International Equities Corporation Ltd

and controlled entities **ABN 97 009 089 696**

Financial report for the half year ended 31 December 2005

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your Directors submit the consolidated financial report of International Equities Corporation Limited for the half year ended 31 December 2005.

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

Marcus Peng Fye Tow
Tow Kong Liang
Aubrey George Menezes
Wong Tit Seng
Arulananda Manickam (Resigned on 16 January 2006)

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

	Segment Revenue 31 December		Segment Results 31 December	
	2005 $000	2004 $000	2005 $000	2004 $000
Property Development	4,561	3,818	(1,470)	(1,266)
Tourism	2,448	2,656	151	(344)
Leasing Rental Property	909	361	319	(31)
Other Revenue	68	217	(45)	(36)
	7,986	7,051	(1,045)	(1,677)

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

For the half year ended 31 December 2005, International Equities Corporations Limited (IEC) generated revenues of $7.986 million mostly from sale of apartments, hotel operations and real estate commissions. This resulted in lower losses for the group. The overall after tax loss stood at $1.045 million.

Property development continued to be the IEC's main core business. IEC stepped up its marketing efforts to improve sales of Uropa and Seasons Apartments at Swanston Street in Melbourne and apartment unit at Polaris in Victoria Street, Melbourne. This generated half year revenues of $ 4.561 million. However, due to a softer apartment market, IEC generated a loss after tax of $1.47 million.

The decision to manage Seasons of Perth Hotel within the IEC group has resulted in improved profitability for the hotel business. Personalised valued added services and cost rationalisation measures further improved profitability. Having maintained occupancies, the hotel's next aim is to increase its average room rate. The hotel generated $151,000 in after tax profits from $2.448m in revenues for the half year.

New projects. IEC is in the final stages of obtaining funding for the 'Seasons on St Kilda Road' service apartments. The apartment will consist of a heritage building and a 19 storey apartment block. This development is expected to cost approximately $55 million.

Additionally, plans are being drawn up for IEC's most recent acquisition at 114-116 Leopold Street located in South Yarra, Melbourne. This will be a re-development into luxury apartments which is expected to be finalised later in the year.

DIRECTORS' REPORT

After Balance Date Events

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial year.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 3.

Adoption of Australian Equivalents to International Financial Reporting Standards

This interim financial report has been prepared under Australian equivalents to International Financial Reporting Standards (A-IFRS). A reconciliation of differences between previous GAAP and A-IFRS has been included in Note 3 of this report.

Rounding of amounts

The economic entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest $1,000.

This report is signed in accordance with a resolution of the Board of Directors.

Aubrey George Menezes
Director

Dated this 28th day of February 2006

MOORE STEPHENS

THE AUDITOR'S INDEPENDENCE DECLARATION

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF INTERNATIONAL EQUITIES CORPORATION LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2005 there has been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

Moore Stephens

Moore Stephens
Chartered Accountants

Neil Pace

Neil Pace
Partner

Dated 28th day of February 2006.

CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated entity 31 December 2005 $000	Consolidated entity 31 December 2004 $000
Revenues from ordinary activities	**2**	7,985	7,051
Emerging profit recognised – property development		507	1,649
Property development costs		(4,560)	(3,808)
Hotel costs of good sold		(1,411)	(2,102)
Rental guarantee expenses		(571)	(364)
Sales commission		(28)	(1,527)
Borrowing costs expense		(1,391)	(745)
Administrative expenses		(1,508)	(1,544)
Depreciation expenses		(68)	(60)
Other expenses		-	(227)
Profit/(loss) from continuing operations before income tax expense		(1,045)	(1,677)
Income tax expense relating to ordinary activities		-	-
Profit/(loss) from continuing operations after related income tax expense		**(1,045)**	**(1,677)**
Profit/(loss) from extraordinary item after related income tax expense/(revenue)		-	-
Net profit/(loss) attributable to the members of the parent entity		**(1,045)**	**(1,677)**
Basic earnings per share (cents per share)		(0.82c)	(1.31c)

