For personal use only

International Equities Corporation Ltd

and Controlled Entities **ABN 97 009 089 696**

PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2021

APPENDIX 4E

For personal use only

APPENDIX 4E

PRELIMINARY FINAL REPORT FOR YEAR ENDED 30 JUNE 2021

Name of entity

INTERNATIONAL EQUITIES CORPORATION LTD

ABN or equivalent company reference

97 009 089 696

Year ended ('current period')

30 JUNE 2021

Results for announcement to the market

				$A'000
Revenues and other income	Decrease	55.61%	to	6,592
Profit (loss) from ordinary activities after tax attributable to members	Decrease	58.47%	to	(636)
Net profit (loss) for the period attributable to members	Decrease	58.47%	to	(636)

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 2020.

For personal use only

PRELIMINARY FINAL REPORT

DIRECTORS' REPORT

Your directors submit the preliminary final report of International Equities Corporation Limited for the year ended 30 June 2021.

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:

	2021 Segment Revenue $'000	2020 Segment Revenue $'000
Property Development	42	864
Tourism	4,951	12,228
Leasing	662	837
Others	937	919
	6,592	14,848

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

Commentary on results

The company's 2021 results are summarised as follows:

		2021 $'000	2020 $'000
Profit (loss) after tax:	Property development	(559)	(774)
	Tourism	(1,100)	(1,142)
	Leasing	86	386
	Others	937	-
		(636)	(1,530)

	2021	2020
Loss per security	(0.50c)	(1.19c)
Net tangible asset backing	6.15c	6.61c

For personal use only

PRELIMINARY FINAL REPORT

Commentary on results (continued)

For the financial year ended 30 June 2021, International Equities Corporation Ltd (IEQ) continued to deal with the effects of a pandemic. The greatest impact was felt in the 1st 2 quarters of the financial year. To mitigate its position all supplier contracts were either reviewed, renegotiated and/or suspended, where possible. Revenue from tourism fell substantially as domestic and international borders remain closed.

At Seasons of Perth in Western Australia occupancies remain low and continue to affect revenue beyond June 2021. The Board of IEQ expects occupancies around 15% – 20% in the coming financial year.

At Seasons Heritage Melbourne and Seasons Botanic Gardens, both in Melbourne, the effects of a lockdown and a return to lockdown continues to hinder a return to some level of “normal” trading. The company has had to consider the use of these apartments as long term residential tenancies where possible to generate additional cashflows.

At Seasons Darling Harbour in Sydney, the effects of a lockdown were minimised as lockdowns were dealt with quickly. However, since June 2021 the situation in Sydney has deteriorated significantly which has lead lockdowns, restrictions and curfews being implemented. It is foreseeable that trading will be substantially affected through to Dec 2021.

Confidence in sales of apartments remain unknown and greatly dependant on lockdown restrictions and banks lending criteria. However, the Company will endeavour to find other avenues to sell its stock of apartments to repay bank borrowings. During the last financial year, the company did not sell apartments.

During the year the Company did not sell stock of residential property to partially retire borrowings. Overheads and carry cost associated with these properties resulted in an after tax loss of $0.559 million

This financial year saw revenue from the hotel division decline due to the pandemic. We are seeing further instability into 2021/2022. The Company will continue to make its presence felt through advertising and marketing upon easing of restrictions and border closures. Confidence in the sector remains tough for the year ahead. This segment resulted in an after-tax loss of $1.100 million.

On Sales and Leasing activities the company will continue to actively list new properties for sale or lease. Profit after tax stood at $0.086 million from long term leases and commissions. The outlook for the year ahead is uncertain.

Federal and state overnment grants and financial assist totalled $0.937 million.

During the year ended 30 June 2021, the Company generated revenues of $6.592 million from sales of property, hotel accommodation and related activities. This resulted in an after-tax loss of $0.636 million due mainly to lower profits from hotel and tourism activities.

For personal use only

PRELIMINARY FINAL REPORT

DIRECTORS' REPORT

For the financial year ended 30 June 2021 the company focused mainly on tourism, sales of residential properties and non – core investments. The full impact of these financials has been included in the 2021 financial report.

