

International Equities Corporation Ltd
and Controlled Entities

ABN 97 009 089 696

PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2023

APPENDIX 4E

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2023

Name of entity

INTERNATIONAL EQUITIES CORPORATION LTD

ABN or equivalent company reference

97 009 089 696

Year ended ('current period')

30 JUNE 2023

Results for announcement to the market

\$A'000

| | | | | |
|--|----------|--------|----|-------|
| Revenues – continuing operations | Decrease | 9.8% | to | 4,105 |
| Revenues – discontinuing operations | Increase | 121% | to | 4,561 |
| (Loss) from ordinary activities after tax attributable to members (continuing operations) | Increase | 49% | to | (732) |
| Profit from ordinary activities after tax attributable to members (discontinuing operations) | N/A | N/A | to | 82 |
| Loss from ordinary activities after tax attributable to members (combined) | Decrease | 53.47% | to | (650) |
| Loss for the period attributable to members | Decrease | 53.47% | to | (650) |

| 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 2022.

PRELIMINARY FINAL REPORT

DIRECTORS' REPORT

Your directors submit the preliminary final report of International Equities Corporation Limited for the year ended 30 June 2023.

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:

| | 2023 | 2022 |
|------------------------------|------------------------|------------------------|
| | Segment Revenue | Segment Revenue |
| Continuing Operations | \$'000 | \$'000 |
| Property Development | 2 | 705 |
| Tourism | 3,223 | 3,000 |
| Leasing | 880 | 783 |
| Others | - | 62 |
| | <hr/> | <hr/> |
| | 4,105 | 4,550 |
| | <hr/> | <hr/> |

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

Commentary on results

The company's 2023 results are summarised as follows:

| | 2023 | 2022 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Segment results after tax: Property development | (836) | (576) |
| (combined) Tourism | (191) | (1,188) |
| Leasing | 377 | 306 |
| Others | - | 61 |
| | <hr/> | <hr/> |
| | (650) | (1,397) |
| | <hr/> | <hr/> |

The Tourism segment loss attributed to continuing operations is \$273K (2022: \$282K loss)

| | 2023 | 2022 |
|------------------------------|-------------|-------------|
| Loss per security (combined) | (0.51c) | (1.09c) |
| Net tangible asset backing | 4.56c | 5.06c |

PRELIMINARY FINAL REPORT

Commentary on results (continued)

For the financial year ended 30 June 2023, International Equities Corporation Ltd (IEQ) continued to deal with the effects of a slowing economy. The greatest impact was felt in the 1st 2 quarters of FY2023. Since then higher payroll cost, interest rates and inflation has negated any recovery. To mitigate its position IEQ entered into an agreement with an unrelated third party to sell Seasons of Perth Hotel (SOP) and its business assets to pay down loans. Settlement is expected around early October 2023. Revenue from tourism remains weak as domestic and international travel recover.

At Seasons of Perth in Western Australia occupancy has been encouraging but yields remain low. The Board of IEQ expects to settle the sale of SOP in early October 2023. As a result, the operations of SOP have been presented as discontinued operations on the face of the Statement of Profit or Loss and Other Comprehensive Income and the SOP property as non-current assets held for sale on the Statement of Financial Position.

At Seasons Heritage Melbourne and Seasons Botanic Gardens, both in Melbourne, the return to normalise trading has improved confidence in activities and sporting events. This brings with it travel and domestic tourism. There are clear signs cashflows are improving. We expect further uptake in occupancies in summer this year albeit return to profitability is slow.

At Seasons Darling Harbour in Sydney, the effects of high interest rates and inflation has dampened travel and discretionary spending. The situation at this property requires refurbishment to fall in line with other Sydney properties in the area.

Apartments held have retained their value throughout the pandemic and in the current economic climate. At this time the Company will hold off selling its stock of apartments. Overheads and carry cost associated with these properties resulted in an after tax loss of \$0.836 million

This financial year saw higher revenue from the hotel division. We are seeing a post pandemic recovery into 2023/2024. The Company will continue to make its presence felt through advertising and marketing. Confidence in the sector remains tough for the year ahead. However, this segment resulted in an after-tax loss of \$0.191 million.

On Sales and Leasing activities the company will continue to actively list new properties for sale or lease. Profit after tax stood at \$0.377 million from commissions on long term leases. The outlook for the year ahead remains stable.