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

	Consolidated Entity	
	31 December 2005 $000	**30 June 2005 $000**
CURRENT ASSETS		
Cash assets	949	1,997
Receivables	533	366
Inventories	25,536	29,592
Other	164	209
TOTAL CURRENT ASSETS	27,182	32,164
NON CURRENT ASSETS		
Receivables	1,520	1,520
Inventories	11,368	7,830
Property, plant and equipment	11,424	11,450
Other financial assets	-	-
Intangible assets	1	1
TOTAL NON CURRENT ASSETS	24,313	20,801
TOTAL ASSETS	51,495	52,965
CURRENT LIABILITIES		
Payables	5,828	3,845
Interest-bearing liabilities	-	1,155
Provisions	60	-
TOTAL CURRENT LIABILITIES	5,888	5,000
NON CURRENT LIABILITIES		
Payables	-	-
Interest-bearing liabilities	39,461	40,775
Deferred income tax liability	510	510
TOTAL NON CURRENT LIABILITIES	39,971	41,285
TOTAL LIABILITIES	45,860	46,285
NET ASSETS	**5,635**	**6,680**
EQUITY		
Contributed equity	12,093	12,093
Reserves	40	40
Retained earnings / (accumulated losses)	(6,498)	(5,453)
TOTAL EQUITY	**5,635**	**6,680**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Share capital $000	Other reserves $000	Retained earnings $000	Total $000	Total equity $000
Balance at 1 July 2004	12,093	40	799	12,932	12,932
Net profit (loss)	-	-	(1,677)	(1,677)	(1,677)
Total recognised income & expense for the period	12,093	40	(878)	11,255	11,255
Dividends paid or declared	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Equity share options issued	-	-	-	-	-
Balance at 31 December 2004	**12,093**	**40**	**(5,453)**	**(11,255)**	**(11,255)**

	Share capital $000	Other reserves $000	Retained earnings $000	Total $000	Total equity $000
Balance at 1 July 2005	12,093	40	(5,453)	6,680	6,680
Net profit (loss)	-	-	(1,045)	(1,045)	(1,045)
Total recognised income & expense for the period	12,093	40	(6,498)	5,635	5,635
Dividends paid or declared	-	-	-	-	-
Issue of share capital	-	-	-	-	-
Equity share options issued	-	-	-	-	-
Balance at 31 December 2005	**12,093**	**40**	**(6,498)**	**5,635**	**5,635**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Consolidated entity	
	31 December 2005 $000	**31 December 2004 $000**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	6,337	31,823
Payments to suppliers and employees	(2,339)	(3,119)
Property development costs	(888)	(8,225)
Interest received	7	85
Interest paid	(1,390)	(745)
Net cash provided by (used in) operating activities	1,727	(19,819)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non current assets	(41)	(97)
Receipts from the sale of investments	-	-
Proceeds from sale of controlled entity, net of cash disposed	-	-
Purchase of investments	(2,650)	(38)
Loans to related parties	-	-
Net cash provided by/(used in) investing activities	(2,691)	(135)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	-
Proceeds from borrowings	3,392	21,865
Repayment of borrowings	(3,476)	(33,089)
Net cash provided by financing activities	(84)	(11,224)
Net increase/(decrease) in cash held	(1,048)	8,460
Cash at start of period	1,997	129
Cash at end of period	**949**	**8,589**

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

NOTES TO THE FINANCIAL STATEMENTS HALF YEAR ENDED 31 DECEMBER 2005

Note 1: Basis of preparation of half-year financial report

The half year condensed consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 134: Interim Financial Reporting, Urgent Issues Group Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2005 and any public announcements made by International Equities Corporation Ltd and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

As this is the first interim financial report prepared under Australian equivalents to IFRS, the accounting policies are inconsistent with those applied in the 30 June 2005 annual report as this report was presented under previous Australian GAAP. Accordingly, a summary of the significant accounting policies under Australian equivalents to IFRS has been included below. A reconciliation of equity and profit and loss between previous GAAP and Australian equivalents to IFRS has been prepared per Note 3.