Sales of apartment stock have been slow but encouraging. Our sales team will continue to sell down stock to retire borrowings.

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 0.50c (2020: Loss after Tax per security was 1.19c). Net tangible asset backing per security was 6.15c (2020: 6.61c).

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 2021

For personal use only

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 2021 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 2021

For personal use only

INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated entity 30 June 2021	30 June 2020
		$'000	$'000
Continuing Operations			
Revenue	**1(i)**	6,591	14,847
Other Income	**1(i)**	1	1
Property development costs	**1(ii)**	-	(834)
Hotel cost of goods sold	**1(ii)**	(1,961)	(7,014)
Sales commission	**1(ii)**	(103)	(36)
Lease Interest and expenses	**1(ii)**	(536)	(1,383)
Borrowing costs expense	**1(ii)**	(695)	(695)
Administrative expenses	**1(ii)**	(2,693)	(4,262)
Depreciation and amortisation expenses	**1(ii)**	(1,229)	(2,154)
Other cost	**1(ii)**	(11)	-
Profit/(loss) before income tax expense		(636)	(1,530)
Income tax expense		-	-
Net Profit/(loss) for the year		**(636)**	**(1,530)**
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		**(636)**	**(1,530)**

For personal use only

INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Consolidated entity	
		30 June 2021	30 June 2020
		$'000	$'000
Net profit/(loss) attributable to:			
Members of the parent entity		(636)	(1,530)
Non-controlling interest		-	-
		(636)	**(1,530)**
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		(636)	(1,530)
Non-controlling interest		-	-
		(636)	**(1,530)**
Earnings Per Share			
From continuing and discontinued operations:			
Basic earnings per share		(0.50c)	(1.19c)
Diluted earnings per share		(0.50c)	(1.19c)

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

For personal use only

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	
		2021	**2020**
1(i).	**REVENUE FOR THE PERIOD**	**$'000**	**$'000**
	Operating activities		
	-Sale of apartments	-	863
	-Sales services & accommodation	3,316	11,879
	-Property management fees	512	830
	-Rental revenue	331	356
	-Interest received – other persons	1	1
	-Other revenue, including lease modifications	2,432	919
		6,592	14,848

1(ii).	**EXPENSES**		
	Expenses		
	Borrowing costs	695	695
	Administration costs	2,693	4,262
	Hotel costs and cost of goods sold	1,961	7,014
	Depreciation and amortisation	1,229	2,154
	Development cost of apartments	-	834
	Lease Interest and other expenses	536	1,383
	Commissions	103	36
	Other cost	11	-
		7,228	16,378

For personal use only

INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Consolidated Entity	
	30 June 2021	**30 June 2020**
	$'000	**$'000**
CURRENT ASSETS		
Cash assets	637	1,297
Receivables	483	672
Inventories	1,078	1,085
Other	32	61
TOTAL CURRENT ASSETS	2,230	3,115
NON CURRENT ASSETS		
Property, plant and equipment	28,707	28,839
Right-of-use Assets	6,522	16,397
Intangible assets	28	69
TOTAL NON CURRENT ASSETS	35,257	45,305
TOTAL ASSETS	37,487	48,420
CURRENT LIABILITIES		
Payables	4,023	4,194
Interest-bearing liabilities	15,231	15,231
Lease Liability	680	888
Provisions	303	299
TOTAL CURRENT LIABILITIES	20,237	20,612
NON CURRENT LIABILITIES		
Interest-bearing liabilities	2,739	2,765
Lease Liability	6,600	16,496
TOTAL NON CURRENT LIABILITIES	9,339	19,261
TOTAL LIABILITIES	29,576	39,873
NET ASSETS	**7,911**	**8,547**
EQUITY		
Contributed equity	12,093	12,093
Reserves	6,746	6,746
Retained earnings / (accumulated losses)	(10,928)	(10,292)
TOTAL EQUITY	**7,911**	**8,547**

