

International Equities Corporation Ltd
and Controlled Entities

ABN 97 009 089 696

PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2005

APPENDIX 4E

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2005

Name of entity

INTERNATIONAL EQUITIES CORPORATION LTD

ABN or equivalent company reference

97 009 089 696

Year ended ('current period')

30 JUNE 2005

For announcement to the market

				\$A'000
Revenues from ordinary activities	Down	50.59%	to	16,530
Profit (loss) from ordinary activities after tax attributable to members	Down	299.12%	to	(7,268)
Net profit (loss) for the period attributable to members	Down	299.12%	to	(7,268)
Dividends	Amount per security		Franked amount per security	
Interim dividend	N/A		N/A	
Previous corresponding period	N/A		N/A	
†Record date for determining entitlements to the dividend				N/A
Brief explanation of any of the figures reported above and short details of any other item(s) of importance not previously released to the market:				
Please refer to the commentary on the results in the following pages.				

PRELIMINARY FINAL REPORT

DIRECTORS' REPORT

Your directors submit the preliminary final report of International Equities Corporation Limited for the year ended 30 June 2005.

Directors

The directors in office during or since the end of the year are:

Arulananda Manickam (chairman)
Tow Kong Liang
Aubrey George Menezes
Wong Tit Seng
Marcus Peng Fye Tow

Company Secretary

The company secretaries in office during or since the end of the year are:

Nicole Marie Harvard (Resigned w.e.f. 15 July 2005)
Aubrey George Menezes (Appointed w.e.f. 15 July 2005)

Review of operations

A summary of the consolidated revenues and results by industry segments is set out below:

	Segment Revenue \$000	Segment Results \$000
Property Development/Rental	11,622	(5,962)
Tourism	4,908	(1,306)
	<u>16,530</u>	<u>(7,268)</u>

Comments on the operations and the results of those operations are set out below:

Commentary on results

The company's 2005 results are summarised as follows:

	2005 \$000	2004 \$000
Profit (loss) after tax:		
Property development	(5,962)	1,050
Tourism	(1,306)	(220)
Gain on sale of controlled entities	-	2,820
Earnings per security	(5.67c)	3.56c
Net tangible asset backing	5.21c	10.9c

PRELIMINARY FINAL REPORT

DIRECTORS' REPORT

During the year the company completed its final stage of development namely Seasons Apartments in Melbourne. It handed over 93 out of 157 apartments. The company also continued marketing the remaining stock of Uropa apartments from its stage 1 development leaving a stock of 28 apartments. This resulted in a combined Turnover of \$11,622 million generating a development profit of \$1.674 million. However, due to partial recognition of profits of \$1.7 million in 2004 and immediate recognition of write downs in value of stock the Loss after tax from development activity was \$5.962 million.

For the year, IEC Real Estate Pty Ltd, a licensed real estate agency, was established as part of the property division to lease out stock of unsold apartments. This activity was carried out to generate cash flows.

In Perth, the company ventured into the hospitality industry by taking over the management of the hotel which is now branded as The Seasons of Perth. This move has been supported by our financiers in an effort to improve the bottom line for the company. We expect the Seasons of Perth to contribute to profits in the financial year 2005/06. For the year past, Turnover was \$4.908 million generating a Loss after tax, and including the diminution in the value of the Seasons hotel of \$1.306 million.

For the period, the company did not proceed with new construction activity to allow for a consolidation in the property market. As we expect conditions in the property market to improve in the next financial year, the company expects to move ahead with the construction of Serviced Apartments at 572 St. Kilda's Road in Melbourne.


Earnings per security and Net tangible asset backing have fallen to (5.67c) and 5.21c, respectively, for the financial year.

Rounding of accounts

The consolidated entity is of a kind referred to in class order 98/0100 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the directors' report and the financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that class order.

This report is made out in accordance with a resolution of directors:

For and on behalf of the
Board of Directors of
International Equities Corporation Ltd.



Aubrey Menezes
Company Secretary / Director

Perth, Western Australia
13 September 2005

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The preliminary final report attached:
 - (a) complies with accounting standards and the corporations regulations; and
 - (b) gives a true and fair view of the consolidated entity's financial position as at 30 June 2005 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that International Equities Corporation Ltd 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 directors.

For and on behalf of the
Board of Directors of
International Equities Corporation Ltd.