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

Statement of accounting policy

(a) Principles of Consolidation

A controlled entity is any entity International Equities Corporation Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered of left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in consolidated financial report.

(b) Income tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

(c). Inventories

Other than inventories associated with land held for development and resale which are valued at cost, current inventories comprising stores and consumables are valued at lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out or weighed average cost basis.

(d). Impairment of assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(e). Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset,

Plant & Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

(e). Property, Plant & Equipment (cont'd)

The expected useful lives are as follows:

Buildings	50 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years
Leasehold Improvement at cost	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(f). Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(g). Earnings per share

a. *Basic earnings per share*
Basic earning per share is determined by dividing the group operating result after income tax attributable to members by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

b. *Diluted earnings per share*
Diluted earnings per share adjusts the figure used in the determination of basic earnings per share by taking into account amounts paid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(h). Land held for development and resale

Land held for development and resale comprises land held for development, contract costs and other holding costs incurred to date.

Costs include the cost of acquisition, development, interest on funds borrowed for the development and holding costs until completion of development. Interest and holding charges incurred after development are expensed.

Profit is recognised on an individual contract basis using the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated, they are provided for in full.

Profit recognition does not normally commence until substantial sales have been achieved and physical construction has reached a substantial level (generally above 30% complete).

(i). Receivables

All trade and other debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from date of recognition. Collectibility of trade and other debtors are reviewed on an ongoing basis; uncollectible debts are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(j). Revenue

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes.

Revenue from the sale of apartments or units is generally recognised upon settlement.

Pre completion sales contracts in relation to residential property development projects are accounted for as construction contracts in accordance with accounting standard AASB 111: Construction Contracts. Sales from these contracts are recognised as income on execution of the sales contract, subject to the project having approved funding for development in place.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of services and accommodation is recognised upon the provision of the service to customers.

All revenue is stated net of the amount of goods and services tax (GST).

(k). Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(l). Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(m). Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cashflows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n). Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o). Financial Instruments

Recognition
Financial instruments are initially measured at cost on trade date, which include transaction costs, when the related contractual rights and obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments - Recognition and Measurement. Derivatives are also categorised as held for trading hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments
These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains or losses arising from changes in fair value are taken directly to equity.

Financial Liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative Instruments
Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to income statement unless they are designated as hedges.

Fair Value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transaction, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

(p). Comparative Figures

Where appropriate, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Note 2: Revenue from ordinary activities

	Consolidated Entity	
	31 December 2005 $000	**31 December 2004 $000**
Sales revenue	7,009	6,473
Interest revenue	7	85
Rent revenue	909	361
Other revenue	60	132
	7,985	**7,051**

NOTES TO THE FINANCIAL STATEMENTS HALF YEAR ENDED 31 DECEMBER 2005

Note 3: First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Reconciliation of Equity at 1 July 2004

	Note	Previous GAAP at 1.7.2004 $000	Economic Entity Adjustments on introduction of Australian equivalents to IFRS $000	Australian equivalents to IFRS at 1.7.2004 $000
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents		634	-	634
Receivables		855	-	855
Inventories		55,844	-	55,844
Other current assets		147	-	147
TOTAL CURRENT ASSETS		57,480	-	57,480
NON-CURRENT ASSETS				
Receivables		-	-	-
Inventories		8,863	-	8,863
Other financial assets		174	-	174
Property, plant & equipment	**3a**	12,442	(1,016)	11,426
Other Intangible assets		1	-	1
TOTAL NON-CURRENT ASSETS		21,480	**(1,016)**	20,464
TOTAL ASSETS		78,960	**(1,016)**	77,944
CURRENT LIABILITIES				
Payables		1,873	-	1,873
Interest bearing liabilities		33,830	-	33,830
Short-term provisions		62	-	62
TOTAL CURRENT LIABILITIES		35,765	-	35,765
NON-CURRENT LIABILITIES				
Payables		2,292	-	2,292
Deferred tax liabilities		510	-	510
Interest bearing liabilities		26,445	-	26,445
TOTAL NON-CURRENT LIABILITIES		29,247	-	29,247
TOTAL LIABILITIES		65,012	-	65,012
NET ASSETS		**13,948**	**(1,016)**	**12,932**
EQUITY				
Contributed equity		12,093	-	12,093
Reserves		40	-	40
Accumulated profit/(loss)		1,815	(1,016)	799
TOTAL EQUITY		**13,948**	**(1,016)**	**12,932**