During the year ended 30 June 2023, the Company generated total revenues of \$8.666 million from leasing of property, hotel accommodation and related activities. This resulted in an after-tax combined loss of \$0.65 million due mainly to lower profits from hotel and tourism activities. Excluding SOP's profit of \$0.082 million for the financial year, the Group's after tax loss from continuing operations was \$0.732 million (2022: \$0.491 million Loss)

For the financial year ended 30 June 2023 the company focused mainly on tourism and leasing of residential properties. The full impact of these financials has been included in this 2023 financial report.

The Company will also continue to develop further our presence in the hospitality and tourism sector and return to property development when conditions improve.

This financial year Loss after tax per security was 0.51c (2022: Loss after Tax per security was 1.09c). Net tangible asset backing per security was 4.56c (2022: 5.06c)

PRELIMINARY FINAL REPORT

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 2023

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 2023 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 2023

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

| | Note | Consolidated entity 30 June 2023 | Consolidated entity 30 June 2022 |
|---|-------|-------------------------------------|-------------------------------------|
| | | \$'000 | \$'000 |
| Continuing Operations | | | |
| Revenue | 1(i) | 4,105 | 4,550 |
| Property development costs | 1(ii) | - | (561) |
| Hotel cost of goods sold | 1(ii) | (1,861) | (1,640) |
| Sales commission | 1(ii) | (7) | (6) |
| Lease Interest | 1(ii) | (325) | (347) |
| Borrowing costs expense | 1(ii) | (146) | (97) |
| Administrative expenses | 1(ii) | (1,440) | (1,193) |
| Depreciation and amortisation expenses | 1(ii) | (1,042) | (1,172) |
| Other cost | 1(ii) | (16) | (25) |
| Profit/(loss) before income tax expense from continuing operations | | (732) | (491) |
| Income tax expense | | - | - |
| Profit/(loss) after income tax expense from continuing operations | | (732) | (491) |
| Profit/(loss) after income tax expense from discontinued operations | 7 | 82 | (906) |
| Net Profit/(loss) for the year after income tax expense | | (650) | (1,397) |
| Other comprehensive income | | | |
| Items that may be reclassified to profit or loss | | - | - |
| Other comprehensive income/(loss) for the year | | - | - |
| Total comprehensive income/(loss) for the year | | (650) | (1,397) |

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

| | Note | Consolidated entity 30 June 2023 | Consolidated entity 30 June 2022 |
|---|------|-------------------------------------|-------------------------------------|
| | | \$'000 | \$'000 |
| Net profit/(loss) attributable to: | | | |
| Members of the parent entity | | (650) | (1,397) |
| Non-controlling interest | | - | - |
| | | (650) | (1,397) |
| Total comprehensive income/(loss) attributable to: | | | |
| Members of the parent entity | | (650) | (1,397) |
| Non-controlling interest | | - | - |
| | | (650) | (1,397) |
| Earnings Per Share | | | |
| From continuing operations: | | | |
| Basic earnings per share | | (0.57c) | (0.38c) |
| Diluted earnings per share | | (0.57c) | (0.38c) |
| From discontinued operations: | | | |
| Basic earnings per share | | 0.06c | (0.71c) |
| Diluted earnings per share | | 0.06c | (0.71c) |
| From continuing and discontinued operations: | | | |
| Basic earnings per share | | (0.51c) | (1.09c) |
| Diluted earnings per share | | (0.51c) | (1.09c) |

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 | |
|--------------|--|---------------------------|---------------|
| | | 2023 | 2022 |
| 1(i) | REVENUE FOR THE PERIOD | \$'000 | \$'000 |
| | FROM CONTINUING OPERATIONS | | |
| | Operating activities | | |
| | - Sale of apartments | - | 705 |
| | - Sale services & accomodation | 2,728 | 1,887 |
| | - Property management fees | 701 | 692 |
| | - Rental revenue | 386 | 342 |
| | - Interest received – other persons | 3 | 1 |
| | - Other revenue, including lease modifications | 287 | 923 |
| | | <u>4,105</u> | <u>4,550</u> |
| | FROM DISCONTINUED OPERATIONS | | |
| | Operating activities | | |
| | - Sale of apartments | - | - |
| | - Sale services & accomodation | 4,505 | 2,011 |
| | - Rental revenue | 56 | - |
| | - Interest received – other persons | - | - |
| | - Other revenue, including lease modifications | - | 57 |
| | | <u>4,561</u> | <u>2,068</u> |
| 1(ii) | EXPENSES FOR THE PERIOD | | |
| | FROM CONTINUING OPERATIONS | | |
| | Borrowing cost | <u>146</u> | <u>97</u> |
| | Administration Costs | 1,440 | 1,193 |
| | Hotel cost and cost of goods sold | 1,861 | 1,640 |
| | Depreciation and amortisation | 1,042 | 1,172 |
| | Development cost of apartments | - | 561 |
| | Lease interest | 325 | 347 |
| | Commissions | 7 | 6 |
| | Other cost | 16 | 25 |
| | | <u>4,691</u> | <u>4,944</u> |
| | FROM DISCONTINUED OPERATIONS | | |
| | Borrowing cost | <u>1,236</u> | <u>751</u> |
| | Administration Costs | 520 | 411 |
| | Hotel cost and cost of goods sold | 2,584 | 1,674 |
| | Depreciation and amortisation | 139 | 138 |
| | | <u>3,243</u> | <u>2,223</u> |

