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 2018

For announcement to the market

Extracts from this report for announcement to the market.

				$A'000
Revenues from ordinary activities (Dec 2017: $12,508)	Down	22.83%	to	9,653
Profit (loss) from ordinary activities after tax attributable to members (Dec 2017: Profit of $900k)	Down	133.22%	to	(299)
Net profit (loss) for the period attributable to members (Dec 2017 :Profit of $900k)	Down	133.22%	to	(299)

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 31st December 2018 as attached.

NTA backing

	Current period	Previous corresponding Period
Net tangible asset backing per +ordinary security	$0.0818	$0.0837

+ 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 *(each class separately)*	N/A	N/A
Preference +securities *(each class separately)*	N/A	N/A
Other equity instruments *(each class separately)*	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)*

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").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
Equity accounted associates and joint venture entities	Current Period	Previous corresponding period	Current period $A'000	Previous corresponding period - $A'000
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:

N/A

+ 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 2018

INTERIM FINANCIAL REPORT

DIRECTORS' REPORT

Your Directors submit the consolidated financial report of International Equities Corporation Limited for the half year ended 31 December 2018.

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 31 December		**Segment Results 31 December**	
	2018	**2017**	**2018**	**2017**
	$000	**$000**	**$000**	**$000**
Property Development	910	2,435	(149)	219
Tourism	8,324	9,662	(304)	496
Leasing/Rental Property	419	411	154	185
	9,653	12,508	(299)	900

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

For the half year ended 31 December 2018, International Equities Corporations Limited (IEQ) generated revenues of $9.653 million mostly from hotel operations. Revenues were down by 22.83%, mostly due to slower sales of apartments and a drop in hotel revenues.

During the year, IEQ sold certain serviced and residential apartments to meet borrowing obligations as set out in Note 6 below. The company will continue its selling program to reduce debt going forward.

This resulted in a consolidated post tax loss of $ 299,000, a fall of 133.22% which was mostly due to a fall in apartment sales caused by tighter regulations around borrowing requirements on property purchases. Additionally, competitions from new hotels have put downward pressure on room rates and occupancy resulting in lower revenues.

Property development, management and tourism continue to be IEC's main core business. In 2019, sale of apartments will continue to be a priority to reduce debt whilst the serviced apartment operations will provide a steady income stream.

DIRECTORS' REPORT

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.

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 28th day of February 2019

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307c OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF INTERNATIONAL EQUITIES CORPORATION LIMITED

As lead auditor for the review of International Equities Corporation Limited and its controlled entities for the half year ended 31 December 2018, 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

Moore Stephens

Neil Pace
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 28th day of February 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Consolidated entity	
		31 December 2018 $000	31 December 2017 $000
Revenues from continuing operations	**2**	9,653	12,508
Property development costs		(504)	(1,614)
Hotel cost of goods sold & Administrative expenses		(8,851)	(9,110)
Sales commission		(18)	-
Borrowing costs expense	**2**	(440)	(628)
Depreciation and amortisation expenses		(140)	(256)
Profit/(loss) from continuing operations before income tax expense		(299)	900
Income tax expense		-	-
Profit/(loss) from continuing operations after tax		**(299)**	**900**
Other Comprehensive Income		-	-
		-	-
Other comprehensive profit/(loss) for the period, net of tax		-	-
Total comprehensive profit/(loss) for the period		**(299)**	**900**
Net gain/(loss) from continuing operations attributable to the members of the parent entity		**(299)**	**900**
Total comprehensive profit/(loss) attributable to members of the parent entity		**(299)**	**900**
Basic earnings per share		(0.234) c	0.702c
Diluted earnings per share		(0.234) c	0.702c

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Consolidated Entity	
	31 December 2018 $000	**30 June 2018 $000**
CURRENT ASSETS		
Cash assets	1,612	1,832
Receivables	810	764
Inventories	1,128	1,452
Other	225	148
TOTAL CURRENT ASSETS	3,775	4,196
NON CURRENT ASSETS		
Property, plant and equipment	30,437	30,137
Intangible assets	170	215
TOTAL NON CURRENT ASSETS	30,607	30,352
TOTAL ASSETS	34,382	34,548
CURRENT LIABILITIES		
Payables	3,945	3,316
Interest-bearing liabilities	15,830	17,068
Provisions	428	386
TOTAL CURRENT LIABILITIES	20,203	20,770
NON CURRENT LIABILITIES		
Interest-bearing liabilities	3,526	2,826
TOTAL NON CURRENT LIABILITIES	3,526	2,826
TOTAL LIABILITIES	23,729	23,596
NET ASSETS	**10,653**	**10,952**
EQUITY		
Contributed equity	12,093	12,093
Reserves	6,746	6,746
Retained earnings / (accumulated losses)	(8,186)	(7,887)
TOTAL EQUITY	**10,653**	**10,952**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Share capital	Other reserves	Retained earnings	Total Equity
Balance at 1 July 2018	**12,093**	**6,746**	**(7,887)**	**10,952**
Net loss for the period	-	-	(299)	(299)
Other comprehensive loss for the period	-	-	-	-
Total comprehensive income for the period	-	-	(299)	(299)
Dividends paid or declared	-	-	-	-
Balance at 31 December 2018	**12,093**	**6,746**	**(8,186)**	**10,653**