Note 3: First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Reconciliation of Equity at 31 December 2004

	Note	Previous GAAP at 1.7.2004 $000	Economic Entity Adjustments on introduction of Australian equivalents to IFRS $000	Australian equivalents to IFRS at 1.7.2004 $000
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents		8,589	-	8,589
Receivables		371	-	371
Inventories		35,598	-	35,598
Other current assets		185	-	185
TOTAL CURRENT ASSETS		44,743	-	44,743
NON-CURRENT ASSETS				
Receivables		-	-	-
Inventories		9,118	-	9,118
Other financial assets		212	-	212
Property, plant & equipment	**3a**	12,465	(1,016)	11,449
Other Intangible assets		1	-	1
TOTAL NON-CURRENT ASSETS		21,796	**(1,016)**	20,780
TOTAL ASSETS		66,539	**(1,016)**	65,523
CURRENT LIABILITIES				
Payables		1,765	-	1,765
Interest bearing liabilities		4,193	-	4,193
Short-term provisions		69	-	69
TOTAL CURRENT LIABILITIES		6,027	-	6,027
NON-CURRENT LIABILITIES				
Payables		1,608	-	1,608
Deferred tax liabilities		510	-	510
Interest bearing liabilities		46,123	-	46,123
TOTAL NON-CURRENT LIABILITIES		48,241	-	48,241
TOTAL LIABILITIES		54,268	-	54,268
NET ASSETS		**12,271**	**(1,016)**	**11,255**
EQUITY				
Contributed equity		12,093	-	12,093
Reserves		40	-	40
Accumulated profit/(loss)		138	(1,016)	(878)
TOTAL EQUITY		**12,271**	**(1,016)**	**11,255**

Note 3: First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Reconciliation of Equity at 30 June 2005

	Note	Previous GAAP at 30.06.2005 $000	Economic Entity Adjustments on introduction of Australian equivalents to IFRS $000	Australian equivalents to IFRS at 30.06.2005 $000
ASSETS				
CURRENT ASSETS				
Cash & cash equivalents		1,997	-	1,997
Receivables		366	-	366
Inventories		29,592	-	29,592
Other current assets		209	-	209
TOTAL CURRENT ASSETS		32,164	-	32,164
NON-CURRENT ASSETS				
Receivables		1,520	-	1,520
Inventories		7,830	-	7,830
Other financial assets		-	-	-
Property, plant & equipment		11,450	-	11,450
Other Intangible assets		1	-	1
TOTAL NON-CURRENT ASSETS		20,801	-	20,801
TOTAL ASSETS		52,965	-	52,965
CURRENT LIABILITIES				
Payables		3,845	-	3,845
Interest bearing liabilities		1,155	-	1,155
Short-term provisions		-	-	-
TOTAL CURRENT LIABILITIES		5,000	-	5,000
NON-CURRENT LIABILITIES				
Payables		-	-	-
Deferred tax liabilities		510	-	510
Interest bearing liabilities		40,775	-	40,775
TOTAL NON-CURRENT LIABILITIES		41,285	-	41,285
TOTAL LIABILITIES		46,285	-	46,285
NET ASSETS		**6,680**	**-**	**6,680**
EQUITY				
Contributed equity		12,093	-	12,093
Reserves		40	-	40
Accumulated profit/(loss)		(5,453)	-	(5,453)
TOTAL EQUITY		**6,680**	**-**	**6,680**

Note 3: First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Reconciliation of Profit or Loss for the full year to 30 June 2005

