

Appendix 4D

Half yearly report

Name of entity

INTERNATIONAL EQUITIES CORPORATION LTD

ABN or equivalent company reference

97 009 089 696

Half year ended ('current period')

31 DECEMBER 2020

For announcement to the market

Extracts from this report for announcement to the market.

\$A'000

Revenues from ordinary activities (Dec 2019: \$9,270k)	Down	61.10%	to	3,606
Profit (loss) from ordinary activities after tax attributable to members (Dec 2019: Profit of \$161k)	Down	508.70%	to	(658)
Net profit (loss) for the period attributable to members (Dec 2019: Profit of \$161k)	Down	508.70%	to	(658)
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 interim financial report for the half year ended 31 st December 2020 as attached.				

NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per ⁺ ordinary security	\$0.0612	\$0.0792

(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)

+ See chapter 19 for defined terms.

Control gained over entities having material effect

Name of entity (or group of entities)

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺acquired

N/A

Date from which such profit has been calculated

N/A

Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

N/A

Loss of control of entities having material effect

Name of entity (or group of entities)

N/A

\$A'000

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control

N/A

Date to which the profit (loss) in item 14.2 has been calculated

N/A

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period

N/A

Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

N/A

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable

N/A

⁺Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of proper instruments of transfer received by 5.00 pm if ⁺securities are not ⁺CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺securities are ⁺CHESS approved)

N/A

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign source dividend
Interim dividend: Current year	N/A	N/A	N/A
Previous year	N/A	N/A	N/A

+ See chapter 19 for defined terms.

Interim dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
⁺ Ordinary securities <i>(each class separately)</i>	N/A	N/A
Preference ⁺ securities <i>(each class separately)</i>	N/A	N/A
Other equity instruments <i>(each class separately)</i>	N/A	N/A
Total	N/A	N/A

The ⁺dividend or distribution plans shown below are in operation.

N/A

The last date(s) for receipt of election notices for the ⁺dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

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Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period \$A'000	Previous corresponding period - \$A'000
Profit (loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities	N/A	N/A
Profit (loss) from ordinary activities after tax	N/A	N/A
Extraordinary items net of tax	N/A	N/A
Net profit (loss)	N/A	N/A
Adjustments	N/A	N/A
Share of net profit (loss) of associates and joint venture entities	N/A	N/A

+ See chapter 19 for defined terms.

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition (“from dd/mm/yy”) or disposal (“to dd/mm/yy”).)*

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current Period	Previous corresponding period	Current period \$A'000	Previous corresponding period - \$A'000
Equity accounted associates and joint venture entities				
Total	N/A	N/A	N/A	N/A
Other material interests	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A

Foreign Entities

For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)

N/A

Audit Dispute or Qualification

For all entities, if the ⁺accounts are subject to audit dispute or qualification, a description of the dispute or qualification should follow:

Refer Auditor's review opinion

⁺ See chapter 19 for defined terms.

International Equities Corporation Ltd

and controlled entities

ABN 97 009 089 696

Financial report for the half year ended 31 December 2020

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your Directors submit the consolidated financial report of International Equities Corporation Limited for the half year ended 31 December 2020.

Directors

The directors in office during or since the end of the half year are:

Marcus Peng Fye Tow (Chairman / Chief Executive Officer)
Tow Kong Liang
Aubrey George Menezes (Chief Financial Officer / Company Secretary)
Krishna Ambalavanar

The company secretary in office during or since the end of the half year is:

Aubrey George Menezes

Review of Operations

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

	Segment Revenue		Segment Results	
	31 December		31 December	
	2020	2019	2020	2019
	\$000	\$000	\$000	\$000
Property Development	28	374	(238)	(442)
Tourism	2,522	8,473	(1,212)	412
Leasing/Rental Property	302	423	38	191
Government Grants	754	-	754	-
	<u>3,606</u>	<u>9,270</u>	<u>(658)</u>	<u>161</u>

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

The impacts of COVID 19 have significantly adversely affected the financial performance and financial position of the Company for the half year ended 31 December 2020 and continue to do so subsequent to year end, including as at the date of this report. Significant impacts on the Company are summarised as follows;

- Recurrence of virus outbreak may lead to restrictions being re-imposed. In July 2020, the Victorian government re-imposed restrictions, Stage 4 lockdown and curfew. Between December 2020 and February 2021 various states have reimposed staged restrictions resulting in border closures some of which remain in force at the date of this report.
- Closure of certain domestic and international borders remain in place at the date of this report
- Revenue and profitability of Tourism (hotels) related assets have fallen significantly in the first half of the financial year as a result of border closures and lockdowns referred to above.

