IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561

Appendix 4D

Half Year Report for the period ending 31 December 2017

Results for Announcement to the market:

Reporting Period / Previous corresponding period	**6 months to 31 Dec 2017**	**6 months to 31 Dec 2016**
2.1 The amount of and percentage change up or down from the previous corresponding period of revenue from ordinary activities	74,000 (Up 80%)	41,000
2.2 The amount of and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.	($20,000) (Down 217%)	($63,000)
2.3 The amount of and percentage change up or down from the previous corresponding period of the net profit (loss) for the period attributable to members.	($20,000) (Down 217%)	($63,000)
2.4 The amount per security and franked amount per security of final and interim ordinary dividends.	6.25 cents in fully franked dividends paid on 12 Oct 2017.	5.0 cents in fully franked dividends paid on 19 Oct 2016.
2.5 The record date for determining entitlements to the dividends (if any)	Imperial Pacific does not pay interim dividends	Imperial Pacific does not pay interim dividends
2.6 A brief explanation of any of the figures in 2.1 and 2.4 necessary to enable the figures to be understood.	See formal accounts.	See formal accounts.
3.0 Net Tangible Assets per security with the comparative figure for the previous corresponding period.	$1.28	$1.01
4.0 Details of entities over which control has been gained or loss over the period.	NA	NA
5.0 Details of individual and total dividends including dates of distribution.	$192.000 – 6.25 cents in fully franked dividends paid on 12 Oct 2017	$145,000 - 5.0 cents in fully franked dividends paid on 19 Oct 2016
6.0 Details of Dividend Distribution plan in operation.	No plan in operation	No plan in operation
7.0 Details of associates and joint venture entities including names and details of investments and contribution to profits.	London City Equities Limited – 30.8% owned (Dec 2017 – Profit contrib. of $50,612)	London City Equities Limited – 30.1% owned (Dec 2016 – Profit contrib. of $10,566)
8.0 Foreign entities requirements	NA	NA
9.0 Whether the accounts are subject to audit dispute or qualification.	No	No

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Director

15 February 2018

IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561

[And Controlled Entities]

Half Yearly Report

31 December 2017

Established in 1954

Website: www.imperialpacific.com.au

IMPERIAL PACIFIC LIMITED

Chairman's Key Points – December Half

➢ **The Big Picture – a good story**

The financials for the December half year tell a quite remarkable story – Net Assets per share have grown by over 15% - despite the payment of an increased 6.25 cent dividend in October. In addition the increased fee and dividend income has edged us closer to a break-even position on the Profit & Loss Account.

Our plans to create a **performance / activist inestment fund** have moved ahead slowly. As we have said for some time now, progress on this front has been restrained by our inability to locate a truly positive target investment. Of course, the formation of such a fund would add seriously to our investment management revenues.

➢ **Operational**

Over the period Imperial Pacific continued to focus its efforts on its 30% associate, **London City Equities Limited.** Our operating expenses continued to be very modest.

➢ **Financial Results – Excellent**

The December half resulted in Imperial Pacific recording a near break-even result with a minor loss of only $20,000. Increased fee and dividend income is starting to impact positively. Again, a solid fully franked dividend was paid to shareholders during the half, in this case 6.25 cents a share.

➢ **Net Assets Per Share – Up 15% to $1.28 per share at 31 December**

The group's net assets of $3.97 million at balance date reflected a major performance by the investment gains by both Imperial Pacific and its 30.8% owned associate, London City Equities Limited. Recent stock-market falls have had a somewhat modest negative impact on current net asset values with a reduction in portfolio values of approximately $450,000,

➢ **Main Investments**

Imperial Pacific's 30.8% shareholding in **London City** was certainly positive in this half as London City saw its share portfolio appreciate 31% to $10.8 million. In this regard credit has to be given to the efforts of the Board and management of **Fiducian Group Limited,** of whom London City is the second largest shareholder with a 6% shareholding.

Imperial Pacific Fund Managers Pty Limited continues to put administrative time into the Penrice Soda debacle. On 31 January 2018 London City announced it had commenced legal proceedings against Ernst & Young, auditors of Penrice.

➢ **Outlook**

Given the huge market gains in the USA and some good gains here, too, we should be careful in any forecast – especially as the worldwide trend in interest rates is "up". However as a long term investor in companies such as Fiducian, where wealth and fund management services are continuing to grow, we can be positive looking ahead, despite recent stock-market declines.

