Notes	2023 \$	2022 \$
<b>Revenue from ordinary activities</b>	3	395,498	343,185
<b>Less:</b>			
Expenses from ordinary activities	4	(351,126)	(303,006)
Share of net profit of associate accounted for by using the equity accounting method	3	68,680	718,062
<b>Profit from ordinary activities before income tax</b>		113,052	758,241
Income tax credit (expense)	5	-	-
<b>Net Profit (Loss) attributable to members of Imperial Pacific Limited</b>		<b>113,052</b>	<b>758,241</b>

### Earnings per share:

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

Basic and diluted earnings per share (Cents)	33	2.20	15.08
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The accompanying notes form part of these financial statements.



## Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Profit (Loss) for Year</b>		<b>113,052</b>	<b>758,241</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:	17	(372,878)	642,007
Net Realised and Unrealised Gain (Loss) for the period on securities in the Investment Portfolio:		111,978	-
<b>Total Other Comprehensive Income (Expense)</b>		<b>(260,900)</b>	<b>642,007</b>
<b>Total Comprehensive Income (Expense) for the year for equity holders</b>		<b>(147,848)</b>	<b>1,400,248</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 2023

	Notes	2023 \$	2022 \$
<b>Current assets</b>			
Cash and cash equivalents	6	19,906	55,490
Receivables	7	157,592	72,287
<b>Total current assets</b>		<b>177,498</b>	<b>127,777</b>
<b>Non-current assets</b>			
Investment - Portfolio	10	1,115,592	1,115,914
Investment - Associated Corporation	10	7,443,262	7,894,757
Right-of-Use Asset	9	87,270	132,802
Tax Asset	8	60,000	60,000
<b>Total non-current assets</b>		<b>8,706,124</b>	<b>9,203,473</b>
<b>Total assets</b>		<b>8,883,622</b>	<b>9,331,250</b>
<b>Current liabilities</b>			
Trade and other payables	11	1,384,602	1,420,288
Lease Liability	12	42,305	41,715
<b>Total current liabilities</b>		<b>1,426,907</b>	<b>1,462,003</b>
<b>Non Current liabilities</b>			
Tax liabilities	13	130,000	99,000
Lease Liability	14	49,206	91,512
<b>Total current liabilities</b>		<b>179,206</b>	<b>190,512</b>
<b>Total liabilities</b>		<b>1,606,113</b>	<b>1,652,515</b>
<b>Net assets</b>		<b>7,277,509</b>	<b>7,678,735</b>
<b>Equity</b>			
Share Capital	15	3,853,990	3,679,765
Reserves	17	7,016,562	7,389,440
Retained Profits (Accumulated losses)	17	(3,593,043)	(3,390,470)
<b>Total equity</b>		<b>7,277,509</b>	<b>7,678,735</b>

The accompanying notes form part of these financial statements.

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## Consolidated Statement of Changes in Equity for the Year Ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Total Equity at the beginning of the year</b>		<b>7,678,735</b>	<b>6,436,309</b>
<b>Transactions with Equity holders in their capacity as equity holders:</b>			
Contribution to new Equity, after costs		174,225	150,896
Dividends provided or paid		(315,625)	(308,717)
<b>Total transactions with Equity holders in their capacity as equity holders:</b>		<b>(141,400)</b>	<b>(157,821)</b>
<b>Income and Expense for Year:</b>			
Profit (Loss) for Year		<b>113,052</b>	<b>758,241</b>
<b>Other Comprehensive Income for the year:</b>			
Realised Gain on Investment disposal	17	121,934	-
Revaluation of Investment Portfolio	17	4,470,987	5,189,844
Provision for Tax on unrealised gains	17	(1,317,112)	(1,536,826)
Reduced by Deferred Tax Asset	17	-	74,909
Less:			
- Reversal of Revaluation Last Year	17	(5,185,513)	(4,396,491)
- Reversal of Deferred Tax Provision Last Year	17	1,536,826	1,310,570
		<b>(372,878)</b>	<b>642,006</b>
<b>Total recognised income (including unrealised gains) and expenses for the Year</b>		<b>(401,226)</b>	<b>1,242,426</b>
<b>Total Equity at the end of the year</b>		<b>7,277,509</b>	<b>7,678,735</b>

The accompanying notes form part of these financial statements.