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

| | Consolidated Entity | |
|---|----------------------------|---------------------|
| | 30 June 2023 | 30 June 2022 |
| | \$'000 | \$'000 |
| CURRENT ASSETS | | |
| Cash assets | 1,536 | 1,096 |
| Receivables | 1,038 | 743 |
| Inventories | 759 | 776 |
| Other | 21 | (6) |
| | 3,354 | 2,609 |
| Assets classified as held for sale | 20,678 | - |
| TOTAL CURRENT ASSETS | 24,032 | 2,609 |
| NON CURRENT ASSETS | | |
| Property, plant and equipment | 7,403 | 28,257 |
| Right-of-use Assets | 3,774 | 5,705 |
| Intangible assets | 17 | 29 |
| TOTAL NON CURRENT ASSETS | 11,194 | 33,991 |
| TOTAL ASSETS | 35,226 | 36,600 |
| CURRENT LIABILITIES | | |
| Payables | 5,808 | 4,713 |
| Interest-bearing liabilities | 1,963 | 16,031 |
| Lease Liability | 472 | 840 |
| Provisions | 304 | 304 |
| | 8,547 | 21,888 |
| Liabilities directly associated with assets classified as held for sale | 14,580 | - |
| TOTAL CURRENT LIABILITIES | 23,127 | 21,888 |
| NON CURRENT LIABILITIES | | |
| Interest-bearing liabilities | 2,732 | 2,738 |
| Lease Liability | 3,503 | 5,460 |
| TOTAL NON CURRENT LIABILITIES | 6,235 | 8,198 |
| TOTAL LIABILITIES | 29,362 | 30,086 |
| NET ASSETS | 5,864 | 6,514 |
| EQUITY | | |
| Contributed equity | 12,093 | 12,093 |
| Reserves | 6,746 | 6,746 |
| Retained earnings / (accumulated losses) | (12,975) | (12,325) |
| TOTAL EQUITY | 5,864 | 6,514 |

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 2023**

| | Share capital \$'000 | Reserves \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|---------------------------------------|----------------------------|--------------------|---------------------------------|---------------------------|
| Balance at 1 July 2022 | 12,093 | 6,746 | (12,325) | 6,514 |
| Net loss for the year | - | - | (650) | (650) |
| | 12,093 | 6,746 | (12,975) | 5,864 |
| Other Comprehensive loss for the year | - | - | - | - |
| | 12,093 | 6,746 | (12,975) | 5,864 |
| Dividends paid or declared | - | - | - | - |
| Issue of share capital | - | - | - | - |
| Equity share options issued | - | - | - | - |
| Balance at 30 June 2023 | 12,093 | 6,746 | (12,975) | 5,864 |

| | Share capital \$000 | Reserves \$000 | Accumulated losses \$000 | Total equity \$000 |
|---------------------------------------|---------------------------|-------------------|--------------------------------|--------------------------|
| Balance at 1 July 2021 | 12,093 | 6,746 | (10,928) | 7,911 |
| Net loss for the year | - | (1,397) | (1,397) | (636) |
| | 12,093 | 6,746 | (12,325) | 6,514 |
| Other Comprehensive loss for the year | - | - | - | - |
| | 12,093 | 6,746 | (12,325) | 6,514 |
| Dividends paid or declared | - | - | - | - |
| Issue of share capital | - | - | - | - |
| Equity share options issued | - | - | - | - |
| Balance at 30 June 2022 | 12,093 | 6,746 | (12,325) | 6,514 |

| | 2023 | 2022 |
|--|-------------|-------------|
| Net Tangible Asset Backing | | |
| Net tangible asset backing per ordinary security | 4.56c | 5.06c |

Dividends

No dividends were declared or paid during the year.

