

International Equities Corporation Ltd

and controlled entities

ABN 97 009 089 696

1. Activity Report

2. Appendix 4C Cash flow Report for Quarter ended 30 September 2020

Activity Report

It is recommended that this unaudited 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*.

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

Revenues from ordinary activities (Sept 2019: \$4,429k)	Down	68.05%	to	A\$'000 1,415	
Profit (loss) from ordinary activities after tax attributable to members (Sept 2019: Loss of \$266k)	Down	16.54%	to	(222)	
Net profit (loss) for the period attributable to members (Sept 2019: Loss of \$266k)	Down	16.54%	to	(222)	
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	<table border="1" style="margin: auto;"> <tr> <td style="padding: 5px;">N/A</td> </tr> </table>				N/A
N/A					
The information provided should be read in conjunction with the full year audited results ended 30 June 2020 and the Annual Report 2020.					

NTA backing

	Current period Sept 2020	Previous corresponding Period Sept 2019
Net tangible asset backing per †ordinary security	\$0.0645	\$0.0757

(Note: Net tangible asset per ordinary security has been calculated to include Right of Use Assets and Lease Liabilities but excludes all Goodwill and Intangibles)

Review of Operations

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

	Segment Revenue		Segment Results	
	30 Sept		30 Sept	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Property Development	12	356	(114)	(247)
Tourism	744	3,859	(639)	(117)
Leasing/Rental Property	127	214	-	98
Government Grants	531	-	531	-
	<u>1,415</u>	<u>4,429</u>	<u>(222)</u>	<u>(266)</u>

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

For the quarter ended 30 September 2020 revenue fell by 68.05% to \$1.415 million (Sept 2019: \$4.429 million), due to Covid-19 lockdown, movement restrictions and closure of domestic and international borders. There was no sale of apartments during this period. Where possible, serviced apartments were converted to residential living at lower yields to drive in cashflow. Leasing revenues were subdued as many apartments remain vacant for the entire period.

For the same period, unaudited consolidated post tax loss was \$0.222 million (Sept 2019: Loss after tax \$0.266 million), down 16.54% mitigated by receipt of \$0.531 million in government grants and assistance.

As soon as it is possible, IEQ will continue to sell certain serviced and residential apartments to meet borrowing obligations and reduce debt.

Property development, management and tourism continue to be the IEQ's main core business.

Trading Operations under Covid -19 conditions

Trading for this quarter July to September 2020 of this financial year continues to be severely affected by imposition of restricted movement and closure of domestic and international borders to tourism. Hotel occupancies range from 5% – 25%. We expect that the uncertainty in market conditions and business confidence will continue through to March 2021 affecting the 2nd and 3rd quarters of 2020 - 2021 financial year.

For the remaining of the 2020 - 2021 financial year, IEQ will continue its sale of apartments to reduce our exposure to loans, when it is safe to do so. In the hotel and tourism sector, efforts are being made to encourage long stay tenancies where possible to mitigate against low occupancies until such time borders are re-opened. Leasing will remain our focus.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

INTERNATIONAL EQUITIES CORPORATION LIMITED

ABN

97 009 089 696

Quarter ended ("current quarter")

30 SEPTEMEBR 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	987	987
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(540)	(540)
(f) administration and corporate costs	(985)	(985)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(155)	(155)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	531	531
1.8 Other (provide details if material)	25	25
1.9 Net cash from / (used in) operating activities	(137)	(137)

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	(21)	(21)
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(21)	(21)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(10)	(10)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	(10)	(10)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,297	1,297
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(137)	(137)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(21)	(21)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(10)	(10)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,129	1,129

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,129	1,129
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,129	1,129

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
-
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	17,986	19,182
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	17,986	19,182

7.5 **Unused financing facilities available at quarter end** 1,196

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

- a) \$3.50 million is a zero-rate loan facility provided by Renaissance Assets Pty Ltd, a related party, with no fixed terms of repayment. No security was given.
- b) \$1.964 million is a bank bill variable rate facility with a 5 year term expiring August 2023, provided by Bank of Queensland. Interest rates range from 3.90% - 4.10%. Loan is secured.
- c) \$12.968 million is a bank bill variable rate facility provided by Bank of Melbourne. A letter of renewal was issued in November 2019 and is subject to conditions precedent which the company is working to provide. Interest rates range from 4.40% - 5.40%. Loan is secured.
- d) \$0.75 million is a commercial variable rate loan facility with a 20 year term, provided by ING Direct. Interest rates range from 4.70% – 4.80%. Loan is secured.

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(137)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	1,129
8.3 Unused finance facilities available at quarter end (Item 7.5)	1,196
8.4 Total available funding (Item 8.2 + Item 8.3)	2,325
8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)	16.9

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not Applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not Applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not Applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: _____
(Director/Company secretary)

Date: 30th September 2020

Print name: AUBREY MENEZES

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.