Annual Report

2011

INTERNATIONAL EQUITIES

creating lifestyles

Seasons Apartment Hotel Group is about focusing on the personal touch. All of our hotel sare ideally suited for business and leisure travellers. They are conveniently located near the city and our objective is to provide a friendly atmosphere. Our mission is to offer exceptional experiences for all of our guests and grant great value for money.

"our service is our promise"

w seasonsapartmenthotelgroup.com.au

australia free call 1800 999 004

seasons botanic gardens melbourne

348 st kilda road
melbourne victoria 3004
t +61 3 9685 3000
f +61 3 9685 2999
e reservations.sbg@sahg.com.au

seasons heritage melbourne

572 st kilda road
melbourne victoria 3004
t +61 3 8506 8888
f +61 3 8506 8899
e reservations.shm@sahg.com.au

seasons of perth

37 pier street
perth western australia 6000
t +61 8 9325 7655
f +61 8 9325 7383
e res@seasonsofperth.com.au

seasons darling harbour sydney

38 harbour street
sydney new south wales 2000
t +61 2 9268 5888
f +61 2 9268 5666
e reservations@seasonsdarlingharbour.com.au

International Equities Corporation Ltd

and controlled entities **acn 009 089 696**

Annual report 30 June 2011

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CORPORATE DIRECTORY

DIRECTORS

Chairman
Marcus Peng Fye Tow

Executive Director
Kong Liang Tow

Non – Executive Directors
Aubrey George Menezes

COMPANY SECRETARY

Aubrey George Menezes

REGISTERED OFFICE

Room 6, Seasons of Perth
37 Pier Street
Perth WA 6000

Telephone: (08) 9221 3055
Facsimile: (08) 9221 2502

POSTAL ADDRESS

PO Box 6378
East Perth, WA 6000

CORPORATE OFFICE

International Equities Corporation Ltd
and Subsidiaries
Level 6, 348 St Kilda Road,
Melbourne, VIC 3004
www.internationalequities.com.au

IEC Real Estate Pty Ltd
Suite 100A, 640 Swanston Street,
Carlton, VIC 3053
www.iecrealestate.com.au

Renaissance Australia Pty Ltd
T/A Seasons of Perth
37 Pier Street
Perth WA 6000
www.seasonsofperth.com.au

Seasons Heritage Melbourne Pty Ltd
T/A Seasons Heritage Melbourne
572 St Kilda Road,
Melbourne Vic 3004
www.seasonsheritagemelbourne.com.au

Seasons Apartment Hotel Group Pty Ltd
Seasons International Management Pty Ltd
37 Pier Street
Perth WA 6000
www.seasonsapartmenthotelgroup.com.au

Seasons Darling Harbour Pty Ltd
T/A Seasons Darling Harbour
38 Harbour Street, Sydney NSW 2000
www.seasonsdarlingharbour.com.au

HOME EXCHANGE

Australian Stock Exchange Ltd
Exchange Plaza
2 The Esplanade
Perth WA 6000
(ASX code: IEQ)

AUDITORS

Moore Stephens
Level 3, 12 St George's Terrace
Perth WA 6000

SHARE REGISTRY

Managed and maintained at:
Advanced Share Registry
Services,
150 Stirling Highway, Nedlands
Perth WA 6009

BANKERS

National Australia Bank Ltd.
Level 2, 330 Collins Street
Melbourne VIC 3000

Westpac Banking Corporation
360 Collins Street,
Melbourne VIC 3000

Bendigo and Adelaide Bank Ltd
Ground Floor, 169 Pirie Street,
Adelaide SA 5000

CHAIRMAN'S STATEMENT

'A FUTURE IN PEOPLE

GROUP OVERVIEW

The last financial year has seen International Equities continue to actively engage in the hospitality and tourism sector whilst we re-assess our priorities in property development. Greater scrutiny and tighter conditions have made it difficult to source for financing of new projects. Our primary goal now is to reduce our stock of apartments and to reduce debt whilst we brace the company for another year of uncertainty. The effects of the global financial crisis have curbed demand for property and appetite for financing for these products.

Projects have now been deferred until further capital can be secured. In the short term none-core properties have been put up for sale allowing us to concentrate on income generating assets.

PROPERTY DEVELOPMENT

For the present, International Equities will seek to divest itself of non-core properties until such time we see confidence and demand return. However, we have proceeded with soft refurbishment of Seasons of Perth and Seasons Darling Harbour to improve yields. We hope to re-ignite developments in the coming financial years when funding to the property sector becomes available.

