

**International Equities Corporation Ltd**  
and Controlled Entities

ABN 97 009 089 696

**PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2018**

**APPENDIX 4E**

# APPENDIX 4E

## PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2018

Name of entity

**INTERNATIONAL EQUITIES CORPORATION LTD**

ABN or equivalent company reference

**97 009 089 696**

Year ended ('current period')

**30 JUNE 2018**

### Results for announcement to the market

\$A'000

Revenues and other income	Increase	13.50%	to	22,172
Profit (loss) from ordinary activities after tax attributable to members	Increase	501.71%	to	972
Net profit (loss) for the period attributable to members	Increase	501.71%	to	972
<b>Dividends</b>		<b>Amount per security</b>		<b>Franked amount per security</b>
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 2017.

## PRELIMINARY FINAL REPORT

### DIRECTORS' REPORT

Your directors submit the preliminary final report of International Equities Corporation Limited for the year ended 30 June 2018.

#### 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  
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>2018</b>	<b>2017</b>
	<b>Segment Revenue</b>	<b>Segment Revenue</b>
	<b>\$'000</b>	<b>\$'000</b>
Property Development	2,531	686
Tourism	18,816	17,888
Leasing	825	962
	<hr/>	<hr/>
	22,172	19,536
	<hr/>	<hr/>

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

#### Commentary on results

The company's 2018 results are summarised as follows:

		<b>2018</b>	<b>2017</b>
		<b>\$'000</b>	<b>\$'000</b>
Profit (loss) after tax:	Property development	(510)	(487)
	Tourism	1,137	(145)
	Leasing	345	390
		<hr/>	<hr/>
		<b>2018</b>	<b>2017</b>
Earnings per security		0.76c	(0.19)c
Net tangible asset backing		8.37c	10.73c

## **PRELIMINARY FINAL REPORT**

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

For the financial year ended 30 June 2018, International Equities Corporation Ltd (IEQ) continued to repay borrowings. All contracts were reviewed or renegotiated to establish a lower cost base across all hotels in light of weaker revenue expectations mainly due to entry of new hotels and falling average room rates. Hotels in New South Wales and Victoria continued to perform well, generating the bulk of revenue.

At Seasons of Perth in Western Australia headwinds from new hotels and flagging consumer confidence in the economy has affected revenue and in return, property values. During the year, the Seasons of Perth hotel's carrying value as at 30 June 2018 was re-stated to recognise an impairment of a further \$4 million.

Tourism has remained reasonable with the assistance from a lower Australian Dollar.

Confidence in sales of apartments remain uncertain and has been greatly affected by the banking industry's reluctance to lend. However, the Company will endeavour to find other avenues to sell its stock of apartments to repay bank borrowings.

During the year the Company cleared more of its stock of residential property, with no new stock developed for the year. The Company will continue to sell down residential stock for the coming year to retire borrowings. Loss after tax for this segment was \$0.510 million.

This financial year saw revenue from the hotel division increase mainly from activities in Sydney, NSW. We are seeing some stability now and into 2018/2019. 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 \$1.137 million.

On Sales and Leasing activities the company will continue to actively list new properties for sale or lease. Profit after tax stood at \$0.345 million from long term leases and commissions. The outlook for the year ahead remains stable.

During the year ended 30 June 2018, the Company generated revenues of \$22.172 million from sales of property, hotel accommodation and related activities. This resulted in an after tax profit of \$0.972 million due mainly to higher profits from hotel and tourism activities.

## PRELIMINARY FINAL REPORT

### DIRECTORS' REPORT

For the financial year ended 30 June 2018 the company focused mainly on sales of residential properties and non – core investments. The full impact of these financials has been included in the 2018 financial report.

Sales of apartment stock have been encouraging. Our sales team will continue to sell down stock to retire borrowings.

The Company will also continue to 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 was 0.76c (2017: Loss after Tax per security was 0.19c). Net tangible asset backing per security was 8.37c (2017: 10.73c).