Aubrey Menezes
Company Secretary / Director

Perth, Western Australia
13 September 2005

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	Note	Consolidated Entity	
		2005 \$000	2004 \$000
Revenues from ordinary activities	2(i)	16,530	33,454
Expenses and net gains from ordinary activities, excluding borrowing costs expense	2(ii)	(21,495)	(29,161)
Borrowing costs expense	2(ii)	<u>(2,303)</u>	<u>(2,003)</u>
Profit/(loss) from ordinary activities before income tax expense	2(ii)	(7,268)	2,290
Income tax benefit/(expense) relating to ordinary activities		-	1,360
Profit/(loss) from ordinary activities after related income tax expense		<u>(7,268)</u>	<u>3,650</u>
Profit/(loss) from extraordinary item after related income tax expense/(revenue)		-	-
Net profit/(loss)		<u>(7,268)</u>	<u>3,650</u>
Net exchange difference on translation of financial report of self sustaining foreign operations		-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity		-	-
Total changes in equity other than those resulting from transactions with owners as owners		<u>(7,268)</u>	<u>3,650</u>
Basic and diluted earnings per security (cents per share)		(5.67c)	3.56c
Franked dividends per security (cents per security)		NIL	NIL
The number of security in issue during the period used in the calculation of basic and diluted EPS (Weighted average number of securities in issue in 2004: 102,420,593)		128,223,577	102,420,593

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

**NOTES TO AND FORMING PART OF THE STATEMENT OF
FINANCIAL PERFORMANCE**

	Note	Consolidated Entity	
		2005	2004
2(i). REVENUE		\$000	\$000
Operating activities			
-Sale of apartments		9,808	26,966
-Sale of services & accommodation		4,908	5,118
-Property management fees		160	-
-Rental revenue		1,073	356
-Interest received – other persons		153	2
-Other revenue		428	637
		<u>16,530</u>	<u>33,079</u>
Revenue from outside the operating activities			
-Proceeds on disposal of property, plant and equipment		-	-
-Proceeds on disposal of controlled entity		-	375
		<u>-</u>	<u>375</u>
		<u>16,530</u>	<u>33,454</u>
2(ii). EXPENSES AND OTHER GAINS/ (LOSSES)			
(a) Expenses			
Borrowing costs;			
- Other persons		2,303	2,003
		<u>2,303</u>	<u>2,003</u>
Administration costs		2,618	1,564
Diminution in value of Seasons hotel		1,016	-
Carrying amount of net assets sold		-	(2,442)
Hotel costs and cost of goods sold		3,605	3,902
Depreciation of non-current assets:			
- Plant & equipment		144	174
Development costs – apartments		8,134	24,528
Commissions		1,958	684
Rental guarantee		971	259
Provision for diminution in development cost		2,265	-
Other costs		784	492
		<u>21,495</u>	<u>29,161</u>
(b) Revenue and Net Gains/(Losses)			
Net gain/(loss) on disposal of controlled entity		-	2,817
(c) Significant Revenues and Expenses			
The following significant revenue and expense items, included above, are relevant in explaining the financial performance.			
Consideration on disposal of controlled entity		-	375
Carrying amount of net assets sold		-	2,442
Provision for diminution in Seasons Hotel		(1,016)	-
Provision for diminution in development costs		(2,265)	-
Net (loss) gain		<u>(3,281)</u>	<u>2,817</u>

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2005

	Note	Consolidated Entity	
		2005 \$000	2004 \$000
CURRENT ASSETS			
Cash		1,997	634
Receivables		366	855
Inventories		29,592	55,844
Other		209	147
TOTAL CURRENT ASSETS		<u>32,164</u>	<u>57,480</u>
NON CURRENT ASSETS			
Receivables		-	-
Inventories		7,830	8,863
Provisions for GST Refundable		1,520	-
Other financial assets		-	174
Property, plant & equipment		11,450	12,442
Intangible assets		1	1
TOTAL NON CURRENT ASSETS		<u>20,801</u>	<u>21,480</u>
TOTAL ASSETS		<u>52,965</u>	<u>78,960</u>
CURRENT LIABILITIES			
Payables		3,845	1,873
Interest-bearing liabilities		1,155	33,830
Provisions		-	62
TOTAL CURRENT LIABILITIES		<u>5,000</u>	<u>35,765</u>
NON CURRENT LIABILITIES			
Payables		-	2,292
Deferred tax liabilities		510	510
Interest-bearing liabilities		40,775	26,445
TOTAL NON CURRENT LIABILITIES		<u>41,285</u>	<u>29,247</u>
TOTAL LIABILITIES		<u>46,285</u>	<u>65,012</u>
NET ASSETS		<u>6,680</u>	<u>13,948</u>
EQUITY			
Contributed equity		12,093	12,093
Reserves		40	40
Accumulated profits/(losses)	3	(5,453)	1,815
TOTAL EQUITY		<u>6,680</u>	<u>13,948</u>