The COVID 19 pandemic and, more specifically government responses to it, have created a significant downturn in the operations of the Group's hotels and service apartments, which is likely to continue until at least the end of calendar year 2021. The pandemic continues to create unprecedented uncertainty in terms of the overall economic and industry environment, such that economic events and conditions in future remain difficult to forecast and may be materially different from those experienced by the Company as at the date of this report. At this time, it is not possible for the Company to reliably estimate the future effects of COVID 19, or the duration of such, on its operations, other than (as noted above) results are expected to be adversely affected for some time to come.

DIRECTORS' REPORT (Continued)

For the half year ended 31 December 2020, International Equities Corporations Limited (IEQ) generated revenues of \$3.606 million mostly from hotel operations. Revenues were down by 61.10% due to the impacts of COVID 19, as explained above.

In order to continue meeting borrowing obligation, the company will continue its program of selling its inventory of apartments and commercial lots to reduce debt going forward.

For the half year ended 31 December 2020, consolidated post tax losses were \$658,000, a fall of 508.70% when compared to the comparative 6 month period, mainly due to the impacts of COVID 19, as explained above. The decline in trading performance was mitigated to some degree by grants and JobKeeper payments totalling \$754,000 received from local and federal governments.

Property development, management and tourism continue to be IEQ's main core business. In 2021, sale of assets will continue to be a priority to reduce debt whilst the serviced apartment operations are expected to provide an income stream.

Further consideration of the impacts of the COVID 19 pandemic are included in the going concern disclosures at Note 1 (d) and property valuations referred to in Note 1 (c).

Events Occurring after Balance Date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial year, other than those matters disclosed in Note 5 of the financial report.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 3.

Rounding of amounts

The consolidated entity has applied the relief available to it in ASIC CI 2016/191 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

This report is signed in accordance with a resolution of the Board of Directors.



Aubrey George Menezes
Director

Dated this 26th day of February 2021

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF INTERNATIONAL EQUITIES CORPORATION LIMITED & CONTROLLED ENTITIES

As lead auditor for the review of International Equities Corporation Limited and its controlled entities for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

NEIL PACE
PARTNERMOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 26th day of February 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated entity	
		31 December 2020 \$000	31 December 2019 \$000
Revenues from continuing operations	2(i)	3,606	9,270
Property development costs		-	(327)
Hotel cost of goods sold & Administration		(2,380)	(6,950)
Sales commission		-	(18)
Lease Interest		(520)	(577)
Borrowing costs	2(ii)	(315)	(335)
Depreciation and amortisation		(1,049)	(902)
Profit/(loss) from continuing operations before income tax expense		(658)	161
Income tax expense		-	-
Profit/(loss) from continuing operations after tax		(658)	161
Other Comprehensive Income		-	-
		-	-
Other comprehensive profit/(loss) for the period, net of tax		-	-
Total comprehensive profit/(loss) for the period		(658)	161
Net gain/(loss) from continuing operations attributable to the members of the parent entity		(658)	161
Total comprehensive profit/(loss) attributable to members of the parent entity		(658)	161
Basic earnings per share		(0.513) c	0.125 c
Diluted earnings per share		(0.513) c	0.125 c

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	Consolidated Entity	
		31 December 2020 \$000	30 June 2020 \$000
CURRENT ASSETS			
Cash assets		954	1,297
Receivables		527	672
Inventories		1,081	1,085
Other		55	61
TOTAL CURRENT ASSETS		2,617	3,115
NON CURRENT ASSETS			
Property, plant and equipment		28,800	28,839
Right of Use Assets		15,491	16,397
Intangible assets		48	69
TOTAL NON CURRENT ASSETS		44,339	45,305
TOTAL ASSETS		46,956	48,305
CURRENT LIABILITIES			
Payables		4,021	4,194
Interest-bearing liabilities		15,231	15,231
Lease Liabilities		1,018	888
Provisions		302	299
TOTAL CURRENT LIABILITIES		20,572	20,612
NON CURRENT LIABILITIES			
Lease Liabilities		15,744	16,496
Interest-bearing liabilities		2,751	2,765
TOTAL NON CURRENT LIABILITIES		18,495	19,261
TOTAL LIABILITIES		39,067	39,873
NET ASSETS		7,889	8,547
EQUITY			
Contributed equity		12,093	12,093
Reserves		6,746	6,746
Retained earnings / (accumulated losses)		(10,950)	(10,292)
TOTAL EQUITY		7,889	8,547

