IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561

Appendix 4D
Half Year Report for the period ending 31 December 2019

Results for Announcement to the market:

Reporting Period / Previous corresponding period	**6 months to 31 Dec 2019**	**6 months to 31 Dec 2018**
2.1 The amount of and percentage change up or down from the previous corresponding period of revenue from ordinary activities	$97,000 (up 73%)	$57,000
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.	($55,000) (down 40%)	($93,000)
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.	($55,000) (Up 40%)	($93,000)
2.4 The amount per security and franked amount per security of final and interim ordinary dividends.	See Below	See Below
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.	$1.14	$0.97
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 10 Oct 2019	$192,000 – 6.25 cents in fully franked dividends paid on 11 Oct 2018
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 – 31.1% owned (Dec 2019 – Profit contrib. of $11,000)	London City Equities Limited – 31.1% owned (Dec 2018 – Loss contrib. of $5,500)
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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Peter EJ Murray
Director

20 February 2020

IMPERIAL PACIFIC LIMITED

ABN 65 000 144 561

[And Controlled Entities]

Half Yearly Report

31 December 2019

Established in 1954

Website: www.imperialpacific.com.au

IMPERIAL PACIFIC LIMITED

Chairman's Key Points – December Half

➢ **The Big Picture**

Directors report that Imperial Pacific has had a very good calendar year in 2019 with enhanced net assets and operating results, in particular generated by the December half asset value growth.

➢ **Financials – Results improved and Dividend of 6.25 cents maintained**

The operating loss for the half year was down 40% on the previous year's results. Mind you, they are still impacted by group costs and significant expenditure of executive time of London City's legal case against Ernst & Young, the former auditors of the collapsed Penrice Soda Holdings Limited.

➢ **Net Assets Per Share – $1.14 at 31 December – now close to $1.21**

Our 31% owned associate, London City Equities Limited, has seen its 7% shareholding in Fiducian Group Limited appreciate in the period – and since balance date. Net assets at 31 December reflected the appreciation in both the general stock-market and the financial services sector. This has continued in the New Year and we have estimated our unaudited net assets presently stand at close to $1.21a share.

➢ **Investments being progressed**

London City Equities Limited, 31% owned, is now virtually fully invested. As shareholders know, London City is pursuing with our support legal action in the Supreme Court of NSW against Ernst & Young, auditors of Penrice Soda, now in liquidation. Together with other associates Imperial Pacific announced in July a group 5% shareholding in **Excelsior Capital Limited**, a modest Sydney based investment group that is paying a regular dividend to its shareholders,.

➢ **Capital Management – possible additional equity raisings.**

The Directors are examining capital raising alternatives, especially ones that would give Imperial Pacific an opportunity to spread its cost base over larger investment resources. We will keep shareholders informed.

For and on behalf of the Board

P. E. J. Murray
Chairman of Directors

20 February 2020

Imperial Pacific Limited (ABN 65 000 144 561)
and controlled entities

Statutory Directors’ Report
For the Half Year ended 31 December 2019

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 Neil E. Schafer.

Results
Imperial Pacific recorded an operating loss of $55,000 for the six months. The net assets rose again, despite the payment of another fully franked dividend of 6.25 Cents in October.

Review of Operations
Imperial Pacific’s 31% shareholding in London City rose in value during the half year. Imperial Pacific Asset Management’s management fee for the portfolio of London City rose as well. Imperial Pacific paid a fully franked dividend of 6.25 cents per share, as state earlier. Pending new equity issues currently being examined, funding has been provided by Imperial Pacific group on an interest free basis.

The Imperial Pacific group continues to monitor and provide executive input to the legal case being pursued by London City against Ernst & Young. It is too early to assess the extent of any financial return.

Events occurring after Balance Date
Since 31 December the market values of financial services operators of integrity have improved, such as Fiducian Group Limited, 7% owned by our 31% associate London City. Net assets have accordingly risen considerably since. 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 20th day of February, 2020

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 2019

	--- Consolidated Entity ---	
	31 Dec 2019 $	**31 Dec 2018 $**
Revenue		
Investment revenue	15,709	7,593
Management fees received	60,290	48,531
Proceeds - sale on Investments	20,967	0
	96,966	56,124
Operating Expenses		
Cost of Investments Sold	(18,378)	-
Management fees	(65,760)	(66,640)
Directors' fees	(30,000)	(30,000)
Other	(48,553)	(46,550)
	(65,725)	(87,066)
Share of net profit (loss) of associate accounted for using the equity accounting method	11,053	(5,554)
Profit (Loss) from Ordinary Activities before Income Tax	(54,672)	(92,620)
Income Tax Expense relating to ordinary activities	-	-
Net Profit (Loss) attributable to outside equity interests	**(54,672)**	**(92,620)**
Total changes in equity other than those resulting from transactions with owners as owners	**(54,672)**	**(92,620)**
Basic and diluted Earnings Per Share (Cents per Share)	(1.9)	(3.2)

