

International Equities Corporation Ltd
and Controlled Entities

ABN 97 009 089 696

PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2011

APPENDIX 4E

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PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2011

Name of entity

INTERNATIONAL EQUITIES CORPORATION LTD

ABN or equivalent company reference

97 009 089 696

Year ended ('current period')

30 JUNE 2011

Results for announcement to the market

\$A'000

Revenues and other income	Decrease	34.74%	to	23,796
Profit (loss) from ordinary activities after tax attributable to members	Increase	82.40%	to	(820)
Net profit (loss) for the period attributable to members	Increase	82.40%	to	(820)

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. These results should be read in conjunction with the most recent Annual Report 2010.

PRELIMINARY FINAL REPORT

DIRECTORS' REPORT

Your directors submit the preliminary final report of International Equities Corporation Limited for the year ended 30th June 2011.

Directors

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

Marcus Peng Fye Tow (Chairman / Chief Executive Officer)
Tow Kong Liang
Aubrey George Menezes (Chief Financial Officer / Company Secretary)
Wong Tit Seng (Resigned W.E.F. 12-1-2011)

Company Secretary

The company secretary in office during or since the end of the year is:

Aubrey George Menezes

Review of operations

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

	2011	2010
	Segment Revenue	Segment Results
	\$000	\$000
Property Development	7,572	21,708
Tourism	15,052	13,838
Leasing	1,172	915
	<hr/>	<hr/>
	23,796	36,461
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Comments on the operations and the results of those operations are set out below:

Commentary on results

The company's 2011 results are summarised as follows:

		2011	2010
		\$000	\$000
Profit (loss) after tax:	Property development	(1,906)	(5,532)
	Tourism	628	529
	Leasing	458	341
Earnings per security		(0.64c)	(3.64c)
Net tangible asset backing		12.70c	13.24c

PRELIMINARY FINAL REPORT

Commentary on results (continued)

This financial year has seen the property market in Melbourne rise to an all time high and start to destabilise in the later half of the year. Confidence in the market and difficulty in financing activities continue to outweigh any benefit from development sites. Sales of residential apartments have fallen as the Company seeks to clear balance stock. No new stock was developed for the year. Last financial year, the Company generated revenues of \$7.752 million from sales of property and related activities. This resulted in an after tax loss of \$1.906 million due mainly to carrying cost associated with sale of Property and interest.

Increased revenue of \$15.052 million was generated from the hotel division and associated fees. Whilst the hotel industry met expectations generally, it was off-set by falling spending by the business community. Confidence in the sector remains uncertain for the year ahead. This segment resulted in an after tax profit of \$0.628 million.

The after tax profit on Sales and Leasing activities stands at of \$0.458 million from long term leases and commissions. The outlook for the year ahead remains cautious.

PRELIMINARY FINAL REPORT

DIRECTORS' REPORT

For the financial year ended 30th June 2011 the company continued to focus on driving sales and improving yields on managed properties. The full impact of these financials has been included in the 2011 financial report. No further revaluations, write downs of property, plant and equipment and fair value adjustments were made for the year.

Currently, all developments have been completed. Sales of apartment stock at the other development sites were initially robust but have since tapered off due to uncertain economic conditions. Our sales team will continue to sell down stock to retire borrowings.

In the last 6 months International Equities has had to re-assess its priorities to counter a potential slowdown in the property sector. Increased cost of living pressures and rising inflation are starting to affect the property sector. As a result, the Company will divest itself of non-core assets with a view of retiring loans. It will continue to concentrate on the hospitality and tourism for now.

Currently, all 433 serviced apartments and hotel rooms are operational whilst the industry outlook remains uncertain. We will further develop the Seasons brand by seeking out new hotel management sites.

This financial year Loss per security and Net tangible asset backing were 0.64c and 12.70c (2010: Loss per security and Net Tangible Asset backing were 3.64c and 13.24c), respectively.

