

International Equities Corporation Ltd
and Controlled Entities

ABN 97 009 089 696

PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2017

APPENDIX 4E

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PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2017

Name of entity

INTERNATIONAL EQUITIES CORPORATION LTD

ABN or equivalent company reference

97 009 089 696

Year ended ('current period')

30 JUNE 2017

Results for announcement to the market

\$A'000

Revenues and other income	Decrease	4.39 %	to	19,536
Profit (loss) from ordinary activities after tax attributable to members	Increase	49.38%	to	(242)
Net profit (loss) for the period attributable to members	Increase	49.38%	to	(242)

Dividends	Amount per security	Franked amount per security
Interim dividend	N/A	N/A
Previous corresponding period	N/A	N/A

+Record date for determining entitlements to the dividend

N/A

Brief explanation of any of the figures reported above and short details of any other item(s) of importance not previously released to the market:

Please refer to the commentary on the results in the following pages. These results should be read in conjunction with the most recent Annual Report 2016.

PRELIMINARY FINAL REPORT

DIRECTORS' REPORT

Your directors submit the preliminary final report of International Equities Corporation Limited for the year ended 30 June 2017.

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:

	2017	2016
	Segment Revenue	Segment Revenue
	\$'000	\$'000
Property Development	686	1,185
Tourism	17,888	18,342
Leasing	962	905
	<hr/>	<hr/>
	19,536	20,432
	<hr/>	<hr/>

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

Commentary on results

The company's 2017 results are summarised as follows:

		2017	2016
		\$'000	\$'000
Profit (loss) after tax:	Property development	(487)	(541)
	Tourism	(145)	(71)
	Leasing	390	450
		<hr/>	<hr/>
		2017	2016
			(Re-stated)
Earnings per security		(0.19)c	(0.13)c
Net tangible asset backing		10.73c	10.96c

PRELIMINARY FINAL REPORT

Commentary on results (continued)

For the financial year ended 30 June 2017, International Equities Corporation Ltd (IEQ) continued to take advantage of lower borrowing costs to repay borrowings. All contracts were reviewed or renegotiated to establish a lower cost base especially at the Seasons of Perth hotel in Western Australia. Hotels in New South Wales and Victoria continued to perform well, generating the bulk of revenue.

At Seasons of Perth in Western Australia the slow down in economic activity has significantly affected confidence, revenue and value. During the year, the Seasons of Perth hotel's carrying value as at 30 June 2016 was re-stated to recognise an impairment of \$6 million.

Confidence in sales of apartments remains uncertain and greatly dependant on interest rates. However, leasing of these apartments remains strong.

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

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 a sell down residential stock for the coming year to retire borrowings. Loss after tax for this segment was \$0.487 million.

This financial year saw revenue from the hotel division in Western Australia contract. We are seeing some stability now and into 2017/2018. 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 loss of \$0.145 million.

On Sales and Leasing activities the company will continue to activately list new properties for sale or lease. Profit after tax stood at \$0.390 million from long term leases and commissions. The outlook for the year ahead remains stable.

During the year ended 30 June 2017, the Company generated revenues of \$19.536 million from sales of property, hotel accommodation and related activities. This resulted in an after tax loss of \$0.242 million due mainly to lower profits from hotel, tourism and leasing activities.

PRELIMINARY FINAL REPORT

DIRECTORS' REPORT

For the financial year ended 30 June 2017 the company focused mainly on sales of residential properties and non – core investments and falling revenue from hotel accommodation in Western Australia. The full impact of these financials has been included in the 2017 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 and develop further our presence in the hospitality and tourism sector and return to property development when conditions improve.

This financial year Loss after tax per security and Net tangible asset backing were 0.19c and 10.73c (2016: 0.13c and 10.96c), respectively.

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
31st August 2017

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 2017 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that International Equities Corporation Ltd will be able to pay its debts as and when they become due and payable.

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

For and on behalf of the
Board of Directors of
International Equities Corporation Ltd.