1

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

For personal use only

INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Share capital	Reserves	Accumulated losses	Total equity
	$'000	**$'000**	**$'000**	**$'000**
Balance at 1 July 2020	**12,093**	**6,746**	**(10,292)**	**8,547**
Net profit for the year	-	-	(636)	**(636)**
	12,093	6,746	(10,928)	**7,911**
Other Comprehensive loss for the year	-	-	-	**-**
	12,093	6,746	(10,928)	**7,911**
Dividends paid or declared	-	-	-	**-**
Issue of share capital	-	-	-	**-**
Equity share options issued	-	-	-	**-**
Balance at 30 June 2021	**12,093**	**6,746**	**(10,928)**	**7,911**

	Share capital	Reserves	Accumulated losses	Total equity
	$000	**$000**	**$000**	**$000**
Balance at 1 July 2019	**12,093**	**6,746**	**(8,762)**	**10,077**
Net profit for the year	-	-	(1,530)	**(1,530)**
	12,093	6,746	(10,292)	**8,547**
Other Comprehensive loss for the year	-	-	-	-
	12,093	6,746	(10,292)	**8,547**
Dividends paid or declared	-	-	-	**-**
Issue of share capital	-	-	-	**-**
Equity share options issued	-	-	-	**-**
Balance at 30 June 2020	**12,093**	**6,746**	**(10,292)**	**8,547**

	2021	**2020**
Net Tangible Asset Backing		
Net tangible asset backing per ordinary security	6.15c	6.61c

Dividends
No dividends were declared or paid during the year.

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

For personal use only

INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Consolidated entity	
	30 June 2021	**30 June 2020**
	$'000	**$'000**
Cash flows from operating activities		
Receipts from customers	3,434	14,079
Payments to suppliers and employees	(5,135)	(12,525)
Interest received	-	1
Borrowing costs paid	(695)	(695)
Other income	2,432	919
Net cash provided by / (used in) operating activities	36	1,779
Cash flows from investing activities		
Proceeds from sale of property, plant & equipment	-	-
Purchase of intangibles	-	-
Purchase of property, plant & equipment	(109)	(89)
Purchase of investments	-	-
Net cash used in investing activities	(109)	(89)
Cash flows from financing activities		
Proceeds from borrowings	-	950
Repayment of borrowings	(587)	(2,505)
Net cash provided by/ (used in) financing activities	(587)	(1,555)
Net increase/(decrease) in cash held	(660)	135
Cash at start of period	1,297	1,162
Cash at end of period	**637**	**1,297**

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

For personal use only

INTERNATIONAL EQUITIES CORPORATION LTD AND CONTROLLED ENTITIES

NOTES TO THE STATEMENTS OF CASH FLOWS

	Consolidated Entity	
	2021	**2020**
1. CASH FLOW INFORMATION	**$'000**	**$'000**
Reconciliation of Cash flow from Operations with Operating loss after Income Tax		
Operating profit/(loss) after income tax	(636)	(1,530)
Non-cash flows in operating profit/(loss):		
Depreciation and amortisation	1,229	2,154
AASB 16 – Interest Charge	299	-
AASB 16 – Lease modifications	(915)	-
Changes in assets and liabilities		
(Increase)/Decrease in trade debtors	188	47
(Increase)/Decrease in prepayments	30	90
(Increase)/Decrease in inventories	6	848
(Increase)/Decrease in other non-current assets	-	-
(Decrease)/Increase in accounts payable	(68)	1,099
(Decrease)/Increase in accrued expenses	(102)	(797)
Increase/(Decrease) in provisions	5	(132)
Net cash provided by/(used in) operating activities	36	1,779

	Consolidated Entity	
	2021	**2020**
	$'000	**$'000**
2. CASH		
Cash at bank and on hand	637	1,297
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)	637	1,297
Bank overdrafts	-	-
	637	1,297

For personal use only

INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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 2020 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.

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.

For personal use only

NOTE 3: GOING CONCERN

The Company 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.

The COVID 19 pandemic has significantly impacted on the trading performance of the Group's hotels and the financial position of the Group. Whilst the situation is continuing to evolve, the directors remain confident that it is appropriate to prepare the financial statements 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.