#### **Rounding of accounts**

The consolidated entity is of a kind referred to in class order CI 2016/191 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**  
**31<sup>st</sup> August 2018**

## **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 2018 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**  
**31<sup>st</sup> August 2018**

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	Consolidated entity 30 June 2018	30 June 2017
		\$'000	\$'000
<b>Continuing Operations</b>			
Revenue	1(i)	21,987	19,499
Other Income	1(i)	185	37
Property development costs	1(ii)	(1,917)	(284)
Hotel cost of goods sold	1(ii)	(11,857)	(12,673)
Sales commission	1(ii)	(56)	(5)
Borrowing costs expense	1(ii)	(1,146)	(1,169)
Administrative expenses	1(ii)	(5,751)	(5,240)
Depreciation and amortisation expenses	1(ii)	(473)	(407)
<b>Profit/(loss) before income tax expense</b>		972	(242)
Income tax expense		-	-
<b>Net Profit/(loss) from continuing operations</b>		<b>972</b>	<b>(242)</b>
<b>Discontinued Operations</b>			
Profit/(loss) from discontinued operations after tax		-	-
<b>Net Profit/(loss) for the year</b>		<b>972</b>	<b>(242)</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified to profit or loss:</b>			
Revaluation of Seasons of Perth hotel		(4,000)	-
<b>Other comprehensive income/(loss) for the year</b>		<b>(4,000)</b>	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(3,028)</b>	<b>(242)</b>

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2018**

	Note	Consolidated entity 30 June 2018	30 June 2017
		<u>\$'000</u>	<u>\$'000</u>
<b>Net profit/(loss) attributable to:</b>			
Members of the parent entity		972	(242)
Non-controlling interest		-	-
		<u>972</u>	<u>(242)</u>
<b>Total comprehensive income/(loss) attributable to:</b>			
Members of the parent entity		(3,028)	(242)
Non-controlling interest		-	-
		<u>(3,028)</u>	<u>(242)</u>
 <b>Earnings Per Share</b>			
From continuing and discontinued operations:			
Basic earnings per share		0.76c	(0.19)c
Diluted earnings per share		0.76c	(0.19)c
From continuing operations:			
Basic earnings per share		0.76c	(0.19)c
Diluted earnings per share		0.76c	(0.19)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**

		<b>Consolidated Group</b>	
		<b>2018</b>	<b>2017</b>
<b>1(i).</b>	<b>REVENUE FOR THE PERIOD</b>	<b>\$'000</b>	<b>\$'000</b>
	Operating activities		
	-Sale of apartments	2,364	295
	-Sales services & accommodation	18,400	17,662
	-Property management fees	948	1,225
	-Rental revenue	264	301
	-Interest received – other persons	11	16
	-Other revenue	185	37
		22,172	19,536
<b>1(ii).</b>	<b>EXPENSES</b>		
	Expenses		
	Borrowing costs	1,146	1,169
	Administration costs	5,751	5,240
	Hotel costs and cost of goods sold	11,857	12,673
	Depreciation and amortisation	473	407
	Development cost of apartments	1,917	284
	Commissions	56	5
		20,054	18,609

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	<b>Consolidated Entity</b>	
	<b>30 June 2018</b>	<b>30 June 2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT ASSETS</b>		
Cash assets	1,832	2,816
Receivables	764	908
Inventories	1,452	2,815
Other	148	148
<b>TOTAL CURRENT ASSETS</b>	<b>4,196</b>	<b>6,687</b>
<b>NON CURRENT ASSETS</b>		
Property, plant and equipment	30,137	34,252
Intangible assets	215	215
<b>TOTAL NON CURRENT ASSETS</b>	<b>30,352</b>	<b>34,467</b>
<b>TOTAL ASSETS</b>	<b>34,548</b>	<b>41,154</b>
<b>CURRENT LIABILITIES</b>		
Payables	3,316	3,385
Interest-bearing liabilities	17,068	20,768
Provisions	386	358
<b>TOTAL CURRENT LIABILITIES</b>	<b>20,770</b>	<b>24,511</b>
<b>NON CURRENT LIABILITIES</b>		
Interest-bearing liabilities	2,826	2,663
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>2,826</b>	<b>2,663</b>
<b>TOTAL LIABILITIES</b>	<b>23,596</b>	<b>27,174</b>
<b>NET ASSETS</b>	<b>10,952</b>	<b>13,980</b>
<b>EQUITY</b>		
Contributed equity	12,093	12,093
Reserves	6,746	10,746
Retained earnings / (accumulated losses)	(7,887)	(8,859)
<b>TOTAL EQUITY</b>	<b>10,952</b>	<b>13,980</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 2018**