	Share capital	Other reserves	Retained earnings	Total
Balance at 1 July 2017	**12,093**	**10,746**	**(8,859)**	**13,980**
Net loss for the period	-	-	900	900
Other comprehensive loss for the period -	-	-	-	-
Total comprehensive income for the period	-	-	900	900
Dividends paid or declared	-	-	-	-
Balance at 31 December 2017	**12,093**	**10,746**	**(7,959)**	**14,880**

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 2018

	Consolidated entity	
	31 December 2018 $000	**31 December 2017 $000**
Cash flows from operating activities		
Receipts from customers	9,502	12,306
Payments to suppliers and employees	(8,221)	(9,095)
Interest received	3	6
Borrowing costs paid	(440)	(628)
Other Income	29	14
Net cash provided by operating activities	873	2,603
Cash flows from investing activities		
Purchase of property, plant & equipment	(556)	(222)
Purchase of Goodwill	-	(78)
Net cash used in investing activities	(556)	(300)
Cash flows from financing activities		
Proceeds from borrowings	700	700
Repayment of borrowings	(1,237)	(3,312)
Net cash used in financing activities	(537)	(2,612)
Net increase/(decrease) in cash held	(220)	(309)
Cash at start of period	1,832	2,816
Cash at end of period	**1,612**	**2,507**

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

NOTE 1: BASIS OF PREPARATION

(a) These general purpose interim financial statements for half year reporting period ended 31 December 2018 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 2018 annual financial report for the financial year ended 30 June 2018, except for the impact of the Standards and Interpretations described below. 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 considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and had to change its accounting policies as a result of adopting the following standards:

- *AASB 9: Financial Instruments; and*
- *AASB 15: Revenue from Contracts with Customers*

The impact of the adoption of these standards and the respective accounting policies is discussed below.

***AASB 9: Financial Instruments* – Accounting Policies**
AASB 9 replaces the "incurred loss" impairment model in AASB 139 Financial Instruments: "Recognition and Measurement" with a forward-looking "expected credit loss" (ECL) model. It is no longer necessary for a loss event to occur before an impairment loss is recognised under the new model. Under the ECL model, the Company assesses on a forward looking basis its expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The new impairment model applies to financial assets at amortised cost such as receivables and investments in equities. The application of the new standard results in a change in accounting policy. The Company applies the simplified approach permitted by AASB 9, which requires the recognition of lifetime expected losses for accounts receivables from initial recognition of such assets. At every reporting date, the Company reviews and adjusts its historically observed default rates based on current conditions and changes in the future forecasts. As regards other receivables, the Company considers they have low credit risk and hence recognises 12-month expected credit losses for such item where appropriate. The expected losses (if any) are considered to be insignificant to the Company. The adoption of AASB 9 has had no material impact on the results and financial position of the Company for the current and prior years.

The measurement categories for all financial liabilities remain the same, the carrying amounts for all financial liabilities at 1 July 2018 have not been impacted by the initial application of AASB 9.

The Company did not designate or de-designate any financial asset or financial liability at fair value through profit or loss at 1 July 2018.

***AASB 15: Revenue from Contracts with Customers* – Accounting Policies**
AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue. The Company has adopted AASB 15 from 1 July 2018, which has not resulted in any significant changes to accounting policies for the recognition or valuation of revenue and accordingly there have been no adjustments to the amounts recognised in the financial statements.

Impact of Standards Issued but not yet applied by the Company

AASB 16: *Leases* (issued February 2016) will supersede the existing lease accounting requirements in AASB 117: *Leases* and the related Interpretations from its application date of 1 July 2019. It introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership. The key requirements of AASB 16 are summarised as follows:

- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116: *Property Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components, instead accounting for all components as a lease; and
- inclusion of additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application. The Company shall apply the latter option in which case comparative information shall not be restated.

The likely financial impact of adopting AASB 16 will be significant, particularly on the statement of financial position, but is still to be quantified by the Company.

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

	Consolidated Group	
	31 December 2018	**31 December 2017**
Operating Activities		
Sales of Apartments	513	2,050
Property Management fees	423	482
Sales of Services and Accommodation	8,519	9,835
Rental Revenue	167	121
Interest Received	3	6
Other Revenue	29	14
	9,653	12,508

NOTE 2 (II): FINANCIAL COST EXPENSES

	Consolidated Group	
	31 December 2018	**31 December 2017**
Borrowing Costs	(440)	(628)
	(440)	(628)

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	Total
	$000	$000	$000	$000
Six months ended 31 December 2018				
Revenue				
Total segment revenue	989	8,898	431	10,318
Interest income	2	1	-	3
Less: intersegment elimination	(81)	(575)	(12)	(668)
Total segment revenue	910	8,324	419	9,653
Segment results	(149)	(304)	154	(299)
Profit/(loss) from operations before income tax expense				(299)