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

Perth, Western Australia
31st August 2011

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 2011 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

Perth, Western Australia
31st August 2011

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	Consolidated entity 30 June 2011 \$000	30 June 2010 \$000
Revenues from continuing operations	1(i)	23,796	36,461
Property development costs		(7,456)	(20,029)
Hotel cost of goods sold		(8,713)	(8,107)
Sales commission		(449)	(482)
Borrowing costs expense	1(ii)	(2,990)	(3,412)
Administrative expenses		(4,564)	(4,746)
Depreciation expenses		(444)	(169)
Impairment of Land & Buildings & Inventories		-	(4,178)
Profit/(loss) from continuing operations before income tax expense		(820)	(4,662)
Income tax expense		-	-
Profit/(loss) from continuing operations after tax		(820)	(4,662)
Other Comprehensive Income			
Gain in Revaluation of Land and Building		-	9,754
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(820)	5,092
Net Gain / (loss) from continuing operations attributable to the members of the parent entity		(820)	(4,662)
Total comprehensive income attributable to members of the parent entity		(820)	5,092
Basic earnings per share		(0.64)c	(3.64)c
Diluted earnings per share		(0.64)c	(3.64)c

The above income statement should be read in conjunction with the accompanying notes.

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE STATEMENT OF COMPERHENSIVE INCOME

	Note	Consolidated Group	
		2011	2010
1(i). PROFIT FOR THE PERIOD		\$000	\$000
Operating activities			
-Sale of apartments		7,396	21,628
-Sales services & accommodation		14,754	13,565
-Property management fees		936	704
-Rental revenue		495	454
-Interest received – other persons		121	66
-Other revenue		94	44
		23,796	36,461
 1(ii). EXPENSES AND OTHER GAINS /(LOSSES)			
(a) Expenses			
Borrowing costs			
- Other persons		2,990	3,412
		4,564	4,746
Administration costs		4,564	4,746
Hotel costs and cost of goods sold		8,713	8,107
Depreciation of non-current assets:			
- Plant & equipment		444	169
Development costs – apartments		7,456	20,029
Development Cost – land		-	-
Commissions		449	482
		21,626	33,533
(b) Significant Revenues and Expenses			
The following significant revenue and expense items, included above, are relevant in explaining the financial performance.			
Impairment – Land & Buildings		-	(1,269)
Inventories (non-current)		-	(2,909)
Net (loss) / gain		-	(4,178)

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Consolidated Entity	
	30 June 2011 \$000	30 June 2010 \$000
CURRENT ASSETS		
Cash assets	1,023	721
Receivables	1,607	1,308
Inventories	15,432	17,134
Other	140	106
	18,202	19,269
Assets classified as held for sale	7,553	-
TOTAL CURRENT ASSETS	25,755	19,269
NON CURRENT ASSETS		
Inventories	-	7,554
Property, plant and equipment	39,963	45,362
Other financial assets	1,517	1,438
Intangible assets	428	562
TOTAL NON CURRENT ASSETS	41,908	54,916
TOTAL ASSETS	67,663	74,185
CURRENT LIABILITIES		
Payables	2,165	4,389
Interest-bearing liabilities	30,594	6,438
Provisions	309	201
	33,068	11,028
Liabilities directly associated with assets classified as held for sale	4,505	-
TOTAL CURRENT LIABILITIES	37,573	11,028
NON CURRENT LIABILITIES		
Interest-bearing liabilities	13,377	45,623
TOTAL NON CURRENT LIABILITIES	13,377	45,623
TOTAL LIABILITIES	50,950	56,651
NET ASSETS	16,713	17,533
EQUITY		
Contributed equity	12,093	12,093
Reserves	12,564	12,564
Retained earnings / (accumulated losses)	(7,944)	(7,124)
TOTAL EQUITY	16,713	17,533

The above balance sheet should be read in conjunction with the accompanying notes.