	Share capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
<b>Balance at 1 July 2017</b>	<b>12,093</b>	<b>10,746</b>	<b>(8,859)</b>	<b>13,980</b>
Net profit for the year	-	-	972	972
	12,093	10,746	(7,887)	14,952
Other Comprehensive loss for the year	-	(4,000)	-	(4,000)
	12,093	6,746	(7,887)	10,952
Dividends paid or declared	-	-	-	-
Issue of share capital	-	-	-	-
Equity share options issued	-	-	-	-
<b>Balance at 30 June 2018</b>	<b>12,093</b>	<b>6,746</b>	<b>(7,887)</b>	<b>10,952</b>

	Share capital \$000	Reserves \$000	Accumulated losses \$000	Total equity \$000
<b>Balance at 1 July 2016 (Re-stated)</b>	<b>12,093</b>	<b>10,746</b>	<b>(8,617)</b>	<b>14,222</b>
Net loss for the year	-	-	(242)	(242)
	12,093	10,746	(8,859)	13,980
Other Comprehensive loss for the year	-	-	-	-
	12,093	10,746	(8,859)	13,980
Dividends paid or declared	-	-	-	-
Issue of share capital	-	-	-	-
Equity share options issued	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>12,093</b>	<b>10,746</b>	<b>(8,859)</b>	<b>13,980</b>

	2018	2017
<b>Net Tangible Asset Backing</b>		
Net tangible asset backing per ordinary security	8.37c	10.73c

**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 2018**

	Consolidated entity	
	30 June 2018	30 June 2017
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	22,331	20,183
Payments to suppliers and employees	(17,705)	(17,564)
Interest received	11	16
Borrowing costs paid	(1,146)	(1,169)
Net cash provided by / (used in) operating activities	<u>3,491</u>	<u>1,466</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant & equipment	-	-
Purchase of intangibles	(85)	(119)
Purchase of property, plant & equipment	(853)	(347)
Purchase of investments	-	-
Net cash used in investing activities	<u>(938)</u>	<u>(466)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	663	738
Repayment of borrowings	(4,200)	(1,624)
Net cash provided by/ (used in) financing activities	<u>(3,537)</u>	<u>(886)</u>
Net increase/(decrease) in cash held	(984)	114
Cash at start of period	<u>2,816</u>	<u>2,702</u>
<b>Cash at end of period</b>	<u><b>1,832</b></u>	<u><b>2,816</b></u>

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

**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>2018 \$'000</b>	<b>2017 \$'000</b>
Reconciliation of Cash flow from Operations with Operating loss after Income Tax		
Operating profit/(loss) after income tax	972	(242)
Non-cash flows in operating profit/(loss):		
Depreciation and amortisation	473	407
Changes in assets and liabilities		
(Increase)/Decrease in trade debtors	144	384
(Increase)/Decrease in prepayments	0	241
(Increase)/Decrease in inventories	1,943	321
(Increase)/Decrease in other non-current assets	-	-
(Decrease)/Increase in accounts payable	(74)	19
(Decrease)/Increase in accrued expenses	5	330
Increase/(Decrease) in provisions	28	6
	3,491	1,466
Net cash provided by/( used in) operating activities	3,491	1,466

<b>2. CASH</b>	<b>Consolidated Entity</b>	
	<b>2018 \$'000</b>	<b>2017 \$'000</b>
Cash at bank and on hand	1,832	2,816
<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)	1,832	2,816
Bank overdrafts	-	-
	1,832	2,816
	1,832	2,816

# INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

## NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 1: BASIS OF PREPARATION

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 same accounting policies and methods of computation have been followed in this financial report as were applied in the 30 June 2017 annual report, unless otherwise stated below.