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED
31 DECEMBER 2020**

	Share capital	Other reserves	Retained earnings	Total Equity
Balance at 1 July 2020	12,093	6,746	(10,292)	8,547
Net loss for the period	-	-	(658)	(658)
Other comprehensive loss for the period	-	-	-	-
Total comprehensive income for the period	12,093	6,746	(10,950)	7,889
Dividends paid or declared	-	-	-	-
Balance at 31 December 2020	12,093	6,746	(10,950)	7,889

	Share capital	Other reserves	Retained earnings	Total
Balance at 1 July 2019	12,093	6,746	(8,762)	10,077
Net loss for the period	-	-	161	161
Other comprehensive loss for the period	-	-	-	-
Total comprehensive income for the period	12,093	6,746	(8,601)	10,238
Dividends paid or declared	-	-	-	-
Balance at 31 December 2019	12,093	6,746	(8,601)	10,238

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

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED
31 DECEMBER 2020**

	Consolidated entity	
	31 December 2020 \$000	31 December 2019 \$000
Cash flows from operating activities		
Receipts from customers	2,029	9,026
Payments to suppliers and employees	(3,070)	(7,411)
Interest received	1	1
Borrowing costs paid	(315)	(335)
Other Income	1,732	61
Net cash provided by operating activities	<u>377</u>	<u>1,342</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(84)	(50)
Net cash used in investing activities	<u>(84)</u>	<u>(50)</u>
Cash flows from financing activities		
Proceeds from borrowings	-	212
Repayment of borrowings	(636)	(1,336)
Net cash used in financing activities	<u>(636)</u>	<u>(1,124)</u>
Net increase/(decrease) in cash held	(342)	168
Cash at start of period	1,297	1,162
Cash at end of period	<u>955</u>	<u>1,330</u>

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

NOTE 1: BASIS OF PREPARATION

(a) Accounting Policies

These general purpose interim financial statements for the half year reporting period ended 31 December 2020 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting.

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*.

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial statements are consistent with those adopted and disclosed in the Company's 2020 annual financial report for the financial year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised accounting standards

The Company has adopted all new or amended Accounting Standards which became applicable during the current financial reporting period. There were no significant changes to accounting policies as a result of adopting new or amended standards:

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.

(b) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Key estimates — Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates and assumptions.

Key estimates -Fair Value of Freehold Land and Buildings

The Group regularly reassesses the value of freehold land and buildings so as to ensure that they are reflected at fair value based on either independent valuations or directors' assessments incorporating the latest available market information. Such assessments are based on information available and judgements made at the time of preparing these financial statements. Due to the COVID 19 pandemic, estimation uncertainty at balance date, that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year, relates to the valuation of freehold land and buildings.

NOTE 1: BASIS OF PREPARATION (CONTINUED)

(b) Critical Accounting Estimates and Judgements (continued)

Key estimates -Fair Value of Inventory

The Group regularly reassesses the value of inventory to ensure that they are reflected at fair value based on either independent valuations or directors' assessments incorporating the latest available market information. Such assessments are based on information available and judgements made at the time of preparing these financial statements. Due to the COVID 19 pandemic, estimation uncertainty at balance date, that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year, relates to the valuation of inventory.

Key estimates -Carrying Value of Right of Use Assets

The Group carries right of use assets at amortised cost and impairment tests them when there is an indicator of impairment. The impairment testing of assessed values are based on value in use calculations/consideration. Such assessments are based on information available, assumptions and judgements made at the time of preparing these financial statements. Due to the COVID 19 pandemic, estimation uncertainty at balance date, that may have a significant risk of resulting in a material adjustment to the carrying amounts of assets within the next financial year, relates to the carrying value of right of use assets.