HOTEL MANAGEMENT

Seasons Apartment Hotel Group Pty Ltd (SAHG), through its „Seasons' brand has gained momentum and market share. The company remains committed to ensuring the brand continues to grow. At the same time the hotel management business has actively reduced its operating cost for optimum efficiency. We need to be resilient to the uncertain times ahead. However, we remain optimistic we are able to improve yield from our hotel assets. The hotel management business has provided net cash inflows for the year enabling us to preserve the integrity of our cash generating assets.

Seasons currently manages 4 properties in 3 cities. Seasons Botanic Gardens and Seasons Heritage Melbourne are both in Melbourne. Additionally, we have Seasons Darling Harbour in Sydney and finally Seasons of Perth which has been refurbished to host the Commonwealth Heads of Governments Meeting later this year.

OUTLOOK

The coming financial year will see confidence erode. Rising inflation and cost of living pressures have already taken effect. The introduction of Carbon Tax will also bring another layer of uncertainty to the economy. International Equities will continue to micro manage and assess the developments in the property, hospitality and tourism sector. The company will remain open to new opportunities as they present themselves.

On behalf of the Board of Directors, I would like to thank all staff members in recognition of their efforts and cooperation.

Marcus Tow
Chairman
31st August 2011

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER OF SEASONS

„PEOPLE TAKING CARE OF PEOPLE'

OVERVIEW

The Australian hospitality industry remains resilient despite uncertainty in economy. Yields have been impacted by the rise in cost of living pressures and inflation. The high Australian Dollar has provided Australian holiday makers greater opportunity abroad. However, the mining industry and continued support from government and tourism related promoters have assisted in generating revenues for the last financial year. The year ahead remains challenging.

Revenue from Seasons hotels has improved due to acquisition of Seasons Darling Harbour and revenue growth from existing hotels. Budget cut backs and diminishing discretionary spending from the corporate market have been set-off by value for money room yielding. The average room rate remains stable in Sydney, Melbourne and Perth. Web based business remains popular, special days' promotion and aggressive marketing with dynamic pricing helped to keep the hotel occupancy within expectation.

SEASONS OF PERTH

The hotel has undergone refurbishment in time to host the Commonwealth Heads of Government Meeting later this year. The property has now started to achieve better occupancy and yield which we expect to continue for a few more years. Continued support from the mining industry with corporate functions had helped to keep the Room and Food and Beverage revenues within budget.

For the year ahead, we expect growth to be measured. We expect market share to remain stable and revenues to remain in line with the budget.

SEASONS HERITAGE MELBOURNE

Much like the previous year, occupancy has remained stable. Room rates are at a very satisfactory and competitive price point given greater competition for 2 new hotels in the vicinity. Web based business remains the booking medium of choice. We expect to continue to promote the property through promotion, advertising and brand awareness.

SEASONS BOTANIC GARDENS

During the year, continued disruption from Landlords moving in and refurbishment of rooms prevented an increase in Average room rates. This has impacted on Management Fees earned. The full impact on revenues from the changes in rooms under management will be recorded in the coming financial year.

SEASONS DARLING HARBOUR

During the year, this property has been refurbished and starting to see the impact of changes in management style and corporate clientele. The property is situated at the beginning of Chinatown and is within the Darling Harbour precinct. Our main focus is to appeal to a niche corporate traveller. The full impact is expected in the coming financial year.

CONCLUSION

The year ahead will see renewed emphasis on higher yields and occupancy. Changes are needed to stay in tune with the corporate traveller and increasing utility of the Australian Dollar. With that I take this opportunity to thank the Team for their significant contribution during the year.

Krishna Ambalavanar
CEO – Seasons Apartment Hotel Group
31st August 2011

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of International Equities Corporation Ltd (the company) and the entities it controlled at the end of, and during the year ended 30 June 2011.

Directors and Company Secretary

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Marcus Peng Fye Tow (Chairman / Chief Executive Officer)
Kong Liang Tow
Aubrey George Menezes (Chief Financial Officer / Company Secretary)
Tit Seng Wong (Resigned w.e.f. 12-1-2011)

The Company Secretary in office during or since the end of the year:

Aubrey George Menezes

Information on directors and company secretary:

The particulars of the qualifications, experience, special responsibilities, shareholdings and disclosure of interests of the Directors and Company Secretary are as follows:

Marcus Peng Fye Tow holds a Bachelor of Business Management degree from Melbourne's Monash University and also the Master of Management from Swinburne University. Since graduating he has been actively involved in all areas with the Company's development projects in Melbourne. He is also a director of Renaissance Assets Pty Ltd which is a substantial shareholder in the Company. In the last three years, he did not hold directorships in other listed companies.