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE STATEMENT OF FINANCIAL POSITION

	Consolidated Entity	
	2005	2004
	\$000	\$000
3 ACCUMULATED PROFITS/(LOSSES)		
Accumulated losses at the beginning of the financial year	1,815	(1,835)
Net profit/(loss) attributable to the members of the parent entity	(7,268)	3,650
Accumulated profits/(losses) at the end of the financial year	(5,453)	1,815

Ratios

Net Tangible Asset Backing

Net tangible asset backing per ordinary security	\$0.052	\$0.109
--	---------	---------

Cashflow per share

In accordance with general principles used by financial analysts, "cashflow per share" has been calculated by adding all forms of depreciation and amortisation to net profit after tax and dividing by the weighted average number of ordinary security on issue during the year

	(\$0.055)	\$0.037
--	-----------	---------

Dividends

No dividends were declared or paid during the year

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

**STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED
30 JUNE 2005**

	Note	Consolidated Entity	
		2005 \$000	2004 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		49,852	41,586
Payments to suppliers & employees & dev. costs		(5,901)	(6,996)
Interest received		153	2
Borrowing costs paid		(2,303)	(2,003)
Other income		91	
Other – Property development costs		(19,963)	(24,528)
Net cash (used in)/provided by operating activities		<u>21,929</u>	<u>8,061</u>
	4		
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		-	-
Purchase of property, plant & equipment		(168)	(98)
Purchase of investments		-	(164)
Proceeds from sale of a controlled entity, net of cash disposed		-	228
Net loans – subsidiaries		-	-
Net cash provided by/(used in) investing activities		<u>(168)</u>	<u>(34)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease repayments		-	-
Proceeds from issues of shares		-	2,580
Proceeds from borrowings		16,296	6,980
Repayment of borrowings		(36,189)	(18,532)
Net cash provided by financing activities		<u>(19,893)</u>	<u>(8,972)</u>
Net increase/(decrease) in cash held		1,868	(945)
Cash at the beginning of the financial year		129	1,074
Effect of exchange rates on cash		-	-
Cash at the end of the financial year	5	<u><u>1,997</u></u>	<u><u>129</u></u>

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE STATEMENT OF CASH FLOWS

	Consolidated Entity	
	2005	2004
4. CASH FLOW INFORMATION	\$000	\$000
Reconciliation of Cash flow from Operations with Operating Profit after Income Tax		
Operating Profit/(Loss) after Income Tax	(7,268)	3,650
Non-cash flows in operating profit		
Writeback of provision and loan payable	42	(154)
Depreciation of plant and equipment	144	174
Net (profit)/loss on disposal of non-current assets	-	-
Foreign translation reserve	-	351
(Profit)/loss on disposal of a controlled entity	-	(2,817)
Written-down amount of inventory	2,265	-
Changes in assets and liabilities		
(Increase)/Decrease in trade debtors	229	82
(Increase)/Decrease in other debtors	-	(37)
(Increase)/Decrease in prepayments	(61)	208
(Increase)/Decrease in inventories	25,055	8,231
(Increase)/Decrease in other non-current assets	-	-
Diminution in value of Seasons hotel	1,016	-
(Decrease)/Increase in accounts payable	516	(258)
Increase/(Decrease) in Deferred tax	-	(1,360)
Increase/(Decrease) in provisions	(9)	(9)
Net Cash (used in)/provided by operating activities	21,929	8,061

	Consolidated Entity	
	2005	2004
5. CASH	\$000	\$000
Cash at bank and on hand	1,996	633
Short term deposits	1	1
	1,997	634

Reconciliation of Cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:

Cash (as above)	1,997	634
Bank Overdrafts	-	(505)
	1,997	129

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005**

1. Basis of preparation

(a) Statement of accounting policy

The condensed consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements.

It is recommended that this financial report be read in conjunction with any public announcements made by International Equities Corporation Ltd and its controlled entities during the year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those applied in the 30 June 2004 annual report.

The half year report does not include full disclosures of the type normally included in an annual financial report.