In addition, the Group has obligations under its existing loan facilities, including the requirement to meet certain financial covenants. It remains unclear if the Loan to Value Ratio (LVR) covenant, noted below, has been met as at 30 June 2021 or subsequent to that date. This is because of the significant market and valuation uncertainty which current exists in relation to the value of hotel related assets owned by the Company.

On 27 August 2020, Bank of Melbourne extended loan renewal terms by a Letter of Variation on terms and conditions set out below. The Company accepted these terms on 15 September 2020

- Loan facility extended to 31 July 2021 (now expired)
- LVR to not exceed 65%
- Provision of Financial Reporting, Budgets and Cashflows on a quarterly basis

At the date of this report, any breaches of covenants have been either waived or not acted on by the Bank of Melbourne ("BOM") who retain their rights in respect of any other past, present or future breaches of the conditions contained in their facility offer. Given the historic covenant breaches and maturity date of less than 1 year, the borrowings payable to BOM have been classified as a current liability. As a result, the Group's current liabilities exceed its current assets by $18.01 million at balance date.

Notwithstanding the above matters, 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 stable;
- The ability to dispose of certain non-current assets to extinguish the loans in their entirety;
- 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.

For personal use only

INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: INTEREST IN SUBSIDIARIES

Information about Principal Subsidiaries

Set out below are the Group's subsidiaries at 30 June 2021. 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 2021	At 30 June 2020	At 30 June 2021
(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.

For personal use only

INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

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.

The measurement principles of AASB 16 are only applied from 1 July 2019. At the date of initial application, the right-of-use assets equals to the lease liabilities and there was no adjustment to retained earnings.

	30 June 2021	30 June 2020
(i) AASB 16 related amounts recognised in the balance sheet	**$000**	**$000**
Right-of-use assets		
Leased apartments	7,470	18,279
Accumulated depreciation	(948)	(1,882)
	6,522	**16,397**
Right-of-use assets		
Balance at beginning of the year	16,397	18,279
Additions	-	-
Lease modifications	(8,927)	-
Depreciation expense for the year	(948)	(1,882)
Balance at the end of the financial year	**6,522**	**16,397**

Due to the ongoing impact of the COVID 19 pandemic on the Group's operations, 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 $8.927 million and lease liabilities have decreased by $9.543 million in the current financial year.

NOTE 6: LEASES LIABILITIES

Current		
Lease Liability - Right of Use Asset	680	888
Total current	**680**	**888**
Non-Current		
Lease Liability - Right of Use Asset	6,600	16,496
Total current	**6,600**	**16,496**
Total	**7,280**	**17,384**

For personal use only

INTERNATIONAL EQUITIES CORPORATION LTD
AND CONTROLLED ENTITIES

NOTES TO THE PRELIMINARY FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: BASIS OF VALUATION OF PROPERTY RELATED ASSETS

Valuation Basis
The basis of valuation of inventories 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.

As a result of the COVID 19 pandemic assessing fair values as at the reporting date involves uncertainties around the underlying assumptions, given the constantly changing nature of the situation and the time between the reporting date and the date of the annual report. The length of time it will take to manage the effects of the COVID 19 pandemic on the broader economies and property markets is still unknown.

Whilst the current economic climate and the impacts of the COVID 19 pandemic in the medium to longer term are still uncertain, the assessment undertaken to determine the fair value of the Group's inventory, property, plant & equipemnt is based on the best available current information.

Uncertainty around Property Valuations
The COVID 19 pandemic has impacted market activity in many sectors. The valuation assessments undertaken have placed more weighting to currently available information. The current response to the COVID 19 pandemic means that the Company has faced increased uncertainty on which to base valuation judgements. In the event that impacts of the COVID 19 pandemic are more material or prolonged than anticipated, this may further impact on the fair values adopted for the Group's property assets and the future price achieved if a property is sold.

NOTE 8: ANNUAL GENERAL MEETING

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

NOTE 9: 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 other than in respect of being unable to assess if carrying values of inventory and property, plant & equipment are impaired. 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.