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

#### **New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

### NOTE 2: 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 3: GOING CONCERN

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 2018, these financial covenants have not been met.

At the time of this report, the breach of these covenants have been waived by Bank of Melbourne ("BOM") who retain their rights in respect of any other past, present or future breaches of the conditions contained in their facility offer. Given the covenant breach and the 1 October 2018 maturity date of BOM's current facility, the borrowings payable to BOM have been classified as a current liability. As a result, the Group's current liabilities exceed its current assets by \$16.574 million at balance date.

The directors are currently in discussions with BOM to agree an acceptable term extension.

# INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

## NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### NOTE 3: GOING CONCERN (CONT'D)

Notwithstanding this, the directors are confident of the Group's ability to continue as a going concern for the following reasons:

- The demonstrated ability to obtain refinancing for existing loans;
- The demonstrated ability to sell down existing stocks of apartments located in Melbourne to reduce debt. The property market in Melbourne, in particular, remains stable;
- The ability to dispose of certain non-current assets to extinguish the loans in their entirety;
- The ability to raise capital or loans from shareholders or related parties.

Based on the above conditions, the Directors consider the going concern basis of preparation to be appropriate for this financial report. However, in the unlikely event the above outcomes are not achievable, the Group may not be able to realise its assets and extinguish its liabilities at the amounts stated in the financial statements.

### NOTE 4: COMMITMENTS

#### (a) Capital Commitments

The Company had the following capital expenditure commitments as at 30 June 2018:

Renaissance Australia Pty Ltd, a wholly owned subsidiary of the parent company, has entered into a contract with Mechanical Project Services Pty Ltd to replace central air-conditioning chillers at a cost of \$349,338 (plus GST) and Kitchen and Bathroom Specialist Pty Ltd to refurbish 26 rooms at Seasons of Perth at a cost of \$375,300 (plus GST). At the time of this report, an amount of \$96,500 and \$351,547, respectively, remains outstanding.

The above costs are being funded from internally generated cashflows.

#### (b) Operating Lease Commitments

The following table sets out the Group's commitment for operating leases in respect of properties under Lease Rights and other operating leases. Lease expenditure contracted but not provided for as payable:

	<b>2018</b>	<b>2017</b>
	<b>\$000</b>	<b>\$000</b>
<b>Within 1 year</b>	5,080	5,529
<b>Later than 1 year but not later than 5 years</b>	14,066	17,843
<b>Later than 5 years</b>	7	1,310
	<hr/> 19,153	<hr/> 24,682

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 5: INTEREST IN SUBSIDIARIES**

**Information about Principal Subsidiaries**

Set out below are the Group's subsidiaries at 30 June 2018. The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group and the proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's country of incorporation or registration is also its principal place of business.

Name of Subsidiary	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests
		At 30 June 2018	At 30 June 2017	At 30 June 2018
(IEC) Pacific Pty Ltd	Australia	100 %	100 %	0%
IEC (Management) Pty Ltd	Australia	100 %	100 %	0%
IEC Real Estate Pty Ltd	Australia	100 %	100 %	0%
Renaissance Australia Pty Ltd	Australia	100 %	100 %	0%
Seasons Heritage Melbourne Pty Ltd	Australia	100 %	100 %	0%
IEC Properties Pty Ltd	Australia	100 %	100 %	0%
Seasons Apartment Hotel Group Pty Ltd	Australia	100 %	100 %	0%
Seasons International Management Pty Ltd	Australia	100 %	100 %	0%
Seasons Darling Harbour Pty Ltd	Australia	100 %	100 %	0%
Seasons Harbour Plaza Pty Ltd	Australia	100 %	100 %	0%

Subsidiaries' financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

There have been no acquisition or disposal of group entities during the year.

**NOTE 6: ANNUAL GENERAL MEETING**

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

**NOTE 7: AUDIT**

This report is based on accounts which are in the process of being audited. At the time of this report, the Directors are not aware of any matter that will result in a qualification of the audit report. The auditors are however likely to include an Emphasis of Matter paragraph regarding the going concern position of the company as referred to in Note 3 of this report.