(c) Valuation Basis and Valuation Uncertainty of Property Valuations

Valuation Basis

The basis of valuation of completed units held for resale (inventories) and freehold land and buildings 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 value as at the reporting date involves significant uncertainties around the underlying assumptions, given the constantly changing nature of the situation and the time between period end and the date of the half year report. The length of time it will take to manage the effects of the COVID 19 pandemic on the broader economies and property markets continues to be 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 completed units held for resale and freehold land and buildings is based on the best available current information.

Uncertainty around Property Valuations

The COVID 19 pandemic continues to impact 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 continues to face increased uncertainty on which to base valuation judgements. More specifically, at this time, there is significant market and valuation uncertainty in relation to the Company's hotel assets. 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 1: BASIS OF PREPARATION (CONTINUED)

(d) Going Concern & Obligations under Bank Borrowings

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 31 December 2020 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
- 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 \$17.95 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.

NOTE 2 (I): PROFIT OR LOSS FOR THE PERIOD

	Consolidated Group	
	31 December 2020	31 December 2019
Operating Activities		
Sales of Apartments	-	340
Property Management fees	223	457
Sales of Services and Accommodation	1,493	8,227
Rental Revenue	158	185
Interest Received	-	-
COVID 19 Related rent waivers	923	-
Other Revenue	809	61
	<hr/>	<hr/>
	3,606	9,270
Lease Expenses		
Sales of Apartments	520	577
Property Management fees	380	783

NOTE 2 (II): BORROWING COSTS

	Consolidated Group	
	31 December 2020	31 December 2019
Borrowing Costs – interest on bank loans	(315)	(335)
	<hr/>	<hr/>
	(315)	(335)

NOTE 3: 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 the operations of a licensed real estate agency which includes sale and/or leasing of apartments for a management fee.

(i) Segment performance

	Property Development	Tourism	Leasing	Government Grants	Total
	\$000	\$000	\$000	\$000	\$000
Six months ended 31 December 2020					
Revenue					
Total segment revenue	28	2,724	339	754	3,845
Interest income	-	-	-	-	-
Less: intersegment elimination	-	(202)	(37)	-	(239)
Total segment revenue	28	2,522	302	754	3,606
Segment results	(238)	(1,212)	38	754	(658)
Profit/(loss) from operations before income tax expense					(658)

NOTE 3: OPERATING SEGMENTS (CONTINUED)

	Property Development	Tourism	Leasing	Government Grants	Total
	\$000	\$000	\$000	\$000	\$000
Six months ended 31 December 2019					
Revenue					
Total segment revenue	374	9,157	465	-	9,996
Interest income	1	-	-	-	1
Less: intersegment elimination	(1)	(684)	(42)	-	(727)
Total segment revenue	<u>374</u>	<u>8,473</u>	<u>423</u>	<u>-</u>	<u>9,270</u>
Segment results	<u>(442)</u>	<u>412</u>	<u>191</u>	<u>-</u>	<u>161</u>
Profit/(loss) from operations before income tax expense					<u>161</u>

(ii) Segment assets

	Property Development	Tourism	Leasing	Total
	\$000	\$000	\$000	\$000
Opening balance 1 July 2020	9,550	37,671	292	47,513
Additions	-	83	-	83
Disposals	(75)	(559)	(5)	(639)
Closing balance 31 December 2020	<u>9,475</u>	<u>37,195</u>	<u>287</u>	<u>46,957</u>

(iii) Revenues & Assets by Geographic Region

The consolidated entity's revenues and assets are based in Australia.

(iv) Major customers

The Group has no external customers in any of its segments which accounts for more than 10% of external segment revenue.

NOTE 4: CONTINGENT LIABILITIES

The Company had the following contingent liabilities and guarantees as at 31 December 2020

(a) Contractual Commitments

As at 31 December 2020 the parent entity did not have any contractual commitments.

(b) Guarantees and Contingent Liabilities

The parent entity has provided a deed of subordination and an unlimited guarantee and indemnity as security for the group's bank loans.

NOTE 5: EVENTS OCCURRING AFTER THE END OF THE INTERIM PERIOD

On 11th March 2020, the World Health Organisation declared the Coronavirus or COVID 19 a pandemic. COVID 19 is a health risk that has global consequences which has significantly affected the world economy. The strategies adopted by governments in dealing with the virus at an international, domestic and local level are changing daily and re-assessments by governments and world leaders is ongoing. Various industries have and will continue to be impacted more than others for some time to come.

