

**International Equities Corporation Ltd**  
and Controlled Entities

ABN 97 009 089 696

**PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2012**

**APPENDIX 4E**

# APPENDIX 4E

## PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2012

Name of entity

**INTERNATIONAL EQUITIES CORPORATION LTD**

ABN or equivalent company reference

**97 009 089 696**

Year ended ('current period')

**30 JUNE 2012**

### Results for announcement to the market

				\$A'000
Revenues and other income	Decrease	9.40%	to	21,558
Profit (loss) from ordinary activities after tax attributable to members	Increase	513.84%	to	(5,033)
Net profit (loss) for the period attributable to members	Increase	513.84%	to	(5,033)
<b>Dividends</b>		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 2011.				

## 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 2012.

#### 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)

#### 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>2012</b>	<b>2011</b>
	<b>Segment Revenue</b>	<b>Segment Revenue</b>
	<b>\$'000</b>	<b>\$'000</b>
Property Development	864	8,068
Tourism	19,727	15,052
Leasing	967	676
	<u>21,558</u>	<u>23,796</u>

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

#### Commentary on results

The company's 2012 results are summarised as follows:

		<b>2012</b>	<b>2011</b>
		<b>\$'000</b>	<b>\$'000</b>
Profit (loss) after tax:	Property development	(6,228)	(1,906)
	Tourism	582	628
	Leasing	613	458
Earnings per security		(3.92c)	(0.64c)
Net tangible asset backing		12.09c	12.70c

## **PRELIMINARY FINAL REPORT**

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

This financial year has seen continued instability in the economy. Confidence in the property sector coupled with a slowing economy has weighed heavily on the Company. During the year every effort was made to reduce the Company's exposure to the banks by selling down stock of residential properties and through the sale of a commercial building at 2 King William Street, in Adelaide.

During the year demand for residential apartments and investment properties fell. However, the Company did clear balance 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. The company signed on an additional hotel in Sydney known as Season Harbour Plaza in the CBD. Whilst the hotel industry met expectations generally, it was met by stiff competition and a need to invest in advertising and marketing. Confidence in the sector remains stable for the year ahead. This segment resulted in an after tax profit of \$0.582 million.

The after tax profit on Sales and Leasing activities stood at of \$0.613 million from long term leases and commissions. The outlook for the year ahead remains cautious.

Last financial year, the Company generated revenues of \$21.558 million from sales of property, Hotel accommodation and related activities. This resulted in an after tax loss of \$5.033 million due mainly to write down in value of residential property and loss on sale of commercial building in Adelaide.

## **PRELIMINARY FINAL REPORT**

### **DIRECTORS' REPORT**

For the financial year ended 30<sup>th</sup> June 2012 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 2012 financial report. A further write down of property, plant and equipment and loss on sale of commercial building impacted the financials for the year.

Sales of apartment stock have since tapered off due to uncertain economic conditions. Our sales team will continue to sell down stock to retire borrowings.

After due consideration, the Company will concentrate on the hospitality and tourism sector and return to property development when conditions improve.

During the last financial year the Company acquired the management rights to operate and now branded as Seasons Harbour Plaza. This increases the rooms to 552 rooms. We will further develop the Seasons brand by seeking out new hotel management sites whilst this sector remains stable.

This financial year Loss per security and Net tangible asset backing were 3.92c and 12.09c (2011: Loss per security and Net Tangible Asset backing were 0.64c and 12.70c), 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**  
**31<sup>st</sup> August 2012**

## **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 2012 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**  
**31<sup>st</sup> August 2012**