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## Consolidated Cash Flow Statement for the year ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from Customers (inclusive of goods and services tax)		190,637	208,363
Cash paid to suppliers and management (inclusive of goods and services tax)		(262,728)	(247,247)
Interest Received		281	30
Dividends Received		204,127	188,747
Licence Fee Rental Received		23,795	13,113
Government Grant		-	-
Other		10,000	98,026
Trading Investments - Purchased		-	-
Trading Investments - Sold		-	-
Net Cash provided by (used in) operating activities	32	<b>166,112</b>	<b>261,032</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		(233,334)	(171,158)
Proceeds from sale of investments		238,722	-
Net Cash provided by (used in) investing activities		<b>5,388</b>	<b>(171,158)</b>
<b>Cash flows from financing activities</b>			
Receipts (Payments) - related companies		(26,789)	31,085
Repayment - related party		18,425	73,236
Reduction Lease Liability		(42,305)	(29,860)
New Equity Capital		174,225	150,896
Dividends Paid		(315,625)	(308,717)
Net Cash used in financing activities		<b>(192,069)</b>	<b>(83,360)</b>
Net increase (decrease) in cash held		(20,569)	6,514
Cash at beginning of the financial year		55,490	48,976
Cash at end of the financial year	6	<b>34,921</b>	<b>55,490</b>

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 2023. 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 40.47% owned London City Equities Limited are included by adopting the equity method of accounting (equity accounted as a 39.62% owned entity in 2022).

#### **(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 40.47% 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 25.0% has been adopted (25.0% in 2022).

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

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

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

### **(e) Investments**

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

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

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

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

### **(f) Non-Current Assets**

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

### **(g) Derivatives**

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

### **(h) Employee Entitlements**

The company has no employees.

### **(i) Cash and cash equivalents**

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

### **(j) Financial Risk issues**

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

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

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

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

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2023



## (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 16 August 2023.

## Note 2. Segmental information

During 2022/23 the economic entity acted mainly in the investment and financial services sectors in Australia.

	Investment	Financial Services	Consolidated
	\$	\$	\$
<b>2023</b>			
Revenue			
Investment /other revenue	34,391	361,107	395,498
Segment Result			
Profit (Loss) after Tax	(2,267)	115,319	113,052
Segment Assets	8,636,767	246,853	8,883,620
Segment Liabilities	(822,300)	(783,811)	(1,606,111)
Net cash inflow from operating activities	125,590	40,522	166,112
Share of net profits (losses) of equity accounted associates	68,680	-	68,680
Carrying amount of investment in Associates accounting for using the equity accounting method	7,443,262	-	7,443,262
<b>2022</b>			
Revenue			
Investment /other revenue	23,709	319,476	343,185
Segment Result			
Profit (Loss) after Tax	650,869	107,372	758,241
Segment Assets	9,111,787	219,463	9,331,250
Segment Liabilities	(809,144)	(843,371)	(1,652,515)
Net cash inflow from operating activities	114,603	146,429	261,032
Share of net profits (losses) of equity accounted associates	718,062	-	718,062
Carrying amount of investment in Associates accounting for using the equity accounting method	7,894,757	-	7,894,757

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2023



## Note 3. Revenue

	2023	2022
<b>From continuing operations</b>	\$	\$
Dividends Received	34,110	23,679
Interest Received	281	30
Management Fees Received:		
- Base Management Fee	190,637	208,363
- Performance Fee	136,675	-
Licence Fee Revenue - Premises	23,795	13,113
Sales - Trading / Other Investments	-	-
Other	10,000	98,000
<b>Total Revenue</b>	<b>395,498</b>	<b>343,185</b>
<b>Share of net profit (loss) of associate accounted</b>	<b>68,680</b>	<b>718,062</b>

## 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)	(18,900)	(20,650)
Depreciation re Lease (Note 24)	(45,532)	(23,783)
Directors fees (Note 20)	(69,767)	(60,000)
Directors superannuation (Note 20)	(7,362)	(7,575)
Interest - re Lease (Note 24)	(5,718)	(866)
Professional fees - director related	(155,250)	(91,680)
Other Expenses	(48,597)	(98,452)

#### Total Operating Expenses

(351,126)	(303,006)
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Cost of Trading / Other Investments Sold

-	-
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#### Net Operating Profit (Loss) before Tax

113,052	758,241
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#### (b) Revenue and net gains

Management fee - associated company - Base fee	190,637	208,363
Management fee - associated company - Performance fee	136,675	-

## 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	113,052	758,241
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Income tax calculated at 25.0% (25.0% - 2022)

(28,263)	(189,560)
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Plus (Less): Tax Effect of :

- Share of Associated Equity	30,913	179,516
- Deferred tax benefit not recognised in respect of past year losses	7,394	10,044