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011**

	Share capital	Asset revaluation	Retained earnings	Total equity
Balance at 1 July 2010	12,093	12,564	(7,124)	17,533
Net loss for the year	-	-	(820)	(820)
Gain on Property Plant and Equipment	-	-	-	-
Total recognised income & expense for the period	12,093	12,564	(7,944)	16,713
Dividends paid or declared	-	-	-	-
Issue of share capital	-	-	-	-
Equity share options issued	-	-	-	-
Balance at 30 June 2011	12,093	12,564	(7,944)	16,713

	Share capital	Asset revaluation	Retained earnings	Total equity
Balance at 1 July 2009	12,093	2,810	(2,462)	12,441
Net loss for the year	-	-	(4,662)	(4,662)
Gain on Property Plant	-	9,754	-	9,754
Total recognised income & expense for the period	12,093	12,564	(7,124)	17,533
Dividends paid or declared	-	-	-	-
Issue of share capital	-	-	-	-
Equity share options issued	-	-	-	-
Balance at 30 June 2010	12,093	12,564	(7,124)	17,533

Ratios

2011

2010

Net Tangible Asset Backing

Net tangible asset backing per ordinary security

12.70c

13.24c

Dividends

No dividends were declared or paid during the year

The above statement of equity should be read in conjunction with the accompanying notes.

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 30 JUNE 2011**

	Consolidated entity	
	30 June 2011	30 June 2010
	\$000	\$000
Cash flows from operating activities		
Receipts from customers	23,299	35,705
Payments to suppliers and employees	(16,065)	(12,705)
Interest received	121	66
Borrowing costs paid	(2,990)	(3,412)
Other - Property development costs	-	(932)
Net cash used in operating activities	<u>4,365</u>	<u>18,722</u>
Cash flows from investing activities		
Purchase of intangibles	43	(561)
Purchase of property, plant & equipment	(440)	(589)
Purchase of investments	(79)	(658)
Net cash used in investing activities	<u>(476)</u>	<u>(1,808)</u>
Cash flows from financing activities		
Proceeds from borrowings	2,000	1,116
Repayment of borrowings	(5,586)	(18,132)
Net cash provided by financing activities	<u>(3,586)</u>	<u>(17,016)</u>
Net increase/(decrease) in cash held	303	(102)
Cash at start of period	<u>720</u>	<u>822</u>
Cash at end of period	<u>1,023</u>	<u>720</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE STATEMENTS OF CASH FLOWS

1. CASH FLOW INFORMATION	Consolidated Entity	
	2011	2010
	\$000	\$000
Reconciliation of Cash flow from Operations with Operating Profit after Income Tax		
Operating Profit/(Loss) after Income Tax	(820)	(4,662)
Non-cash flows in operating profit		
Depreciation of plant and equipment	444	169
Impairment of Land & Building	-	1,269
Impairment of non-current inventories	-	2,909
Changes in assets and liabilities		
(Increase)/Decrease in trade debtors	(299)	(690)
(Increase)/Decrease in prepayments	(33)	190
(Increase)/Decrease in inventories	7,191	18,908
(Increase)/Decrease in other non-current assets	-	-
(Decrease)/Increase in accounts payable	(1,989)	894
(Decrease)/Increase in accrued expenses	(238)	(380)
Increase/(Decrease) in provisions	109	115
Net Cash (used in)/provided by operating activities	4,365	18,722

2. CASH	Consolidated Entity	
	2011	2010
	\$000	\$000
Cash at bank and on hand	1,023	720
Short term deposits	-	-
	1,023	720

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)	1,023	720
Bank Overdrafts	-	-
	1,023	720

INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

Note 1: BASIS OF PREPARATION

The consolidated financial statements are a general purpose financial report in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, including Australian Accounting interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with any public announcements made by International Equities Corporation Limited 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 economic entity and are consistent with those applied in the 30 June 2010 annual report, unless otherwise stated.

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

NOTE 2: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the type or class of customer for the products or service;
- the distribution method; and
- external regulatory requirements.

Types of products and services by segment

Property Development

The property development and re-sale segment is responsible for identifying, costing and financing potential development opportunities, developing acquisitions and finding buyers for completed developments.

Tourism

Tourism relates to the Group's own hotel operations and to leasing and operating a hotel cum serviced apartment for a fee.