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 2019

	--- Consolidated Entity ---	
	31 Dec 2019	**30 June 2019**
CURRENT ASSETS	**$**	**$**
Cash and cash equivalents	45,788	34,062
Trade and other receivables	1,024,116	511,075
TOTAL CURRENT ASSETS	**1,069,904**	**545,137**
NON-CURRENT ASSETS		
Investment Portfolio	4,273,273	3,969,610
Deferred Tax Assets	60,000	60,000
TOTAL NON-CURRENT ASSETS	**4,333,273**	**4,029,610**
TOTAL ASSETS	**5,403,177**	**4,574,747**
CURRENT LIABILITIES		
Trade and other payables	1,848,197	1,100,986
TOTAL CURRENT LIABILITIES	**1,848,197**	**1,100,986**
NON-CURRENT LIABILITIES		
Deferred Tax Liability	39,000	2,000
	-	**-**
TOTAL LIABILITIES	**1,887,197**	**1,102,986**
NET ASSETS	**3,515,980**	**3,471,761**
SHAREHOLDERS' EQUITY		
Issued Capital	1,692,585	1,692,585
Realised Capital Gains Reserve	2,848,050	2,848,050
Unrealised Revaluation Reserve	2,417,140	2,125,298
Accumulated Losses	(3,441,795)	(3,194,172)
TOTAL EQUITY	**3,515,980**	**3,471,761**

The accompanying notes form part of this financial report.

Imperial Pacific Limited
(ABN 65 000 144 56)
and Controlled Entities

Consolidated Statement in Changes in Equity
for the Half Year to 31 December 2019

2019	Issued Capital	Realised Capital Gains Reserve	Unrealised Profits Reserve	Retained Earnings (Losses)	Total Equity
	$	$	$	$	$
At 1 July 2019	1,692,585	2,848,050	2,125,298	(3,194,172)	3,471,761
Investment Portfolio at fair value					
- Net Unrealised gain taken to equity:			411,264		411,264
- Net Tax on unrealised loss			(119,422)		(119,422)
Net Income for period				(54,672)	(54,672)
Dividends Paid				(192,951)	(192,951)
At 31 December 2019	**1,692,585**	**2,848,050**	**2,417,140**	**(3,441,795)**	**3,515,980**

2018	Issued Capital	Realised Capital Gains Reserve	Unrealised Profits Reserve	Retained Earnings (Losses)	Total Equity
	$	$	$	$	$
At 1 July 2018	1,692,585	2,848,050	1,858,818	(2,812,020)	3,587,433
Investment Portfolio at fair value					
- Net Unrealised gain taken to equity:			(461,700)		(461,700)
- Net Tax on unrealised loss			138,010		138,010
Net Income for period				(92,620)	(92,620)
Dividends Paid				(192,951)	(192,951)
At 31 December 2018	**1,692,585**	**2,848,050**	**1,535,128**	**(3,097,591)**	**2,978,172**

The accompanying notes form part of this financial report.

Imperial Pacific Limited

(ABN 65 000 144 56)

and Controlled Entities

Consolidated Cash Flow Statement
for the Half Year to 31 December 2019

	--- Consolidated Entity ---	
	31 Dec 2019	**31 Dec 2018**
	$	**$**
Cash flows from operating activities		
Receipts from customers	10,601	30,516
Payments to suppliers and management	(186,180)	(148,581)
Dividends received	109,195	104,847
Interest received	92	576
Proceeds - Trading Investments	20,967	-
Payments - Trading Investments	(18,378)	-
Income Tax Paid	-	-
Net Cash provided by (used in) operating activities	**(63,703)**	**(12,642)**
Cash flows from investing activities		
Proceeds from Investments	-	-
Payments for Investments	(62,185)	(15,837)
Net Cash provided by (used in) investing activities	**(62,185)**	**(15,837)**
Cash flows from financing activities		
Financing movements - Related Entities	330,561	129,347
Dividend Paid to Shareholders	(192,948)	(192,948)
Net Cash provided by (used in) financing activities	**137,613**	**(63,601)**
Net increase (decrease) in cash held	11,725	(92,080)
Cash at beginning of half year	34,063	142,171
Cash at end of the period	**45,788**	**50,091**
Comprising:		
Cash and cash equivalents:	45,788	50,091
	45,788	**50,091**

The accompanying notes form part of this financial report.

Notes to the Accounts as at 31 December 2019

Note 1 Statement of Significant Accounting Policie:

(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 2019 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 Company has two discrete types of investments - the Trading Portfolio (Current Assets) and the Investment Portfolio (Non-Current Assets). The Company is a long term investor. All investment are initially recognised at the fair value of the consideration given. After initial recognition investments (classified as either Trading or Investment) are measured at their fair value. Fair Value (listed securities is determined by reference to the last sale price at the close of business at balance date Gains or losses on Trading Portfolio investments are recognised in the Income Statement. Gains o losses on Portfolio investments are recognised as a separate component of equity in the Unrealisec Revaluation Reserve.

The accounting policies adopted have been consistently applied by the company and are consistent with those applied in the 30 June 2019 Annual Report. New standards or interpretations mandatory for the annual reporting period beginning 1 July 2019 will not have any effect on the financial positior or performance of the company. In relation to AASB16 (Right of Use Asset - Lease Liability) the changes have been assessed as immat+A423erial.