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

250,714	(146,609)
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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	1,580,000	1,540,000
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 2023



## Note 6. Cash and Cash Equivalents

Cash at Bank and on Hand

2023	2022
\$	\$
19,906	55,490
19,906	55,490

## Note 7. Current assets - Receivables

Other Debtors

Amounts receivable from: (payable to)

Associated Company

35,628	71,430
121,964	857
157,592	72,287

## Note 8. Non current assets - Tax

Current Tax Asset

60,000	60,000
60,000	60,000

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

Right to Use Asset - Lease

87,270	132,802
87,270	132,802

## Note 10. Non current assets - Investment Portfolio

### Investments

Shares in other corporations - Listed - at Market Value

Shares in other corporations - Unlisted - at Market Value

Shares in associated corporation - at fair value

1,097,643	1,077,221
17,949	38,693
1,115,592	1,115,914
7,443,262	7,894,757
7,443,262	7,894,757

## Note 11. Current Liabilities - Payables

Directors or their Director Related Entities

Other Creditors

Associated Entity

1,247,591	1,237,028
135,071	138,536
1,940	44,724
1,384,602	1,420,288

## Note 12. Current Liabilities - Lease Liability

Least Liability - Premises

42,305	41,715
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## Note 13. Non-Current Liabilities - Tax Liabilities

Income Tax

130,000	99,000
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## Note 14. Non-Current Liabilities - Lease Liability

Lease Liability - Premises

49,206	91,512
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## Note 15. Share Capital

### (a) Share capital

5,168,980 (2022: 5,049,852) fully paid ordinary shares

\$	\$
3,679,765	3,679,765

### (b) Movement in ordinary share capital:

Balance at beginning of accounting period

Movements during the year - Dividend Reinvestment Plan

Balance at reporting date

3,679,765	3,528,869
174,225	150,896
3,853,990	3,679,765

### (c) Movement in ordinary share numbers:

Balance at beginning of accounting period

Movements during the year - Dividend Reinvestment Plan

Balance at reporting date

5,049,852	4,939,474
119,128	110,378
5,168,980	5,049,852

### (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

	2023	2022
	\$	\$
Realised Capital Gains Reserve	2,972,419	2,850,485
Unrealised Revaluation Reserve	4,044,143	4,538,955
	<u>7,016,562</u>	<u>7,389,440</u>

#### Realised Capital Gains Reserve

Balance at 1 July 2022	2,850,485	2,850,485
Realisation Gain in period - Investment Portfolio	121,934	-
Balance at 30 June 2023	<u>2,972,419</u>	<u>2,850,485</u>

#### Unrealised Revaluation Reserve

Balance at 1 July 2022	4,538,955	3,896,948
Add Back Previous Revaluation of Portfolio	(5,185,513)	(4,396,491)
Add Back previous Provision for Tax	1,536,826	1,310,570
Revaluation of Investment Portfolio	4,470,987	5,185,513
Less Provision for Tax on Unrealised Gains	(1,317,112)	(1,536,826)
Additional Tax Reduction due to Past Losses	-	79,241
Balance at 30 June 2023	<u>4,044,143</u>	<u>4,538,955</u>

#### (b) Retained Profits / (Accumulated losses)

Retained Earnings (Accumulated losses)		
- beginning of the financial year	(3,390,470)	(3,839,993)
Net gain (loss) loss attributable to members of Imperial Pacific Limited	113,052	758,241
Dividends paid	(315,625)	(308,718)
Balance at 30 June 2023	<u>(3,593,043)</u>	<u>(3,390,470)</u>

#### (c) Net Realised and Unrealised Gains in the Period

Realised Gain (Loss)	121,934	-
Unrealised Gain (Loss)	(494,812)	642,007
	<u>(372,878)</u>	<u>642,007</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.

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# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2023



2023                      2022  
\$                              \$

## Note 18. Dividends

### (a) Dividends Payable

Dividend paid - Fully Franked	14 Oct 2022	(315,616)	(308,717)
Dividend proposed - Fully Franked	14 Oct 2023	(323,061)	(315,616)

Note: The company has in place a Dividend Reinvestment Plan for the 2023 dividend.

### (b) Franking credits

Franking credit tax component available for  
dividends in future years

	385,000	415,000
Fully franked dividends possible at tax rate of 25.0% (25.0% - 2022)	1,094,000	1,245,000

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).