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

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

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 30 JUNE 2023**

| | Consolidated entity | |
|---|------------------------|------------------------|
| | 30 June 2023 \$'000 | 30 June 2022 \$'000 |
| Cash flows from operating activities | | |
| Receipts from customers | 6,957 | 5,010 |
| Payments to suppliers and employees | (5,976) | (4,240) |
| Interest received | 3 | - |
| Borrowing costs paid | (1,381) | (848) |
| Other income | - | 129 |
| Net cash provided by / (used in) operating activities | <u>(397)</u> | <u>51</u> |
| Cash flows from investing activities | | |
| Proceeds from sale of property, plant & equipment | 1,125 | 383 |
| Purchase of intangibles | - | (24) |
| Purchase of property, plant & equipment | (16) | (37) |
| Net cash used in investing activities | <u>1,109</u> | <u>322</u> |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 534 | 14,086 |
| Repayment of borrowings | (806) | (14,000) |
| Net cash provided by/ (used in) financing activities | <u>(272)</u> | <u>86</u> |
| Net increase/(decrease) in cash held | 440 | 459 |
| Cash at start of period | <u>1,096</u> | <u>637</u> |
| Cash at end of period | <u>1,536</u> | <u>1,096</u> |

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

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE STATEMENTS OF CASH FLOWS

| | Consolidated Entity | |
|---|----------------------------|---------------|
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| 1. CASH FLOW INFORMATION | | |
| Reconciliation of Cash flow from Operations with Operating loss after Income Tax | | |
| Loss after income tax | (650) | (1,397) |
| Non-cash flows in operating profit/(loss): | | |
| Depreciation and amortisation | 1,181 | 1,310 |
| Net (gain) / loss on sale of non-current assets | - | (129) |
| AASB 16 – Interest Charge | 325 | 347 |
| AASB 16 – Lease modifications | (287) | (851) |
| Changes in assets and liabilities | | |
| (Increase)/Decrease in trade debtors | (295) | (259) |
| (Increase)/Decrease in prepayments | (34) | 37 |
| (Increase)/Decrease in inventories | 17 | 302 |
| (Decrease)/Increase in trade & other payable | (654) | 689 |
| Increase/(Decrease) in provisions | - | 2 |
| | <hr/> | <hr/> |
| Net cash provided by/(used in) operating activities | <u>(397)</u> | <u>51</u> |
| | 2023 | 2022 |
| | \$'000 | \$'000 |
| 2. CASH | | |
| Cash at bank and on hand | 1,536 | 1,096 |
| 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) | 1,536 | 1,096 |
| | <hr/> | <hr/> |
| | <u>1,536</u> | <u>1,096</u> |

INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

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 2022 annual report, unless otherwise stated below.

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

Adoption of new and revised accounting standards

The Company has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and determined that their application to the financial statements is either not relevant or not material.

Impact of Standards issued but not yet applied by the Company

There are no accounting standards issued but not yet applied by the Company which are expected to have a significant impact on the future results or financial position of the Company.

Discontinued Operations

A discontinued operation is component of the Group that has been disposed of or is held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Disposal groups classified as held for sale

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of carrying amount and fair value less costs of disposal. For assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

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.

INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

NOTE 3: GOING CONCERN

The Group has prepared an assessment of its ability to continue as a going concern, taking into account all available information for a period of 12 months from the date of issuing the consolidated financial statements. In addition, the Group has obligations under its existing loan facilities, including the requirement to meet certain financial covenants. No covenants have been breached during the current financial year, which continues to the date of this report.

Having considered all of the matters noted above, 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. In particular the directors are confident that they will be able to extend or refinance the loan with Regis Capital Partners Pty Ltd when it expires on 30 September 2023;
- The demonstrated ability to sell down existing stocks of apartments located in Melbourne to reduce debt. The property market in Melbourne, in particular, remains stable;
- The ability to dispose of certain non-current assets to extinguish the loans in their entirety such as the imminent settlement of the SOP sale;
- The ability to draw on additional funds from existing approved finance facilities;
- The ability to raise capital or loans from shareholders or related parties.

