

**International Equities Corporation Ltd**  
and Controlled Entities

ABN 97 009 089 696

**PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2013**

**APPENDIX 4E**

# APPENDIX 4E

## PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2013

Name of entity

**INTERNATIONAL EQUITIES CORPORATION LTD**

ABN or equivalent company reference

**97 009 089 696**

Year ended ('current period')

**30 JUNE 2013**

### Results for announcement to the market

				\$A'000
Revenues and other income	Increase	24.60%	to	26,862
Profit (loss) from ordinary activities after tax attributable to members	Increase	162.88%	to	3,165
Net profit (loss) for the period attributable to members	Increase	162.88%	to	3,165
Dividends		Amount per security	Franked amount per security	
Interim dividend		N/A	N/A	
Previous corresponding period		N/A	N/A	
<sup>+</sup> 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 2012.				

# PRELIMINARY FINAL REPORT

## DIRECTORS' REPORT

Your directors submit the preliminary final report of International Equities Corporation Limited for the year ended 30<sup>th</sup> June 2013.

### 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  
Krishna Ambalavanar (Appointed on 7<sup>th</sup> December 2012)  
Aubrey George Menezes (Chief Financial Officer / Company Secretary)

### 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:

	<b>2013</b>	<b>2012</b>
	<b>Segment Revenue</b>	<b>Segment Revenue</b>
	<b>\$'000</b>	<b>\$'000</b>
Property Development	3,734	864
Tourism	21,875	19,727
Leasing	1,253	967
	<u>26,862</u>	<u>21,558</u>

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

### Commentary on results

The company's 2013 results are summarised as follows:

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit (loss) after tax:		
Property development	1,091	(6,228)
Tourism	1,216	582
Leasing	858	613
Earnings per security	2.47c	(3.92c)
Net tangible asset backing	14.58c	12.09c

## **PRELIMINARY FINAL REPORT**

### **Commentary on results (continued)**

For much of this financial year International Equities Corporation Ltd (IEQ) has concentrated on lowering operational and funding cost. Where possible operational activities have been centralised and re-defined to provide a better reporting framework, revenue collection and payables. Falling interest rates and better terms from financial institutions have also allowed for more cash flow in the business.

Confidence in the property sector is slowly recovering. Tourism has remained robust but demanding.

During the year demand for residential apartments and investment properties has shown some improvement. The Company did clear more of its stock of residential property with no new stock developed for the year. The Company will continue a sell down program for the coming year.

Last financial year saw the hotel division grow further. Demand for accommodation has been reasonable despite stiff competition for the tourism dollar. Yields have also improved. With continued competition the Company will continue to make its presence felt through advertising and marketing. Confidence in the sector remains stable for the year ahead. This segment resulted in an after tax profit of \$1.216 million.

On Sales and Leasing activities profit after tax grew to \$0.858 million from long term leases and commissions. The outlook for the year ahead remains stable.

Last financial year, the Company generated revenues of \$26.862 million from sales of property, hotel accommodation and related activities. This resulted in an after tax profit of \$3.165 million due mainly to profits from sale of residential property, sale of non-core property investment and hotel tourism.

## **PRELIMINARY FINAL REPORT**

### **DIRECTORS' REPORT**

For the financial year ended 30<sup>th</sup> June 2013 the company continued to focus on sales of residential properties and non – core investments. The full impact of these financials has been included in the 2013 financial report.

Sales of apartment stock has been encouraging with slowly improving market conditions and falling interest rates. Our sales team will continue to sell down stock to retire borrowings.

The Company will also continue and develop further our presence in the hospitality and tourism sector and return to property development when conditions improve.

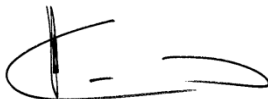
This financial year Profit after tax per security and Net tangible asset backing were 2.47c and 14.58c (2012: Loss per security and Net Tangible Asset backing were 3.92c and 12.09c), respectively.

#### **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.



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**Aubrey Menezes**  
**Company Secretary**

**Perth, Western Australia**  
**30<sup>th</sup> August 2013**

## **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 2013 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.**



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**Aubrey Menezes**  
**Company Secretary**