2023 Allocation	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Cash & cash equivalents	19,906			19,906
Receivables		157,592		157,592
Portfolio Investments	1,097,643	17,949		1,115,592
Investment - Associated Corporation		7,443,262		7,443,262
Financial liabilities				
Other creditors	1,384,602			1,384,602
2022 Allocation	Level 1	Level 2	Level 3	Total
Financial assets	\$	\$	\$	\$
Cash & cash equivalents	55,490			55,490
Receivables		72,287		72,287
Portfolio Investments	1,077,221	38,693		1,115,914
Investment - Associated Corporation		7,894,757		7,894,757
Financial liabilities				
Other creditors	1,420,288			1,420,288

### 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.

	----- 2023 -----		----- 2022 -----	
	10.0% increase in market prices \$	10.0% decrease in market prices \$	10.0% increase in market prices \$	10.0% decrease in market prices \$
Impact on Profit (Pre tax)	17,305	(17,305)	20,019	(20,019)
Impact on Equity (Pre tax)	855,885	(855,885)	901,067	(901,067)

### (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.

	----- 2023 -----		----- 2022 -----	
	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)	199	(199)	579	(579)

### (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.

	2023	2022
Cash at bank and short-term bank deposits	\$	\$
- Credit Rating (Short)	AA -	
	19,906	55,490

### (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 \$1,247,591 at 30 June 2023 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.

	2023	2022
To 30 days	\$ 19,906	\$ 55,490
90 - 120 days	\$ 157,592	\$ 72,287
Long Term	\$ 8,646,122	\$ 9,010,671

#### (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.

	2023	2022
To 30 days	137,009	183,260
90 - 120 days	1,289,896	1,237,028
Long Term	179,206	91,512

NOTE: Of the 2023 financial liabilities due within 90 days, \$1,247,591 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
	- Director - Non-Executive (from 28 September 2022)
Mr N E Schafer	- Director - Non-Executive (to 25 October 2022)

(b) Parent Entity Directors' Remuneration	Primary	Post	Other	Total
2023	Salary, Fees & Commissions	Superannuation Contributions	Employment	
Mr P E J Murray	155,250	-	-	155,250
Mr D G Butel	40,000	4,200	-	44,200
Mr L J Joseph	20,150	2,115	-	22,265
Mr N E Schafer	9,616	1,010	-	10,626
	225,016	7,325	-	232,341
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

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

	Balance	Received as	Options		Balance
	1.07.22	Remuneration	Exercised	Net change *	30.06.22
Mr P E J Murray	2,395,114	-	-	253,782	2,648,896
Mr D G Butel	103,880	-	-	-	103,880
Mr L J Joseph	99,636	-	-	4,258	103,894
	2,598,630	-	-	258,040	2,856,670

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



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

#### (d) Remuneration Practices

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

1. The remuneration arrangements for directors are determined by the shareholders in general meeting. From time to time the Board may submit proposals to increase the fees, which are presently have a maximum of \$125,000. The company has scope to remunerate Directors for special duties that may be requested on occasion. Mr Murray does not receive Directors Fees from the Company.
2. The company has no formal executives. In the case of Mr Murray his remuneration is based on an assessment of his experience, performance and tasks undertaken through the year where, in the main, an hourly fee of \$90 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

	2023	2022
	\$	\$
Cutcher & Neale - Assurance services	14,900	15,650
Remuneration for other services:		
Cutcher & Neale - Other compliance services	4,000	5,000
Total	18,900	20,650

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 2023:

Lease liability balance at 30 June 2023	91,511
Right-of-use assets at 30 June 2023	87,270
Cost - Interest component during the year	(5,718)
Cost - Depreciation component during the year	(45,532)

### Note 24. Employee entitlements

There is no pension scheme within the immediate group entities as at 30 June 2023. 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, Mr N.E. Schafer and Mr.L.J. Joseph.

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 20.

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2023



## 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:

	2023	2022
Associated Corporation - London City Equities Limited	\$	\$
Management fee - Basic	191,490	208,363
Management - Performance Fee	136,675	-
Sale of Excelsior Capital Limited Shares to Associated Corp on 4 May 2023 at market value	157,300	-

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.	1,247,591	1,237,028
----------------------------------------------------------------------	-----------	-----------

### Current receivables (liabilities)

Associated entity (intercompany balance) - interest free	121,964	857
Associated entity (intercompany balance) - interest free	(1,940)	(44,724)