Aubrey Menezes
Company Secretary

Perth, Western Australia
31st August 2017

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Consolidated entity 30 June 2017 \$'000	30 June 2016 (Re-stated) \$'000
Continuing Operations			
Revenue	1(i)	19,499	20,350
Other Income	1(i)	37	82
Property development costs	1(ii)	(284)	(1,029)
Hotel cost of goods sold	1(ii)	(12,673)	(13,097)
Sales commission	1(ii)	(5)	(27)
Borrowing costs expense	1(ii)	(1,169)	(1,197)
Administrative expenses	1(ii)	(5,240)	(4,857)
Depreciation and amortisation expenses	1(ii)	(407)	(387)
Profit/(loss) before income tax expense		(242)	(162)
Income tax expense		-	-
Net Profit/(loss) from continuing operations		(242)	(162)
Discontinued Operations			
Profit/(loss) from discontinued operations after tax		-	-
Net Profit/(loss) for the year		(242)	(162)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Revaluation of Seasons of Perth hotel		-	(6,000)
Other comprehensive income/(loss) for the year		-	(6,000)
Total comprehensive income/(loss) for the year		(242)	(6,162)

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017**

	Note	Consolidated entity 30 June 2017 \$'000	30 June 2016 (Re-stated) \$'000
		<u> </u>	<u> </u>
Net profit/(loss) attributable to:			
Members of the parent entity		(242)	(162)
Non-controlling interest		-	-
		<u>(242)</u>	<u>(162)</u>
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		(242)	(6,162)
Non-controlling interest		-	-
		<u>(242)</u>	<u>(6,162)</u>
 Earnings Per Share			
From continuing and discontinued operations:			
Basic earnings per share		(0.19)c	(0.13)c
Diluted earnings per share		(0.19)c	(0.13)c
From continuing operations:			
Basic earnings per share		(0.19)c	(0.13)c
Diluted earnings per share		(0.19)c	(0.13)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**

		Consolidated Group	
		2017	2016
1(i).	REVENUE FOR THE PERIOD	\$'000	\$'000
	Operating activities		
	-Sale of apartments	295	1,088
	-Sales services & accommodation	17,662	18,108
	-Property management fees	1,225	770
	-Rental revenue	301	338
	-Interest received – other persons	16	46
	-Other revenue	37	82
		19,536	20,432
1(ii).	EXPENSES		
	Expenses		
	Borrowing costs	1,169	1,197
		5,240	4,857
	Administration costs	5,240	4,857
	Hotel costs and cost of goods sold	12,673	13,097
	Depreciation and amortisation	407	387
	Development cost of apartments	284	1,029
	Commissions	5	27
		18,609	19,397

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Consolidated Entity	
	30 June 2017	30 June 2016 (Re-stated)
	\$'000	\$'000
CURRENT ASSETS		
Cash assets	2,816	2,702
Receivables	908	1,292
Inventories	2,815	2,852
Other	148	389
TOTAL CURRENT ASSETS	6,687	7,235
NON CURRENT ASSETS		
Property, plant and equipment	34,252	34,523
Intangible assets	215	169
TOTAL NON CURRENT ASSETS	34,467	34,692
TOTAL ASSETS	41,154	41,927
CURRENT LIABILITIES		
Payables	3,385	3,036
Interest-bearing liabilities	20,768	21,266
Provisions	358	352
TOTAL CURRENT LIABILITIES	24,511	24,654
NON CURRENT LIABILITIES		
Interest-bearing liabilities	2,663	3,051
TOTAL NON CURRENT LIABILITIES	2,663	3,051
TOTAL LIABILITIES	27,174	27,705
NET ASSETS	13,980	14,222
EQUITY		
Contributed equity	12,093	12,093
Reserves	10,746	10,746
Retained earnings / (accumulated losses)	(8,859)	(8,617)
TOTAL EQUITY	13,980	14,222

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 2017**

	Share capital \$'000	Asset revaluation \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2016 (Re-stated)	12,093	10,746	(8,617)	14,222
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	-	-	-	-
Balance at 30 June 2017	12,093	10,746	(8,859)	13,980