For and on behalf of the Board

Peter E.J. Murray
Chairman of Directors

15 February 2018

Statutory Directors' Report
For the Half Year ended 31 December 2017

The Directors of Imperial Pacific Limited submit their report together with the consolidated financial report for the above period.

Directors
The names of Directors who held office at any time during the half year and up to the date of this report are Mr Peter E.J. Murray, Mr David G Butel and Mr David A. Sutherland.

Results
Imperial Pacific recorded a modest operating loss of $20,000 for the six months. The net assets, however, grew significantly to $3.965,000 through the solid performance of 30.8% owned London City Equities Limited.

Review of Operations
Imperial Pacific's shareholding in London City rose in value in the period, influenced by our subsidiary Imperial Pacific Asset Management's management of the portfolio of London City. The management fee increased accordingly, but is still well below cost. Imperial Pacific paid a fully franked dividend of 6.25 cents per share. Funds on deposit are acceptable.

Subsidiary Imperial Pacific Fund Managers Pty Limited is examining scope for recompense from the Penrice Soda situation. It is too early to assess the extent of any financial return.

Events occurring after Balance Date
Other than items reported elsewhere, including the recent reduction in the value of the investment portfolio by some $450,000, no other material event has taken place since balance date.

Auditor's Independence Declaration
The auditors, Cutcher & Neale, have provided us with the enclosed declaration of independence.

This Report is made in accordance with a resolution of the Directors. Dated at Sydney this 15th day of February, 2018

On behalf of the Board

P.E.J. Murray
Director

D.G. Butel
Director

Imperial Pacific Limited

(ABN 65 000 144 56)

and Controlled Entities

Consolidated Income Statement

for the Half Year to 31 December 2017

	--- Consolidated Entity --	
	31 Dec 2017	**31 Dec 2016**
	$	**$**
Revenue		
Investment revenue	7,478	4,046
Management fees received	53,851	37,387
Proceeds - sale on Investments	12,670	0
	73,999	41,433
Operating Expenses		
Cost of Investments Sold	(10,330)	0
Management fees	(67,360)	(53,520)
Directors' fees	(30,000)	(24,903)
Other	(36,949)	(36,921)
	(70,640)	(73,911)
Share of net profit (loss) of associate accounted for using the equity accounting method	50,612	10,566
Profit (Loss) from Ordinary Activities before Income Tax	(20,028)	(63,345)
Income Tax Expense relating to ordinary activities	-	-
Net Profit (Loss) attributable to outside equity interests	**(20,028)**	**(63,345)**
Total changes in equity other than those resulting from transactions with owners as owners	**(20,028)**	**(63,345)**
Basic and diluted Earnings Per Share (Cents per Share)	(0.7)	(2.2)

The accompanying notes form part of this financial report.

Imperial Pacific Limited

(ABN 65 000 144 56)

and Controlled Entities

Statement of Financial Position

as at 31 December 2017

	--- Consolidated Entity ---	
	31 Dec 2017	**30 June 2017**
CURRENT ASSETS	**$**	**$**
Cash and cash equivalents	232,933	587,575
Trade and other receivables	160,521	68,342
TOTAL CURRENT ASSETS	**393,454**	**655,917**
NON-CURRENT ASSETS		
Investment Portfolio	3,685,516	2,839,996
Deferred Tax Assets	60,000	61,800
TOTAL NON-CURRENT ASSETS	**3,745,516**	**2,901,796**
TOTAL ASSETS	**4,138,970**	**3,557,713**
CURRENT LIABILITIES		
Trade and other payables	158,784	123,340
TOTAL CURRENT LIABILITIES	**158,784**	**123,340**
NON-CURRENT LIABILITIES		
Deferred Tax Liability	15,700	-
	-	**-**
TOTAL LIABILITIES	**174,484**	**123,340**
NET ASSETS	**3,964,486**	**3,434,373**
SHAREHOLDERS' EQUITY		
Issued Capital	1,692,585	1,692,585
Realised Capital Gains Reserve	2,848,050	2,848,050
Unrealised Revaluation Reserve	2,106,805	1,363,713
Accumulated Losses	(2,682,954)	(2,469,975)
TOTAL EQUITY	**3,964,486**	**3,434,373**

The accompanying notes form part of this financial report.