**Perth, Western Australia**  
**30<sup>th</sup> August 2013**

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated entity 30 June 2013 \$'000	30 June 2012 \$'000
<b>Continuing Operations</b>			
Revenue	1(i)	26,767	21,492
Other Income		95	66
Gain on sale of Yarracity investment	1(ii)	1,404	-
Property development costs		(3,374)	(796)
Hotel cost of goods sold		(14,515)	(12,589)
Sales commission		(103)	(4)
Borrowing costs expense	1(ii)	(1,707)	(2,901)
Administrative expenses		(4,713)	(4,974)
Depreciation and amortisation expenses		(598)	(500)
Impairment of land & buildings and inventories		(91)	(3,717)
Loss on disposal of 2 King Williams Street, Adelaide		-	(1,110)
<b>Profit/(loss) before income tax expense</b>		3,165	(5,033)
Income tax expense		-	-
<b>Net Profit/(loss) from continuing operations</b>		<b>3,165</b>	<b>(5,033)</b>
<b>Discontinued Operations</b>			
Profit/(Loss) from discontinued operations after tax		-	-
<b>Net Profit for the year</b>		<b>3,165</b>	<b>(5,033)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Gain on revaluation of land and buildings		-	4,182
<b>Other comprehensive income for the year</b>		-	<b>4,182</b>
<b>Total comprehensive income for the year</b>		<b>3,165</b>	<b>(851)</b>

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2013**

	Note	Consolidated entity 30 June 2013 \$'000	30 June 2012 \$'000
		<u>          </u>	<u>          </u>
<b>Net profit attributable to:</b>			
Members of the parent entity		3,165	(851)
Non-controlling interest		-	-
		<u>3,165</u>	<u>(851)</u>
<b>Total comprehensive income attributable to:</b>			
Members of the parent entity		3,165	(851)
Non-controlling interest		-	-
		<u>3,165</u>	<u>(851)</u>
 <b>Earnings Per Share</b>			
From continuing and discontinued operations:			
Basic earnings per share		2.47c	(3.92)c
Diluted earnings per share		2.47c	(3.92)c
From continuing operations:			
Basic earnings per share		2.47c	(3.92)c
Diluted earnings per share		2.47c	(3.92)c
From discontinued operations			
Basic earnings per share		-	-
Diluted earnings per share		-	-

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 CONSOLIDATED STATEMENT OF PROFIT  
OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Consolidated Group	
		2013	2012
<b>1(i). REVENUE FOR THE PERIOD</b>		<b>\$'000</b>	<b>\$'000</b>
Operating activities			
-Sale of apartments		3,655	800
-Sales services & accommodation		21,605	19,419
-Property management fees		824	690
-Rental revenue		651	541
-Interest received – other persons		32	42
-Other revenue		95	66
		26,862	21,558
<b>1(ii). EXPENSES AND OTHER GAINS /(LOSSES)</b>			
(a) Expenses			
Borrowing costs			
- Other persons		1,707	2,901
		4,713	4,974
Administration costs		4,713	4,974
Hotel costs and cost of goods sold		14,515	12,589
Depreciation and amortisation of non-current assets		598	500
Development costs – apartments		3,374	796
		103	4
Commissions		103	4
		23,303	18,863
(b) Significant Revenues and Expenses			
The following significant revenue and expense items, included above, are relevant in explaining the financial performance:			
Gain on Sale of Yarracity investment		1,404	
Impairment of land & buildings and inventories		(91)	(3,717)
Loss on disposal of 2 King William Street, Adelaide		-	(1,110)
Net gain/ (loss)		3,165	(5,033)

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013**

	<b>Consolidated Entity</b>	
	<b>30 June 2013</b>	<b>30 June 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT ASSETS</b>		
Cash assets	2,068	2,943
Receivables	2,447	2,366
Inventories	8,412	11,643
Other	259	191
	13,186	17,144
Assets classified as held for sale	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>13,186</b>	<b>17,144</b>
<b>NON CURRENT ASSETS</b>		
Inventories	-	-
Property, plant and equipment	43,252	43,460
Other financial assets	-	1,465
Intangible assets	405	358
<b>TOTAL NON CURRENT ASSETS</b>	43,657	45,283
<b>TOTAL ASSETS</b>	<b>56,843</b>	<b>62,427</b>
<b>CURRENT LIABILITIES</b>		
Payables	2,268	2,701
Interest-bearing liabilities	27,897	30,040
Provisions	444	431
	30,609	33,172
Liabilities directly associated with assets classified as held for sale	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>30,609</b>	<b>33,172</b>
<b>NON CURRENT LIABILITIES</b>		
Interest-bearing liabilities	7,209	13,395
<b>TOTAL NON CURRENT LIABILITIES</b>	7,209	13,395
<b>TOTAL LIABILITIES</b>	<b>37,818</b>	<b>46,567</b>
<b>NET ASSETS</b>	<b>19,025</b>	<b>15,860</b>
<b>EQUITY</b>		
Contributed equity	12,093	12,093
Reserves	16,746	16,746
Retained earnings / (accumulated losses)	(9,814)	(12,979)
<b>TOTAL EQUITY</b>	<b>19,025</b>	<b>15,860</b>