	Note	Previous GAAP $000	Economic Entity Adjustments on introduction of Australian equivalents $000	Australian equivalents to IFRS $000
Revenue		7,051	-	7,051
				-
Expenses excluding borrowing costs		(7,983)	-	(7,983)
Profit (loss) from continuing operations		(932)	-	(932)
Borrowing costs expenses		(745)	-	(745)
Profit/(loss) from continuing operations before tax		(1,677)	-	(1,677)
Income tax expense relating to operating activities		-	-	-
Profit/(loss) after income tax		(1,677)	-	(1,677)
Net profit/(loss) attributable to the members of the parent entity		**(1,677)**	**-**	**(1,677)**
Total revenues, expenses & valuation adjustments		-	-	-
Total changes in equity other than those resulting from transactions with owners as Owners		**(1,677)**	**-**	**(1,677)**

NOTES TO THE FINANCIAL STATEMENTS HALF YEAR ENDED 31 DECEMBER 2005

Note 3: First-time Adoption of Australian Equivalents to International Financial Reporting Standards

Reconciliation of Profit or Loss for the full year to 30 June 2005

	Note	Previous GAAP $000	Economic Entity Adjustments on introduction of Australian equivalents $000	Australian equivalents to IFRS $000
Revenue		16,530	-	16,530
				-
Expenses excluding borrowing costs	**3a**	(21,495)	1,016	(20,479)
Profit from continuing operations		(4,965)	1,016	(3,949)
Borrowing costs expenses		(2,303)	-	(2,303)
Profit/(loss) from continuing operations before tax		(7,268)	1,016	(6,252)
Income tax expense		-	-	-
Profit/(loss) from continuing operations		(7,268)	1,016	(6,252)
Net profit/(loss) attributable to the members of the parent entity		**(7,268)**	**1,016**	**(6,252)**
Total revenues, expenses & valuation adjustments		-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		**(7,268)**	**1,016**	**(6,252)**

Notes to the reconciliations of equity and profit and loss at 1 July 2004, 31 December 2004 and 30 June 2005

(a) An impairment loss amounting to $1,016,000 has been recognised under Australian equivalents to IFRS relating to freehold land and buildings which has been written down to its recoverable amount as at 1 July 2004.
This has resulted in the diminution provision provided during the year ended 30 June 2005 being reversed thereby increasing the net profit after tax for the year ended 30 June 2005 and decreasing opening retained earnings, as at 1 July 2004, by $1,016,000.

NOTES TO THE FINANCIAL STATEMENTS HALF YEAR ENDED 31 DECEMBER 2005

Note 4: Reconciliation of Cash Flow Statement for the full year 30 June 2005

There are no material differences between the cash flow presented under A-IFRS and the cash flow statement presented under previous GAAP.

Note 5: Events Subsequent to Reporting Date

There have been no significant events subsequent to balance date.

Note 6: Contingent liabilities

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

DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 19:

   (a) comply with Accounting Standards AASB 134: Interim Financial Reporting and the Corporations Regulations; and

   (b) give a true and fair view of the economic entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Aubrey George Menezes
Director

Dated this 28th day of February 2006

MOORE STEPHENS

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF INTERNATIONAL EQUITIES CORPORATION LIMITED

Scope

We have reviewed the financial report of International Equities Corporation Ltd for the half-year ended 31 December 2005 as set out above. The company's directors are responsible for the financial report. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half year. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: Interim Financial Reporting, other mandatory professional reporting requirements in Australia, and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations its and cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed and audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, which followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*,

In accordance with ASIC Class Order 05/83, we declare that to the best of our knowledge and belief that the auditor's declaration set out on page 3 of the financial report has not changed as at the date of providing our review opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of International Equities Corporation Ltd is not in accordance with:

(a) the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Moore Stephens

Neil Pace

Moore Stephens
Chartered Accountants

Neil Pace
Partner

Dated 28th day of February 2006.

Partners

Han Khew
Syd Jenkins
Neil Pace

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