Leasing Rental Property

This relates to long term leases of apartments for a fixed lease income

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

NOTE 2: OPERATING SEGMENTS (Continued)

(i) Segment performance

	Property Development	Tourism	Leasing	Total
Twelve months ended 30.06.2011				
Revenue				
Total segment revenue	8,750	15,829	1,358	25,937
Interest income	101	19		120
Less: intersegment elimination	(1,279)	(796)	(186)	(2,261)
Total segment revenue	<u>7,572</u>	<u>15,052</u>	<u>1,172</u>	<u>23,796</u>
Segment results	<u>(1,906)</u>	<u>628</u>	<u>458</u>	<u>(820)</u>
Profit from operations before income tax expense				<u>(820)</u>
Twelve months ended 30.06.2010				
Revenue				
Total segment revenue	22,927	14,577	1,327	38,831
Interest income	55	11		66
Less: intersegment elimination	(1,274)	(750)	(412)	(2,436)
Total segment revenue	<u>21,708</u>	<u>13,838</u>	<u>915</u>	<u>36,461</u>
Segment results	<u>(5,532)</u>	<u>529</u>	<u>341</u>	<u>(4,662)</u>
Profit from operations before income tax expense				<u>(4,662)</u>

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

Note 2: Segmental Information

Primary reporting business segments

	Property Development \$'000	Tourism \$'000	Others \$'000	Leasing \$'000	Consolidated \$'000
2011					
Revenue	7,572	15,052	-	1,172	23,796
Segment operating (loss)/profit after tax	(1,906)	628	-	458	(820)
Segment assets	40,890	26,773	-	-	67,663
Segment liabilities	34,848	16,102	-	-	50,950
2010					
Revenue	21,708	13,838	-	915	36,461
Segment operating (loss)/profit after tax	(5,532)	529	-	341	(4,662)
Segment assets	47,840	26,345	-	-	74,185
Segment liabilities	33,720	22,931	-	-	56,651

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

Note 2: Segmental Information (continued)

Secondary Reporting

Geographical Segments	Australia \$'000	South East Asia \$'000	Inter-Segment Elimination \$'000	Consolidated \$'000
2011				
Revenue	23,796	-	-	23,796
Segment operating (loss)/profit after tax	(820)	-	-	(820)
Segment assets	67,663	-	-	67,663
Segment liabilities	50,950	-	-	50,950
2010				
Revenue	36,461	-	-	36,461
Segment operating (loss)/profit after tax	(4,662)	-	-	(4,662)
Segment assets	74,186	-	-	74,186
Segment liabilities	56,652	-	-	56,652

The economic entity effectively operates in one geographical segment being Australia with operations across Western Australia, South Australia and Victoria.

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

Note 3: 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				
Changes during current period				
- Increases through issues	Nil			
- Decreases through securities matured, converted	Nil			

INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2011

Note 4: Disposal of controlled entity

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

Note 5: 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.

Note 6: Events occurring after reporting date

There has not arisen in the interval since the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to significantly affect the operations of the company, the results of those operations, or the state of the affairs of the Company in future financial years.

There have been no significant events subsequent to balance date.

Note 7: Contingent Liabilities

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

Note 8: Going Concern & Obligations Under Loan

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realization of assets and settlement of liabilities in the ordinary course of business.

A significant proportion of the Group's debt matures before 31 December 2011 and therefore has been classified as a current liability. As a result, current liabilities exceed current assets as at 30th June 2011 by an amount of \$11.82 million.

The Group has certain obligations under its existing loan facilities and these include the requirement to meet certain covenants. During the year, the Group received notification from its primary financier that it had not complied with a covenant under the loan facility. However the financier has provided an indication that it would not be taking any action at this time. Going forward, the directors are confident in being able to meet these obligations or being able to agree some form of accommodation from its financier. In the event these obligations are not met, the debts may become due and payable.

Notwithstanding this, the Directors consider the going concern basis to be appropriate for the following reasons:

- The demonstrated ability to obtain refinancing for existing loans which expire within twelve months;
- The demonstrated ability to sell down existing stocks of apartments to reduce debt;
- The ability to dispose of certain non-current assets to extinguish the loans in their entirety;
- The ability to raise capital from shareholders or loans from shareholders/related parties.

Note 9: Annual General Meeting

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

Note 10: Audit

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