	Share capital \$000	Asset revaluation \$000	Accumulated losses \$000	Total equity \$000
Balance at 1 July 2015 (Re-stated)	12,093	16,746	(8,455)	20,384
Net loss for the year	-	-	(162)	(162)
	12,093	16,746	(8,617)	20,384
Other Comprehensive loss for the year	-	(6,000)	-	(6,000)
	12,093	10,746	(8,617)	14,222
Dividends paid or declared	-	-	-	-
Issue of share capital	-	-	-	-
Equity share options issued	-	-	-	-
Balance at 30 June 2016	12,093	10,746	(8,617)	14,222

	2017	2016 (Re-stated)
Net Tangible Asset Backing		
Net tangible asset backing per ordinary security	10.73c	10.96c

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 2017**

	Consolidated entity	
	30 June 2017	30 June 2016
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	20,183	19,665
Payments to suppliers and employees	(17,564)	(16,493)
Interest received	16	46
Borrowing costs paid	(1,169)	(1,197)
Net cash provided by / (used in) operating activities	1,466	2,021
Cash flows from investing activities		
Proceeds from sale of property, plant & equipment	-	-
Purchase of intangibles	(119)	-
Purchase of property, plant & equipment	(347)	(430)
Purchase of investments	-	-
Net cash used in investing activities	(466)	(430)
Cash flows from financing activities		
Proceeds from borrowings	738	-
Repayment of borrowings	(1,624)	(2,553)
Net cash provided by/ (used in) financing activities	(886)	(2,553)
Net increase/(decrease) in cash held	114	(962)
Cash at start of period	2,702	3,664
Cash at end of period	2,816	2,702

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

	Consolidated Entity	
	2017 \$'000	2016 \$'000
1. CASH FLOW INFORMATION		
Reconciliation of Cash flow from Operations with Operating loss after Income Tax		
Operating profit/(loss) after income tax	(242)	(162)
Non-cash flows in operating profit/(loss):		
Depreciation and amortisation	407	387
Changes in assets and liabilities		
(Increase)/Decrease in trade debtors	384	(651)
(Increase)/Decrease in prepayments	241	(118)
(Increase)/Decrease in inventories	321	2,879
(Increase)/Decrease in other non-current assets	-	(1802)
(Decrease)/Increase in accounts payable	19	1,258
(Decrease)/Increase in accrued expenses	330	58
Increase/(Decrease) in provisions	6	172
	<hr/>	<hr/>
Net cash provided by/(used in) operating activities	<u>1,466</u>	<u>2,021</u>

	Consolidated Entity	
	2017 \$'000	2016 \$'000
2. CASH		
Cash at bank and on hand	2,816	2,702
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:		
Cash (as above)	2,816	2,702
Bank overdrafts	-	-
	<hr/>	<hr/>
	<u>2,816</u>	<u>2,702</u>

INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

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 2016 annual report, unless otherwise stated below.

Restatement of 30 June 2016 Comparatives

The full details of the restatement of the comparative period can be found in note 1(b) of the half year report for the period ended 31 December 2016. The full disclosures will be included in the annual report for the year ended 30 June 2017.

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 2017, these financial covenants have not been met.

At the time of this report, a review was being conducted by Bank of Melbourne who was unable to provide an indication as to whether it would be taking any action. Therefore, the bank borrowings payable to the Bank of Melbourne have been classified as a current liability. As a result, current liabilities exceed current assets as at 30 June 2017 by \$17.8 million.

Going forward, the directors will endeavour to meet these obligations, or agree some form of accommodation from its financier. In the event these obligations are not met, the debts may become due and payable.

INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

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 strong;
- 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.

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 these conditions are not met, the Group may not be able to realise its assets and extinguish its liabilities at the amounts stated in the financial statements.

NOTE 4: INTEREST IN SUBSIDIARIES

Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 30 June 2017. 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 2017	At 30 June 2016	At 30 June 2017
(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.

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5: ANNUAL GENERAL MEETING

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

NOTE 6: AUDIT

This report is based on accounts which are in the process of being audited. The auditors, Moore Stephens Perth, are 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.