(b) Other Disclosure

The financial report of Imperial Pacific Limited for the six months ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 19 February 2020.

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 2019 (Cont'd)

Note 2 Profit (Loss) from ordinary activities

The following revenue and expense items are relevant in explaining the financial performance for the interim period:	31 Dec 2019 $	31 Dec 2018 $
(a) crediting as revenue:		
Interest	93	578
Dividends Received	15,616	7,015
Proceeds - Sale of Investments	20,967	-
Management Fees - associated company	60,290	48,531
	96,966	56,124
(b) charging as expense:		
Cost of Investments Sold	(18,378)	-
Payable to Auditors - Audit	(3,400)	(6,800)
Payable to Auditors - Other Services	2,500	2,400
Directors Fees - parent company	(30,000)	(30,000)
Management Fees - Director Related	(65,760)	(66,640)
Superannuation - Director Related	(2,850)	(2,850)
Other Operating Expenses	(44,803)	(39,300)
	(162,691)	(143,190)
Share of net profit of associate accounted for using the equity accounting method	11,053	(5,554)
Profit (Loss) from Ordinary Activities before Income Tax	(54,672)	(92,620)

Note 3 Shares on Issue

	---- Number of Shares -----	
Ordinary Shares - 1 July 2018	3,087,171	3,087,171
Plus Changes during Period	-	-
Ordinary Shares - 31 December 2018	3,087,171	3,087,171
Average Shares on Issue during period	3,087,171	3,087,171

Note 4 Current Assets - receivables

	31 Dec 2019	30 Jun 2019
Other Debtors and Prepayments '	63,505	51,362
Associated Company	960,611	459,713
	1,024,116	511,075

Note 5 Current Liabilities - payables

	31 Dec 2019	30 Jun 2019
Directors or Director Related Entities	1,751,579	981,820
Other Debtors and Prepayments '	96,618	119,166
	1,848,197	1,100,986

Note 6 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 10 October 2019 (6.25 cents in previous year).	192,948	192,948

There are no interim dividends proposed for payment.

Notes to the financial statements - 31 December 2019 (Cont'd)

Note 7   Segment Information

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

December 2019	**Investment**	**Financial Services**	**Consolidated**
Revenue			
Investment /other revenue	36,696	60,290	96,986
Segment Result			
Profit (Loss) after Tax	(42,806)	(11,867)	(54,673)
Segment Assets	4,410,814	992,364	5,403,178
Segment Liabilities	(838,888)	(1,048,309)	(1,887,197)
Net cash inflow from operating activities	56,022	(119,725)	(63,703)
Carrying amount on investment in associates accounted for using the equity accounting method	3,434,486	-	3,434,486

December 2018	**Investment**	**Financial Services**	**Consolidated**
Revenue			
Investment /other revenue	7,593	48,531	56,124
Segment Result			
Profit (Loss) after Tax	(69,556)	(23,064)	(92,620)
Segment Assets	3,199,846	125,125	3,324,971
Segment Liabilities	(185,900)	(160,899)	(346,799)
Net cash inflow from operating activities	67,707	(80,349)	(12,642)
Carrying amount on investment in associates accounted for using the equity accounting method	2,679,784	-	2,679,784

Note 8. Legal Matter - Ernst & Young

Legal action has taken place with Penrice Soda Holdings Limited ("Penrice") by associate London City Equitie Limited since 2010. On 31 July 2014 liquidators were appointed over Penrice. London City incurred substanti and indirect losses regarding its investment in Penrice. During 2018 London City, Imperial Pacific group ar 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 b accepted and that there was an arguable case on the question of duty of care owed to LCE plaintiffs alterin their behaviour on the basis of EY's conduct as auditors. The matter will now proceed to a full hearing und the direction of new solicitors and an Amemded Statement of Claim will be lodged in the Supreme Court c NSW shortly. There is insufficient informaton at this date to estimate the extent of future benefit or costs tha 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 2019 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 20th day of February 2020

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 2019, 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

25 Bolton Street
Newcastle NSW 2300

Cutcher & Neale
Chartered Accountants

19 February 2020

Newcastle 25 Bolton Street (PO Box 694) Newcastle NSW 2300 **T** 02 4928 8500 **F** 02 4926 1971 **E** cnmail@cutcher.com.au
Sydney Suite 1102, Level 11, 20 Berry Street (PO Box 281) North Sydney NSW 2059 **T** 02 9923 1817

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 2019 as set out on pages 3 to 10. The financial report comprises the statement of financial position as at 31 December 2019, 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 2019 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.

Newcastle 25 Bolton Street (PO Box 694) Newcastle NSW 2300 **T** 02 4928 8500 **F** 02 4926 1971 **E** cnmail@cutcher.com.au
Sydney Suite 1303, Level 13, 20 Berry Street (PO Box 281) North Sydney NSW 2059 **T** 02 9923 1817

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 2019 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

20 February 2020