He attended 10 of the 10 meetings of directors held during the year.

Kong Liang Tow is a well established businessman with extensive business interests in commercial, residential and tourism properties. Over the last 18 years he has held directorships in various public listed companies in Malaysia which activities include property development and investment. He also has business interests in logging, timber and manufacturing industries. In the last three years, he did not hold directorships in other listed companies.

He attended 10 of the 10 meetings of directors held during the year.

Wong Tit Seng is a member of the Malaysian Institute of Accountants, trained and qualified in the United Kingdom with the Chartered Association of Certified Accountants. He has over 24 years of experience in various fields of industries in the areas of corporate finance, corporate planning, taxation, business management and consultancy. In the last three years, he did not hold directorships in other listed companies.

He attended 5 of the 5 meetings of directors held during the year.

Aubrey George Menezes is an Australian CPA, a member of Chartered Institute of Management Accountants in UK. He is experienced in corporate finance and planning and was previously attached to professional practice and public listed corporation, which activities include property development and investment, hospitality and travel. In the last three years, he did not hold directorships in other listed companies.

He attended 10 of the 10 meetings of directors held during the year.

DIRECTORS' REPORT

Information on other key management personnel:

Anandakrishna Ambalavanar currently holds the position of Director and Chief Executive Officer of Seasons Apartment Hotel Group Pty Ltd, the hotel management arm of the Company. He has 24 years international and domestic experience in managing hotels and has been associated with The Sheraton Group and Mirvac Hotels prior to joining the Company. He also chairs the executive committee which oversees all aspects of decision making and operations of hotel management for the group. He is also a director of all Seasons hotel related companies.

Elena Wei Theng Tow holds a Bachelor of Commerce and Music degree from Melbourne's Monash University. Since graduating she has been actively involved in all areas of hotel management for the Company and currently holds the position of Director of Operations for the group. She is also actively involved in the executive committee which oversees all aspects of decision making and operations of hotel management for the group. She is a director of all Seasons hotel related companies and a director of Renaissance Assets Pty Ltd which is a substantial shareholder in the Company.

Dennis Jun Fye Tow holds a Bachelor of Commerce and Arts degree from Melbourne's Deakin University. Since graduating he has been actively involved in all areas of hotel management for the Company and currently assist the CEO to provide internal audit controls on issues related to hotel management. He is also involved in the executive committee of the hotel management group. He is a director of all Seasons hotel related companies and a director of Renaissance Assets Pty Ltd which is a substantial shareholder in the Company.

Cheng Lan Chuah currently holds the position as a director of (IEC) Pacific Pty Ltd and General Manager for project management of development properties within the Company. She brings with her 40 years experience in property development throughout Australasia including China and Australia. She is also a director of Premium Properties (Aust) Pty Ltd which is a substantial shareholder in the Company.

Geoffrey Alan Stidworthy is the Director and Officer in Effective Control of IEC Real Estate Pty Ltd. He brings with him over 17 years of experience as a real estate agent. He is a member of Real Estate Institute of Victoria (REIV).

Remuneration Report

Remuneration policy

The Board has adopted the remuneration committee's recommendation as follows:

The remuneration policy of International Equities Corporation Limited states that director's and executive's remuneration should be fixed at fair market terms. These terms may include offering incentives linked to key performance areas affecting the economic entity's financial results. Where contractual, the remuneration term will be for one calendar year. This policy aims to draw a balance between retaining the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

Fair market terms are defined as an all encompassing annual remuneration, benefits and employment terms and conditions that would be comparable to the remuneration of individuals in other entities with similar financial performance or as recommended by a human resource consultant.

The board's policy in determining the nature and amount of remuneration for board members and senior executives of the economic entity is outlined as follows:

(i) The remuneration policy for senior executives includes an annual salary, fringe benefits (if applicable) and superannuation contribution. Other statutory terms are included.
(ii) The remuneration policy for executive directors includes an annual salary, fringe benefits (if applicable) and superannuation contribution. Other statutory terms are included.
(iii) The remuneration policy for an executive director with a service contract is a fee including GST. No fringe benefits and superannuation contributions are applicable. The nature of the contract is highlighted under Employment Contracts of Directors and Senior Executives in this remuneration report.