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2012**

	Note	Consolidated entity 30 June 2012 \$'000	30 June 2011 \$'000
Revenues from continuing operations	1(i)	21,558	23,796
Property development costs		(796)	(7,456)
Hotel cost of goods sold		(12,589)	(8,713)
Sales commission		(4)	(449)
Borrowing costs expense	1(ii)	(2,901)	(2,990)
Administrative expenses		(4,974)	(4,564)
Depreciation expenses		(500)	(444)
Impairment of Land & Buildings and Inventories		(3,717)	-
Loss on Disposal of 2 King Williams Street, Adelaide		(1,110)	-
Profit/(loss) from continuing operations before income tax expense		(5,033)	(820)
Income tax expense		-	-
Profit/(loss) from continuing operations after tax		(5,033)	(820)
<b>Other Comprehensive Income</b>			
Gain in Revaluation of Land and Building		4,182	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>(851)</b>	<b>(820)</b>
<b>Net Gain / (loss) from continuing operations attributable to the members of the parent entity</b>		<b>(851)</b>	<b>(820)</b>
<b>Total comprehensive income attributable to members of the parent entity</b>		<b>(851)</b>	<b>(820)</b>
Basic earnings per share		(3.92)c	(0.64)c
Diluted earnings per share		(3.92)c	(0.64)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	
		2012	2011
1(i). REVENUE FOR THE PERIOD		\$'000	\$'000
Operating activities			
-Sale of apartments		800	7,396
-Sales services & accommodation		19,419	14,754
-Property management fees		690	936
-Rental revenue		541	495
-Interest received – other persons		42	121
-Other revenue		66	94
		21,558	23,796
1(ii). EXPENSES AND OTHER GAINS /(LOSSES)			
(a) Expenses			
Borrowing costs			
- Other persons		2,901	2,990
Administration costs		4,974	4,564
Hotel costs and cost of goods sold		12,589	8,713
Depreciation of non-current assets:			
- Plant & equipment		500	444
Development costs – apartments		796	7,456
Development Cost – land		-	-
Commissions		4	449
		18,863	21,626
(b) Significant Revenues and Expenses			
The following significant revenue and expense items, included above, are relevant in explaining the financial performance.			
Impairment of Land & Buildings and Inventories		3,717	-
Loss on Disposal of 2 King William Street, Adelaide		1,110	
Net (loss) / gain		(5,033)	(820)



**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012**

	<b>Consolidated Entity</b>	
	<b>30 June 2012</b>	<b>30 June 2011</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT ASSETS</b>		
Cash assets	2,943	1,023
Receivables	2,366	1,607
Inventories	11,643	15,432
Other	191	140
	17,144	18,202
Assets classified as held for sale	-	7,553
<b>TOTAL CURRENT ASSETS</b>	17,144	25,755
<b>NON CURRENT ASSETS</b>		
Inventories	-	-
Property, plant and equipment	43,460	39,963
Other financial assets	1,465	1,517
Intangible assets	358	428
<b>TOTAL NON CURRENT ASSETS</b>	45,283	41,908
<b>TOTAL ASSETS</b>	62,427	67,663
<b>CURRENT LIABILITIES</b>		
Payables	2,701	2,165
Interest-bearing liabilities	30,040	30,594
Provisions	431	309
	33,172	33,068
Liabilities directly associated with assets classified as held for sale	-	4,505
<b>TOTAL CURRENT LIABILITIES</b>	33,172	37,573
<b>NON CURRENT LIABILITIES</b>		
Interest-bearing liabilities	13,395	13,377
<b>TOTAL NON CURRENT LIABILITIES</b>	13,395	13,377
<b>TOTAL LIABILITIES</b>	46,567	50,950
<b>NET ASSETS</b>	<b>15,860</b>	<b>16,713</b>
<b>EQUITY</b>		
Contributed equity	12,093	12,093
Reserves	16,746	12,564
Retained earnings / (accumulated losses)	(12,979)	(7,944)
<b>TOTAL EQUITY</b>	<b>15,860</b>	<b>16,713</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 2012**

	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>(7,944)</b>	<b>16,713</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>(12,977)</b>	<b>11,680</b>
Revaluation Reserve		4,180		4,180
<b>Total Reserve for the period</b>	<b>12,093</b>	<b>16,744</b>	<b>(12,977)</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>16,744</b>	<b>(12,977)</b>	<b>15,860</b>

  

	Share capital \$000	Asset revaluation \$000	Retained earnings \$000	Total equity \$000
<b>Balance at 1 July 2010</b>	<b>12,093</b>	<b>12,564</b>	<b>(7,124)</b>	<b>17,533</b>
Net loss for the year	-	-	(820)	<b>(820)</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>(7,944)</b>	<b>16,713</b>
Dividends paid or declared	-	-	-	-
Issue of share capital	-	-	-	-
Equity share options issued	-	-	-	-
<b>Balance at 30 June 2011</b>	<b>12,093</b>	<b>12,564</b>	<b>(7,944)</b>	<b>16,713</b>