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 2013**

	Share capital \$'000	Asset revaluation \$'000	Retained earnings \$'000	Total equity \$'000
<b>Balance at 1 July 2012</b>	<b>12,093</b>	<b>16,746</b>	<b>(12,979)</b>	<b>15,860</b>
Net loss for the year	-	-	3,165	<b>3,165</b>
Gain on Property Plant and Equipment	-	-	-	-
<b>Total recognised income &amp; expense for the period</b>	<b>12,093</b>	<b>16,744</b>	<b>(9,812)</b>	<b>19,025</b>
Revaluation Reserve	-	-	-	-
<b>Total Reserve for the period</b>	<b>12,093</b>	<b>16,744</b>	<b>(9,812)</b>	<b>19,025</b>
Dividends paid or declared	-	-	-	-
Issue of share capital	-	-	-	-
Equity share options issued	-	-	-	-
<b>Balance at 30 June 2013</b>	<b>12,093</b>	<b>16,744</b>	<b>(9,812)</b>	<b>19,025</b>

	Share capital \$000	Asset revaluation \$000	Retained earnings \$000	Total equity \$000
<b>Balance at 1 July 2011</b>	<b>12,093</b>	<b>12,564</b>	<b>(7,946)</b>	<b>16,711</b>
Net loss for the year	-	-	(5,033)	<b>(5,033)</b>
Gain on Property Plant and Equipment	-	-	-	-
<b>Total recognised income &amp; expense for the period</b>	<b>12,093</b>	<b>12,564</b>	<b>(12,979)</b>	<b>11,678</b>
Revaluation Reserve	-	4,182	-	4,182
<b>Total Reserve for the period</b>	<b>12,093</b>	<b>16,746</b>	<b>(12,979)</b>	<b>15,860</b>
Dividends paid or declared	-	-	-	-
Issue of share capital	-	-	-	-
Equity share options issued	-	-	-	-
<b>Balance at 30 June 2012</b>	<b>12,093</b>	<b>16,746</b>	<b>(12,979)</b>	<b>15,860</b>

Ratios	2013	2012
<b>Net Tangible Asset Backing</b>		
Net tangible asset backing per ordinary security	14.58c	12.09c
<b>Dividends</b>		
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 2013**

	Consolidated entity	
	30 June 2013	30 June 2012
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	28,095	20,697
Payments to suppliers and employees	(19,750)	(18,019)
Interest received	32	42
Borrowing costs paid	(1,707)	(2,901)
Other - Property development costs	-	-
Net cash used in operating activities	6,670	(181)
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant & equipment	1,465	7,554
Purchase of intangibles	(113)	-
Purchase of property, plant & equipment	(568)	(463)
Purchase of investments	-	51
Net cash used in investing activities	784	7,142
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	27,510	40
Repayment of borrowings	(35,839)	(5,081)
Net cash provided by financing activities	(8,329)	(5,041)
Net increase/(decrease) in cash held	(875)	1,920
Cash at start of period	2,943	1,023
<b>Cash at end of period</b>	<b>2,068</b>	<b>2,943</b>

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**

<b>1. CASH FLOW INFORMATION</b>	<b>Consolidated Entity</b>	
	<b>2013 \$'000</b>	<b>2012 \$'000</b>
Reconciliation of Cash flow from Operations with Operating Profit after Income Tax		
Operating Profit/(Loss) after Income Tax	3,165	(5,033)
Non-cash flows in operating profit:		
Depreciation and amortisation of non-current assets	598	500
Impairment of land & buildings and inventories	91	3,717
Changes in assets and liabilities		
(Increase)/Decrease in trade debtors	(80)	(758)
(Increase)/Decrease in prepayments	(66)	(51)
(Increase)/Decrease in inventories	3,383	786
(Increase)/Decrease in other non-current assets	-	-
(Decrease)/Increase in accounts payable	214	(419)
(Decrease)/Increase in accrued expenses	(647)	955
Increase/(Decrease) in provisions	12	122
	6,670	(181)
Net Cash provided by/( used in) operating activities	6,670	(181)

<b>2. CASH</b>	<b>Consolidated Entity</b>	
	<b>2013 \$'000</b>	<b>2012 \$'000</b>
Cash at bank and on hand	2,068	2,943
Short term deposits	-	-
	2,068	2,943
<b>Reconciliation of Cash</b>		
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)	2,068	2,943
Bank Overdrafts	-	-
	2,068	2,943
	2,068	2,943

# INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

## NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

### 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 2012 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 2013**

**NOTE 2: OPERATING SEGMENTS (Continued)**

**(i) Segment performance**

	<b>Property Development \$'000</b>	<b>Tourism \$'000</b>	<b>Leasing \$'000</b>	<b>Total \$'000</b>
<b>Twelve months ended 30.06.2013</b>				
<b>Revenue</b>				
Total segment revenue	5,366	22,717	1,353	29,436
Interest income	7	25		32
Less: intersegment elimination	(1,639)	(867)	(100)	(2,606)
Total segment revenue	<u>3,734</u>	<u>21,875</u>	<u>1,253</u>	<u>26,862</u>
Segment results	<u>1,091</u>	<u>1,216</u>	<u>858</u>	<u>3,165</u>
Profit from operations before income tax expense				<u>3,165</u>
<b>Twelve months ended 30.06.2012</b>				
<b>Revenue</b>				
Total segment revenue	2,311	20,680	1,068	24,059
Interest income	17	25		42
Less: intersegment elimination	(1,464)	(978)	(101)	(2,543)
Total segment revenue	<u>864</u>	<u>19,727</u>	<u>967</u>	<u>21,558</u>
Segment results	<u>(6,228)</u>	<u>582</u>	<u>613</u>	<u>(5,033)</u>
Profit from operations before income tax expense				<u>(5,033)</u>

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013**

**Note 2: Segmental Information**

**Primary reporting business segments**

	<b>Property Development \$'000</b>	<b>Tourism \$'000</b>	<b>Others \$'000</b>	<b>Leasing \$'000</b>	<b>Consolidated \$'000</b>
<b>2013</b>					
Revenue	3,734	21,875	-	1,253	26,862
Segment operating (loss)/profit after tax	1,091	1,216	-	858	3,165
Segment assets	20,986	35,658	-	199	56,843
Segment liabilities	20,480	17,201	-	137	37,818
<b>2012</b>					
Revenue	864	19,727	-	967	21,558
Segment operating (loss)/profit after tax	(6,228)	582	-	613	(5,033)
Segment assets	27,388	34,834	-	205	62,427
Segment liabilities	28,854	17,512	-	201	46,567



**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013**

**Note 2: Segmental Information (continued)**

**Secondary Reporting**

<b>Geographical Segments</b>	<b>Australia</b>	<b>South East Asia</b>	<b>Inter-Segment Elimination</b>	<b>Consolidated</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2013</b>				
Revenue	26,862	-	-	26,682
Segment operating (loss)/profit after tax	3,165	-	-	3,165
Segment assets	56,843	-	-	56,843
Segment liabilities	37,818	-	-	37,818
<b>2012</b>				
Revenue	21,558	-	-	21,558
Segment operating (loss)/profit after tax	(5,033)	-	-	(5,033)
Segment assets	62,427	-	-	62,427
Segment liabilities	46,567	-	-	46,567

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

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2013**

**Note 3: Issued and quoted securities at end of current period**

<b>Category of securities</b>	<b>Total Number</b>	<b>Number quoted</b>	<b>Issue price per security (cents)</b>	<b>Amount paid up per security (cents)</b>
Preference securities	Nil			
Changes during current period	Nil			
- Increases through issues	Nil			
- Decreases through returns of capital, buybacks	Nil			
Ordinary securities	128,223,577			
Changes during current period	Nil			
- Increases through issues	Nil			
- Decreases through returns of capital, buybacks	Nil			
Convertible debt securities				
Changes during current period	Nil			
- 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	Nil			
- Increases through issues	Nil			
- Decreases through securities matured, converted	Nil			
Unsecured notes	Nil			
Changes during current period	Nil			
- 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 2013

### **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**

The group has provided an unlimited corporate guarantee and indemnity as security for the loans held by the group.

Seasons Harbour Plaza Pty Ltd, a wholly owned subsidiary of the parent company, has provided a bank guarantee of up to \$775,000 as a rental bond to Landlords of the Seasons Harbour Plaza Hotel.

### **Note 8: Going Concern & Loan Obligations**

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

The Group has certain obligations under its existing loan facilities and these include the requirement to meet certain financial covenants. As at 30 June 2013 the Group's Interest Cover Ratio ('ICR') was marginally below the required ratio. At the time of this report, a review was being conducted by the primary financier who was unable to provide an indication as to whether it would be taking any action. Due to the breach, the Group's borrowings have been classified as a current liability. As a result, current liabilities exceed current assets as at 30<sup>th</sup> June 2013 by \$17.42 million.

However, the directors are confident in being able to meet these obligations or being able to agree to 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 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.