NOTE 3: OPERATING SEGMENTS (CONTINUED)

	Property Development	Tourism	Leasing	Total
	$000	$000	$000	$000
Six months ended 31 December 2017				
Revenue				
Total segment revenue	2,518	10,339	422	13,279
Interest income	3	-	-	3
Less: intersegment elimination	(86)	(677)	(11)	(774)
Total segment revenue	2,435	9,662	411	12,508
Segment results	219	496	185	900
Profit from operations before income tax expense				900

(ii) Segment assets

	Property Development	Tourism	Leasing	Total
	$000	$000	$000	$000
Opening balance 1 July 2018	11,881	22,387	280	34,548
Additions	28	1,030	27	1,085
Disposals	(633)	(590)	(28)	(1,251)
Closing balance 31 December 2018	11,276	22,827	279	34,382

(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 2018:

i. The group has provided an unlimited corporate guarantee and indemnity as security for all loans held by the group.

Other than the above, the directors are not aware of any event or occurrence that would result in any contingent liability becoming enforceable as at 31 December 2018.

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

Subsequent to 30 June 2018, Bank of Melbourne extended the loan facility, which matured on 1 October 2018, by a month to 1 November 2018 in order to complete their review of the facility. The review is still ongoing post 1 November 2018. The directors are confident that the Company will meet its obligation in the intervening period.

There has not been any other matter or circumstance that has significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in the financial year after the financial year ended 31 December 2018.

NOTE 6: GOING CONCERN & OBLIGATIONS UNDER BANK BORROWINGS

On 26 September 2017, the Directors formally agreed with the Bank of Melbourne ("BOM") regarding varying the terms of the remaining loans, including extending the maturity date of the facilities to 1 October 2018. The Facility was subsequently extended to 1 November 2018 for review. At the date of this report Bank of Melbourne has not completed its review.

The key terms of the variation agreement with the BOM are summarised below:

- The actual monthly EBITDA of Seasons of Perth Hotel must be above an acceptable level at all times as set out in the BOM offer;
- Commencing the quarter ending 31 December 2017, interest coverage ratio of the Hotel operations is to be at all times not less than:
    - 1.10 times – from 31 December 2017
    - 1.25 times – from 30 June 2018
- Updated formal valuations for Seasons of Perth and associated serviced apartments/commercial lots/Tate apartments of the Seasons Heritage Melbourne Complex must be obtained on or before 28 February 2018. These valuations were completed before 30 June 2018.
- BOM must receive an amount from future proceeds of sale of Seasons Heritage Serviced Apartments equal to 95% of the Gross Realisable Values on each apartment as defined in the variation offer;
- Group is to make quarterly debt reductions of at least $250,000 and a $1,755,000 debt reduction from proceeds of the Tate Apartment sales by 31 January 2018;
- The Loan to Valuation Ratios (LVR) must not exceed the following %:
    - As at 30 September 2017 – 54%
    - As at 30 June 2018 – 53%
    - As at 1 October 2018 – 50%
    - If the LVR is exceeded, the portion of the total amount owing sufficient to ensure the LVR is maintained must be repaid. Otherwise, additional security or cash equity must be provided to the BOM.

In the event the revised terms are not met, the loans may become due and payable.

Overall the directors are confident of the Group's ability to continue as a going concern for the following reasons:

- The ability to satisfy the revised terms of the BOM offer;
- The demonstrated ability to obtain refinancing for existing loans;
- The demonstrated ability to sell down existing stocks of apartments located in Melbourne to reduce debt. The property market in Melbourne, in particular, remains strong;
- The ability to dispose of certain non-current assets to extinguish the loans in their entirety;
- The ability to raise capital from shareholders or loans from shareholders / related parties.

Based on the above conditions, the Directors consider the going concern basis of preparation to be appropriate for this financial report. However, in the unlikely event these conditions are not met, the Group may not be able to realise its assets and extinguish its liabilities at the amounts stated in the financial statements. As at 31 December 2018, certain covenants noted above have not been met. However, bank borrowings payable to the BOM remain classified as a current liability as the loan facility matured on 1 November 2018. As a result, current liabilities exceed current assets as at 31 December 2018 by $16.43m.

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 2018 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 28th day of February 2019

MOORE STEPHENS

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 and its controlled entities ("the consolidated entity"), which comprises the consolidated statement of financial position as at 31 December 2018, 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.

Conclusion

Based on our review, which is not an audit, 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 2018 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

Emphasis of Matter

Without qualification to the conclusion expressed above, we draw attention to note 6 of the financial statements which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast doubt about the consolidated entity's ability to continue as a going concern. If the consolidated entity was unable to continue as a going concern then it may be unable to realise its assets and discharge its liabilities in the normal course of business and at amounts stated in the financial report.

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.

MOORE STEPHENS

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

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 2018 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

MOORE STEPHENS

Neil Pace
Partner

Moore Stephens
Chartered Accountants

Dated in Perth, this 28th day of February 2019