Ratios **2012**      **2011**

**Net Tangible Asset Backing**

Net tangible asset backing per ordinary security 12.09c      12.70c

**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 2012**

	Consolidated entity	
	30 June 2012	30 June 2011
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	20,697	23,299
Payments to suppliers and employees	(18,019)	(16,065)
Interest received	42	121
Borrowing costs paid	(2,901)	(2,990)
Other - Property development costs	-	-
Net cash used in operating activities	<u>(181)</u>	<u>4,365</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant & equipment	7,554	-
Purchase of intangibles	-	43
Purchase of property, plant & equipment	(463)	(440)
Purchase of investments	51	(79)
Net cash used in investing activities	<u>7,142</u>	<u>(476)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	40	2,000
Repayment of borrowings	(5,081)	(5,586)
Net cash provided by financing activities	<u>(5,041)</u>	<u>(3,586)</u>
Net increase/(decrease) in cash held	1,920	303
Cash at start of period	<u>1,023</u>	<u>720</u>
<b>Cash at end of period</b>	<u><b>2,943</b></u>	<u><b>1,023</b></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**

	<b>Consolidated Entity</b>	
	<b>2012</b>	<b>2011</b>
<b>1. CASH FLOW INFORMATION</b>	<b>\$'000</b>	<b>\$'000</b>
Reconciliation of Cash flow from Operations with Operating Profit after Income Tax		
Operating Profit/(Loss) after Income Tax	(5,033)	(820)
Non-cash flows in operating profit		
Depreciation of plant and equipment	500	444
Impairment of Land & Buildings and Inventories	3,717	-
Changes in assets and liabilities		
(Increase)/Decrease in trade debtors	(758)	(299)
(Increase)/Decrease in prepayments	(51)	(33)
(Increase)/Decrease in inventories	786	7,191
(Increase)/Decrease in other non-current assets	-	-
(Decrease)/Increase in accounts payable	(419)	(1,989)
(Decrease)/Increase in accrued expenses	955	(238)
Increase/(Decrease) in provisions	122	109
Net Cash (used in)/provided by operating activities	(181)	4,365

	<b>Consolidated Entity</b>	
	<b>2012</b>	<b>2011</b>
<b>2. CASH</b>	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	2,943	1,023
Short term deposits	-	-
	2,943	1,023
<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)	2,943	1,023
Bank Overdrafts	-	-
	2,943	1,023

# INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

## NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

### 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 2011 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 2012**

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

**(i) Segment performance**

	<b>Property Development</b>	<b>Tourism</b>	<b>Leasing</b>	<b>Total</b>
	\$'000	\$'000	\$'000	\$'000
<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	864	19,727	967	21,558
Segment results	(6,228)	582	613	(5,033)
Profit from operations before income tax expense				(5,033)
<b>Twelve months ended 30.06.2011</b>				
<b>Revenue</b>				
Total segment revenue	9,245	15,828	856	25,929
Interest income	101	26		127
Less: intersegment elimination	(1,278)	(802)	(180)	(2,260)
Total segment revenue	8,068	15,052	676	23,796
Segment results	(1,906)	628	458	(820)
Profit from operations before income tax expense				(820)

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012**

**Note 2: Segmental Information**

**Primary reporting business segments**

	Property Development \$'000	Tourism \$'000	Others \$'000	Leasing \$'000	Consolidated \$'000
<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
<b>2011</b>					
Revenue	8,068	15,052	-	676	23,796
Segment operating (loss)/profit after tax	(1,906)	628	-	458	(820)
Segment assets	38,640	28,706	-	317	67,663
Segment liabilities	28,853	21,817	-	280	50,950

**INTERNATIONAL EQUITIES CORPORATION LTD  
AND CONTROLLED ENTITIES**

**NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012**

**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>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
<b>2011</b>				
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

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 2012**

**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	Nil			
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 2012

### **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.

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 have successfully negotiated refinancing of its bank borrowings which are due to proceed on 31<sup>st</sup> August 2012. The new loan facility is for a term of three years, except for an amount of \$3m which expires on 30<sup>th</sup> June 2013.

As such, the Directors consider the going concern basis to be appropriate for the following reasons:

- The demonstrated ability to obtain refinancing for existing loans;
- 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.