Consolidated Statement in Changes in Equity
for the Half Year to 31 December 2017

2017	Issued Capital	Realised Capital Gains Reserve	Unrealised Profits Reserve	Retained Earnings (Losses)	Total Equity
	$	$	$	$	$
At 1 July 2017	1,692,585	2,848,050	1,363,713	(2,469,975)	3,434,373
Available-for-sale financial assets					
- Net Unrealised gain taken to equity:			827,484		827,484
- Net Tax on unrealised loss			(84,392)		(84,392)
Net Income for period				(20,028)	(20,028)
Dividends Paid				(192,951)	(192,951)
At 31 December 2017	**1,692,585**	**2,848,050**	**2,106,805**	**(2,682,954)**	**3,964,486**

2016	Issued Capital	Realised Capital Gains Reserve	Unrealised Profits Reserve	Retained Earnings (Losses)	Total Equity
	$	$	$	$	$
At 1 July 2016	1,560,970	2,756,304	477,196	(2,276,539)	2,517,931
Increase in Issued Capital	130,214				130,214
Adjustment - Consolidation		4			4
Available-for-sale financial assets:					
- Net Unrealised gain taken to equity:			877,480		877,480
- Net Tax on unrealised loss			(176,204)		(176,204)
Net Income for period				(63,345)	(63,345)
Dividends Paid				(145,325)	(145,325)
At 31 December 2016	**1,691,184**	**2,756,308**	**1,178,472**	**(2,485,209)**	**3,140,755**

The accompanying notes form part of this financial report.

Imperial Pacific Limited

and Controlled Entities

Consolidated Cash Flow Statement
for the Half Year to 31 December 2017

	--- Consolidated Entity ---	
	31 Dec 2017 $	**31 Dec 2016 $**
Cash flows from operating activities		
Receipts from customers	24,167	45,496
Payments to suppliers and management	(163,831)	(101,877)
Dividends received	98,768	81,142
Interest received	1,086	4,646
Proceeds - Trading Investments	12,670	
Payments - Trading Investments	-	
Income Tax Paid	-	-
Net Cash provided by (used in) operating activities	**(27,140)**	**29,407**
Cash flows from investing activities		
Proceeds from Investments	-	-
Payments for Investments	(138,745)	(232,121)
Net Cash provided by (used in) investing activities	**(138,745)**	**(232,121)**
Cash flows from financing activities		
Increase in Issued Capital	-	133,380
Financing movements	4,191	(28,438)
Dividend Paid to Shareholders	(192,948)	(145,325)
Net Cash provided by (used in) financing activities	**(188,757)**	**(40,383)**
Net increase (decrease) in cash held	(354,642)	(243,097)
Cash at beginning of half year	587,575	597,957
Cash at end of the period	**232,933**	**354,860**
Comprising:		
Cash and cash equivalents:	232,933	354,860
	232,933	**354,860**

The accompanying notes form part of this financial report.

Imperial Pacific Limited

and Controlled Entities

Notes to the Accounts as at 31 December 2017

Note 1 Statement of Significant Accounting Policies

(a) Basis of Preparation

This general purpose half-year condensed financial report has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001 and other applicable Accounting Standards and other mandatory professional reporting requirements.

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report should be read in conjunction with the 2017 Annual Report and public announcements made by the company during the half year, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This half-year financial report has been prepared in accordance with AIFRS (Australian Equivalents to International Financial Reporting Standards).

The financial statements are prepared using the valuation methods described below for holdings of securities. All other items have been treated in accordance with the historical cost convention.

The accounting policies adopted have been consistently applied by the company and are consistent with those applied in the 30 June 2017 Annual Report. New standards or interpretations mandatory for the annual reporting period beginning 1 July 2017 will not have any effect on the financial position or performance of the company.

(b) Other Disclosure

The financial report of Imperial Pacific Limited for the six months ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 15 February 2018.

Imperial Pacific Limited is a company limited by shares incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange.

Notes to the financial statements - 31 December 2017 (Cont'd)

Note 2 Profit (Loss) from ordinary activities	**31 Dec 2017 $**	**31 Dec 2016 $**
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
(a) crediting as revenue:		
Interest	851	4,046
Dividends Received	6,627	-
Proceeds - Sale of Investments	12,670	-
Management Fees - associated company	53,851	37,387
	73,999	41,433
(b) charging as expense:		
Cost of Investments Sold	(10,330)	-
Payable to Auditors - Audit	(1,600)	(1,250)
Payable to Auditors - Other Services	(500)	(1,100)
Directors Fees - parent company	(30,000)	(24,903)
Management Fees - Director Related	(67,360)	(53,520)
Superannuation - Director Related	(4,038)	(3,296)
Other Operating Expenses	(30,811)	(31,275)
	(144,639)	(115,344)
Share of net profit of associate accounted for using the equity accounting method	50,612	10,566
Profit (Loss) from Ordinary Activities before Income Tax	(20,028)	(63,345)