With respect to the financial reporting period ended 31 December 2020 the financial statements have been prepared based upon conditions existing as at that date, with adjustments made where appropriate for impacts of COVID 19 that have arisen subsequent to that date and which further clarify matters that existed at 31 December 2020. The effects of the COVID 19 outbreak are the result of an event that arose during the reporting period, ie it is an adjusting event as defined in AASB 110 *Events After the Reporting Period*, in which case the Company is required to record and disclose the nature of the event and an estimate of its financial effect subsequent to 31 December 2020, if possible to do so.

The impacts of COVID 19 have significantly affected the financial position of the Company as at the date of this report and the financial results for the year ended 31 December 2020. The COVID 19 pandemic has created unprecedented uncertainty in terms of the overall economic environment such that economic events and conditions in future may be materially different from those experienced by the Company as at the date of this report. At this time, it is not possible for the Company to reliably estimate the future effects of COVID 19 on its operations, other than that results are expected to be adversely affected for some time to come, and that the actual negative impact will depend on the magnitude and duration of the related industry downturn, with the full range of possible effects unknown.

Subsequent to 31 December 2020 the following event occurred

1. On 13 February 2021 recurrence of Covid-19 virus outbreak led to restrictions being re-imposed. In the state of Victoria. A Stage 4 lockdown has been lifted with some restrictions still in force at the date of this report.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

DIRECTOR'S DECLARATION

In accordance with a resolution of the Directors of International Equities Corporation Ltd, the Directors of the Company declare that:

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date.
2. In the Directors opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



AG Menezes
Director

Perth, Western Australia
Dated this 26th day of February 2021

**INDEPENDENT REVIEW REPORT TO THE MEMBERS OF
INTERNATIONAL EQUITIES CORPORATION LIMITED****Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of International Equities Corporation Limited (the Company) and its controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at half year's end or from time to time during the half year.

Qualified Conclusion

Based on our review, which is not an audit, except for the qualification noted below, we have not become aware of any matter that makes us believe that the half-year financial report of International Equities Corporation Limited and its controlled entities is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

Basis for Qualification – Carrying Value of Property, Plant & Equipment and Right-of-use Assets

We draw attention to Notes 1(b) and 1(c) in the financial report which describe the unprecedented uncertainty of the economic environment in which the Group's hotels have operated in during the last half year, which continues as at the date of signing the financial report and the resultant negative impact on trading performance, due to the response of governments to COVID 19. In particular, the industry downturn has resulted in a lack of market transactions which are ordinarily a strong source of evidence for valuations of these types of assets. The directors have considered the carrying values of property, plant and equipment and right-of-use assets as at 31 December 2020 based on information which is limited or restricted due to the economic impacts of government imposed lockdowns associated with COVID 19. For these reasons we have concluded that there is a lack of sufficient, appropriate audit evidence (both in terms of market evidence and internal evidence based on reliable future earnings forecasts) to enable us to reliably assess whether or not property, plant & equipment and right-of-use assets are impaired as at 31 December 2020 and, if impaired, to assess the amount of any write down required. In the event that the impacts on the Group of the COVID 19 pandemic are more material or prolonged than anticipated this may adversely impact on the carrying values adopted for the Group's property related assets. Actual economic events and conditions in future may be materially different from those estimated by the Company in relation to carrying values of property related assets adopted as at 31 December 2020. In our judgement this issue is fundamental to the users' understanding of the financial statements, the financial position and performance of the Group.

Material Uncertainty Related to Going Concern

Without qualification to the opinion expressed above, we draw attention to note 1(d) of the financial statements, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. In addition, we note the unprecedented uncertainty of the economic environment in which the Group operates as at the date of signing the financial report. These conditions as explained in note 1(d) indicate the existence of a material uncertainty that may cast doubt about the Group's ability to continue as a going concern for at least the next 12 months and, if it could not continue as a going concern, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at amounts other than as stated in the financial report.

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF INTERNATIONAL EQUITIES CORPORATION LIMITED (CONTINUED)

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of a Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporation Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "*Interim Financial Reporting*" and the *Corporations Regulations 2001*. As the auditor of International Equities Corporation Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the applicable independence requirements of the *Corporations Act 2001*.



NEIL PACE
PARTNER



MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Dated in Perth, this 26th day of February 2021.