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

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

NOTE 4: INTEREST IN SUBSIDIARIES

Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 30 June 2023. 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 2023 | At 30 June 2022 | At 30 June 2023 |
| (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 2023

NOTE 5: RIGHT-OF-USE ASSETS

The Group's lease portfolio currently includes apartments managed by the Group. These leases run for a period between 1 and 6 years with an option to renew for a further period between 2 and 10 years. The extension option where management are reasonably certain to be exercised have been included in the calculation of the lease liability. The Group has elected not to recognise right-of-use assets for low value items and any short-term leases.

| | 30 June 2023 | 30 June 2022 |
|---|---------------------|---------------------|
| | \$000 | \$000 |
| (i) AASB 16 related amounts recognised in the balance sheet | | |
| Right-of-use assets | | |
| Leased apartments | 4,753 | 6,758 |
| Accumulated depreciation | (979) | (1,053) |
| | 3,774 | 5,705 |
| Right-of-use assets | | |
| Balance at beginning of the year | 5,705 | 6,522 |
| Additions | - | - |
| Lease modifications | (952) | 236 |
| Depreciation expense for the year | (979) | (1,053) |
| Balance at the end of the financial year | 3,774 | 5,705 |

During the year, management have continuously reviewed and renegotiated the terms of the existing leases agreements, which resulted in rent concessions, leases terminations and modifications in the current financial year. As a result of these lease modifications and terminations, the right-of-use assets have decreased by \$1.931 million and lease liabilities have decreased by \$2.325 million in the current financial year.

NOTE 6: LEASES LIABILITIES

| | 30 June 2023 | 30 June 2022 |
|--------------------------------------|---------------------|---------------------|
| | \$000 | \$000 |
| Current | | |
| Lease Liability - Right of Use Asset | 472 | 840 |
| Total current | 472 | 840 |
| Non-Current | | |
| Lease Liability - Right of Use Asset | 3,503 | 5,460 |
| Total current | 3,503 | 5,460 |
| Total | 3,975 | 6,300 |

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

NOTE 7: DISCONTINUED OPERATIONS

Renaissance Australia Pty Ltd t/a Seasons of Perth's operations have been classified in this full year report as 'discontinued operations' as the Board agreed to sell the Seasons of Perth Hotel and Business assets on 30 April 2023. Settlement is expected to occur in early October 2023

Financial performance of discontinued operations

| | Note | Consolidated entity | |
|---|------|---------------------|--------------|
| | | 30 June 2023 | 30 June 2022 |
| | | \$'000 | \$'000 |
| Revenue | | 4,561 | 2,068 |
| Hotel cost of goods sold | | (2,584) | (1,674) |
| Borrowing costs expense | | (1,236) | (751) |
| Administrative expenses | | (520) | (411) |
| Depreciation and amortisation expenses | | (139) | (138) |
| Profit/(loss) before income tax expense from discontinued operations | | 82 | (906) |
| Income tax expense | | - | - |
| Net Profit/(loss) for the year after income tax expense from discontinued operations | | 82 | (906) |

**INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES**

NOTE 7: DISCONTINUED OPERATIONS (continued)

Non-current assets of classified as held for sale:

| | 30 June 2023 | \$'000 |
|--|---------------------|---------------|
| Property, plant and equipment | 20,678 | <u>20,678</u> |
| Liabilities directly associated with assets held for sale: | | |
| Interest-bearing liabilities | 14,580 | <u>14,580</u> |

Cash Flow information from discontinued operations

| | 30 June 2023 | 30 June 2022 |
|--|---------------------|---------------------|
| | \$'000 | \$'000 |
| Cash flows from operating activities | (208) | (780) |
| Cash flows from investing activities | 1,119 | (8) |
| Cash flows from financing activities | 245 | 1,182 |
| Net increase/(decrease) in cash and cash equivalents from discontinued operations | <u>1,156</u> | <u>394</u> |

NOTE 8: BASIS OF VALUATION OF PROPERTY RELATED ASSETS

Valuation Basis

The basis of valuation of inventories of apartments and freehold property, plant & equipment is fair value. Fair values are based on market values, being the price that would be received to sell an asset in an orderly transaction between market participants at the reporting date.

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. At the time of this report, the Directors are not aware of any matter that will result in a qualification of the audit report. The auditors are also likely to include an Emphasis of Matters paragraph regarding the going concern position of the company as referred to in Note 3 of this report.