(b) Adoption of Australian Equivalents to International Financial Reporting Standards

The adoption of Australian equivalents to International Financial Reporting Standards (AIFRS) is applicable to annual reporting periods beginning on or after 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the current financial year (i.e. as at 1 July 2004). On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of AIFRS transitional adjustment will be made retrospectively against retained earnings as at 1 July 2004.

The company's management has assessed the significance of the expected changes and is preparing for their implementation.

The directors are of the opinion that the following material differences will arise in respect of the Company's accounting policies on conversion to AIFRS. It should be noted however that this view could change if there are amendments by standard setters to the current AIFRS or interpretation of the AIFRS requirement changes.

- *Impairment of assets*

The economic entity currently determines the recoverable amount of an asset on the basis of either undiscounted or discounted (depending on the specific asset) net cash flows that will be received from the assets use and subsequent disposal. In terms of AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of the fair value less costs to sell and value in use. It is expected that this change in accounting policy will generally lead to impairments being recognised more often than under the existing policy.

As a result of impairment testing as at 1 July 2004 the carrying value of the freehold land and buildings attributable to the Seasons Hotel will be restated downwards by \$1,016,000 as at that date. This will result in the provision for diminution provided during the year 2005 being reversed, thereby increasing the net profit after tax for the year ended 30 June 2005 by \$1,016,000 and decreasing opening retained earnings, as at 1 July 2004, by the same amount.

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

Issued and quoted securities at end of current period

Category of securities	Total Number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
Preference securities	Nil			
Changes during current period				
- Increases through issues	Nil			
- Decreases through returns of capital, buybacks	Nil			
Ordinary securities	128,223,577			
Changes during current period				
- Increases through issues	Nil			
- Decreases through returns of capital, buybacks	Nil			
Convertible debt securities				
Changes during current period				
- Increases through issues	Nil			
- Decreases through securities matured, converted	Nil			
Options	Nil			
Issued during current period	Nil			
Exercised during current period	Nil			
Expired during current period	Nil			
Debentures				
Changes during current period				
- Increases through issues	Nil			
- Decreases through securities matured, converted	Nil			
Unsecured notes	Nil			
Changes during current period				
- Increases through issues	Nil			
- Decreases through securities matured, converted	Nil			

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

SEGMENT REPORTING

Industry Segments	Property Development \$'000	Tourism \$'000	Inter-Segment Elimination \$'000	Consolidated \$'000
2005				
Revenue	11,622	4,908	-	16,530
Segment operating (loss)/profit after tax	(5,962)	(1,306)	-	(7,268)
Profit on sale of former controlled entity	-	-	-	-
Segment assets	40,658	12,307	-	52,965
Segment liabilities	<u>38,770</u>	<u>7,515</u>	<u>-</u>	<u>46,285</u>
2004				
Revenue	27,709	5,370	375	33,454
Segment operating (loss)/profit after tax	1,051	(218)	-	833
Profit on sale of former controlled entity	-	-	2,817	2,817
Segment assets	65,778	13,182	-	78,960
Segment liabilities	<u>57,395</u>	<u>7,617</u>	<u>-</u>	<u>65,012</u>
Geographical Segments				
Geographical Segments	Australia \$'000	South East Asia \$'000	Inter-Segment Elimination \$'000	Consolidated \$'000
2005				
Revenue	16,530	-	-	16,530
Segment operating (loss)/profit after tax	(7,268)	-	-	(7,268)
Profit on sale of former controlled entity	-	-	-	-
Segment assets	52,965	-	-	52,965
Segment liabilities	<u>46,285</u>	<u>-</u>	<u>-</u>	<u>46,285</u>
2004				
Revenue	33,079	375	-	33,454
Segment operating (loss)/profit after tax	842	(9)	-	833
Profit on sale of former controlled entity	2,817	-	-	2,817
Segment assets	78,960	-	-	78,960
Segment liabilities	<u>65,012</u>	<u>-</u>	<u>-</u>	<u>65,012</u>

The economic entity effectively operates predominantly in one geographical segment, based in Western Australia and Victoria.

Disposal of controlled entity

During the year there were no disposals of entities within the group.

Commentary on the results for the period

The commentary on the results for the period is contained in the Director's commentary accompanying this statement.

INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

Subsequent events

There have been no material items, transactions or events subsequent to 30 June 2005 which need to be disclosed in this report other than working capital requirements which may be required from time to time and is expected to be funded by short term borrowings.

Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting date.

Annual General Meeting

The annual general meeting will be held at a place and date to be advised.

Audit

This report is based on accounts which are in the process of being audited.