Each Director also received director fee remuneration from the associated corporation, London City Equities Limited, based on \$30-40,000 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 -----	
	2023	2022
<b>(a) Balance Sheet</b>		
Current Assets	131,741	108,939
Non current Assets	13,349,170	13,514,585
Total Assets	13,480,911	13,623,524
Current Liabilities	(2,025,256)	(2,027,606)
Non Current Liabilities	(6,724,190)	(6,627,356)
Total Liabilities	(8,749,446)	(8,654,962)
Net Assets	4,731,465	4,968,562
<b>(b) Shareholders Equity</b>		
Issued Capital	3,853,990	3,679,765
Capital Profits Reserve	2,767,951	2,647,974
Unrealised Revaluation Reserve	1,860,801	2,013,743
Retained Profits (Accumulated Losses)	(3,751,277)	(3,372,920)
	4,731,465	4,968,562
<b>(c) Profit and Loss Account</b>		
Total Income	286,823	297,895
Total Expenses	(349,556)	(300,412)
Net Profit (Loss) Before Tax	(62,733)	(2,517)
Tax Credit (Expense)	-	-
Net Profit (Loss) after Tax	(62,733)	(2,517)
<b>(d) Contingent Liabilities</b>		
The parent company has no known contingent liabilities.		
<b>(e) Contractual Commitments</b>		
There are no capital purchase commitments.		

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2023



## 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	
			2023	2022	2023	2022
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	
	2023	2022	2023	2022	2023	2022
Traded on organised markets:			\$	\$	\$	\$
London City Equities Limited						
Limited	40.47%	39.62%	7,508,036	7,894,757	4,007,136	3,838,501
(Incorporated in Australia)						
Strategic holding company investing in shares and deposits.						
			7,508,036	7,894,757	4,007,136	3,838,501

	Consolidated carrying amount	
	2023	2022
<b>Movements in carrying amounts of investments in associate</b>	\$	\$
Carrying amount at the beginning of the financial year	7,894,757	6,612,248
Additional Equity Purchased	233,334	176,458
Net Increase (Reduction) in Reserves	(583,492)	550,361
Share of operating profit (loss) after income tax	68,680	718,062
Less dividends received from associates	(170,017)	(162,372)
Carrying amount at the end of the financial year	7,443,262	7,894,757
<b>Results attributable to associate</b>	\$	\$
Operating profits (loss) after income tax	68,680	718,062
Less dividends received	(170,017)	(162,372)
	(101,337)	555,690
Retained profits attributable at beginning of the financial year	2,110,621	1,554,931
Retained profits attributable at the end of the financial year	2,009,284	2,110,621

### Reserves attributable to associate

Capital Reserves	1,936,593	1,940,335
<b>Share of associate's contingent liabilities</b>	Nil	Nil
<b>Share of associate's expenditure commitments</b>	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	305,509	1,812,051
Assets	20,624,715	22,971,275
Liabilities	(3,024,380)	(3,849,587)
Net Assets	17,600,335	19,121,688

# IMPERIAL PACIFIC LIMITED

Notes to the financial statements - 30 June 2023



## Note 29. Economic dependency

The major business activities of the group during the year 2022/23 were the management of the London City Equities portfolio, portfolio investment, economic and research monitoring.

The 40.47% owned London City Equities at 30 June 2023 owns interests in companies in the financial services and electrical products sectors. Together with that indirect interest Imperial Pacific has its own interests in similar sectors. Accordingly the group has dependency on the financial services and electrical product sectors.

## Note 30. Events occurring after balance date

The Directors have declared a fully franked dividend of 6.25 cents per share for 2023. This is not shown in the accounts. Market values of underlying securities have risen since 30 June in the order of \$600,000.

## Note 31. Cash Flow Information

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

	2023	2022
	\$	\$
Operating Profit after Income Tax	113,052	758,241
Non cash flows in operating profit / (loss) :		
Dividend Received - Associated Company	170,017	162,372
Equity Accounted Interest in Associated Company	(68,680)	(718,062)
Depreciation	45,532	23,783
Changes in Operating Assets and Liabilities		
(Increase) Decrease in other Operating Debtors	(75,259)	(6,626)
Increase (Decrease) in other Operating Creditors	(18,550)	41,324
Net Cash used by Operating Activities	166,112	261,032

### Cash Balances at Year End comprise:

Cash at Bank and on hand (Note 6)	19,906	55,490
Balance as per Cash Flow Statement	19,906	55,490

## Note 32. Earnings per share

		2023	2022
Basic and Diluted Earnings per share	Cents	2.20	15.08
(No dilution as no options in existence)			
Weighted average number of ordinary shares during the year used in the calculation of basic EPS		5,129,271	5,013,059

\*\*\*\*\*