Note 3 Shares on Issue	**---- Number of Shares -----**	
Ordinary Shares - 1 July 2017	3,087,171	2,906,504
Plus Changes during Period	-	180,667
Ordinary Shares - 31 December 2017	3,087,171	3,087,171
Average Shares on Issue during period	3,087,171	2,996,838

Note 4 Trade and other receivables		
Other Debtors and Prepayments '	171,814	51,827
Associated Company	2,670	-
	174,484	51,827

Note 5 Dividends		
The following dividends were recognised in the current accounting period. A fully franked ordinary dividend of 6.25 cents per share was paid to shareholders on 12 October 2017 (5.00 cents in 2016)	192,948	145,325

There are no interim dividends proposed for payment.

Note 6 Segment Information

During the period the economic entity acted mainly in the investment and property sectors within Australia.

December 2017	**Investment**	**Financial Services**	**Consolidated**
Revenue			
Investment /other revenue	20,133	53,866	73,999
Segment Result			
Profit (Loss) after Tax	(6,739)	(13,289)	(20,028)
Segment Assets	4,026,855	112,115	4,138,970
Segment Liabilities	(93,757)	(80,727)	(174,484)
Net cash inflow from operating activities	63,935	(91,075)	(27,140)
Carrying amount on investment in associates accounted for using the equity accounting method	3,396,111	-	3,396,111

December 2016	**Investment**	**Financial Services**	**Consolidated**
Revenue			
Investment /other revenue	4,046	37,387	41,433
Segment Result			
Profit (Loss) after Tax	(43,060)	(20,285)	(63,345)
Segment Assets	3,226,767	25,914	3,252,681
Segment Liabilities	(59,847)	(52,079)	(111,926)
Net cash inflow from operating activities	55,225	(25,818)	29,407
Carrying amount on investment in associates accounted for using the equity accounting method	2,432,414	-	2,432,414

Note 7 Contingent Assets

On 17 June and on 25 July 2011 associated company London City Equities Limited was granted judgement in its favour by the Federal Court of Australia to access certain records and documents of Penrice Soda Holdings Limited ("Penrice"). This followed legal action by London City to assess the conduct of the directors of Penrice and the provision of information at the time London City made investments in Penrice. On 31 Januray 2018 London City announced it had commenced legal proceedings and served on Ernst & Young a Statement of claim concerning that firm's role as auditor of Penrice. There is insufficient information at the date of this report to estimate any future benefit that may arise.

Directors' Declaration

In the Directors' opinion:

1. the financial statements and notes set out on pages 3 to 9 are in accordance with the Corporations Act 2001, including

   (i) complying with Accounting Standards , the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) give a true and fair view of the Company's financial position as at 31 December 2017 and its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

2. there are reasonable grounds to believe that Imperial Pacific Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

P.E.J. MURRAY, Director

D. G. BUTEL, Director

Sydney

Dated this 15th day of February 2018

Cutcher&Neale
ASSURANCE

Auditor's Independence Declaration to the Directors of Imperial Pacific Limited

In relation to our review of the financial report of Imperial Pacific Limited for the half year ended 31 December 2017, to the best of my knowledge and belief there have been:

(a) no contravention of the auditor independence requirements of the Corporation Act 2001;

(b) no contravention of any applicable code of professional conduct.

Mark O'Connor CA
Partner

Cutcher & Neale
Chartered Accountants

25 Bolton Street
Newcastle NSW 2300

9 February 2018

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Cutcher&Neale
ASSURANCE

Independent Review Report to the Members of Imperial Pacific Limited

Report on the Half-Year Financial Report

We have reviewed the financial report of Imperial Pacific Limited ("the Company") and its consolidated entities ("the Consolidated Entity") for the half year ended 31 December 2017 as set out on pages 3 to 10. The financial report comprises the statement of financial position as at 31 December 2017, the income statement, cash flow statement, and statement of changes in equity for the half-year ended on that date, accompanying notes to the financial statements, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report
The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Imperial Pacific Limited and its consolidated entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do no express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors, would be in the same terms if given to the Directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Imperial Pacific Limited is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and

(ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Mark O'Connor CA
Partner

Cutcher & Neale
Chartered Accountants

25 Bolton Street
Newcastle NSW 2300

15 February 2018