(iv) The remuneration policy for non-executive directors includes an annual directors fee and travelling expenses (if applicable) to attend all meetings.
(v) Directors are not entitled to any type of fee if employed with the company unless recommended and approved by shareholders at the Annual General Meeting.

For the financial year, the Board has adopted two recommendations which are:

(i) To accept and ratify all current director's and executive's remuneration terms. The remuneration committee will formulate new recommendations for the coming financial year in accordance with the policies, where required.
(ii) Non-executive directors will be reimbursed for attending meetings. No fee will be payable for the last financial year.

During the financial year, the employed directors and executives received a superannuation guaranteed contribution required by the government, which is currently 9%. They did not receive any other retirement benefits.

All remuneration paid to directors and executives were valued at cost to the company and expensed. No shares or options were given to directors and executives during the year.

Performance Based Remuneration

The performance of directors and executives are measured against the economic entity's performance to enhance shareholders' value. The criterion is set as a measured increase in the net tangible asset value of the economic entity excluding intangibles. Other key performance indicators apply. All remuneration reviews, bonuses and incentives are linked to this performance criterion. The Board may, however, exercise its discretion and can recommend changes to the remuneration committee's recommendations. Any changes will be deliberated and justified by the remuneration committee. The evaluation of senior executives took place for the financial year ended 30 June 2011.

For the financial year, the Board has accepted the remuneration committee's recommendation to defer payments of remuneration increments, bonuses and incentives until sustainable profits is achieved.

Company Performance, Shareholders Wealth and Directors' and Executives' Remuneration

The remuneration policy aims to achieve goal congruence between shareholders and directors and executives. Given the size of the company and industry in which the company is in, a simpler measure of performance has been adopted. The criteria are set as a measured increase in the net tangible asset value of the economic entity excluding intangibles.

For the hospitality and tourism sector two criteria's are employed:

(i) To achieve a 10% growth in Gross Operating Profit (GOP) whilst maintaining a ratio of 40% to Gross Revenues.
(ii) To achieve a 5% increase in net tangible asset value excluding intangibles.

For the property development sector three criteria's are employed:

(i) To achieve a 10% growth in Net after tax profits.
(ii) To achieve a 5% increase in net tangible asset value excluding intangibles.
(iii) To reject any development proposal with less than 15% development profit.

These criteria's and performance indices are to be reviewed every 3 three years.

For the financial year, shareholders wealth has declined due to discounting on sale of development properties, reduced management fees from serviced apartments / hotel operations, real estate commissions. It was mitigated by cost rationalisation of its operations. The economic entity's performance is expected to remain unpredictable in the financial year ahead barring any slide in economic conditions.

DIRECTORS' REPORT

Disclosure relating to directors' and executive officers' emoluments is as follows:

(a) Names and positions held of key management personnel in office at any time during the financial year are:

Parent entity directors:		
Executive Directors:		
MPF Tow	Chairman	- International Equities Corporation Group
TS Wong	Director	- International Equities Corporation Group
KL Tow	Director	- International Equities Corporation Group
Non-Executive Directors:		
AG Menezes	Director / Company Secretary	- International Equities Corporation Group
Subsidiary entity directors:		
EWT Tow	Director	- Seasons Apartment Hotel Group Pty Ltd
A Ambalavanar	Director / Chief Executive Officer	- Seasons Apartment Hotel Group Pty Ltd
DJF Tow	Director	- Seasons Apartment Hotel Group Pty Ltd
CL Chuah	Director / General Manager	- (IEC) Pacific Pty Ltd
G Stidworthy	Director / Officer in Effective Control	- IEC Real Estate Pty Ltd

There are no other employees within the consolidated entity who are considered to be key management personnel as defined by AASB 124.

(b) Specified directors' remuneration

	Short-term benefits				Post-employment		Other Long-term	Share-based payment	Total
	Cash, Salary & fees $000	Superannuation contributions $000	Cash bonus $000	Non-cash Benefit $000	Superannuation contributions $000	Redundancy payments $000	Long Service Leave $000	$000	$000
2011									
Executive Directors									
MPF Tow	257	-	-	-	-	-	-	-	257
TS Wong	58	5	-	-	-	50	-	-	113
KL Tow	-	-	-	-	-	-	-	-	-
Non- Executive Directors									
AG Menezes	40	-	-	-	-	-	-	-	40
	355	5	-	-	-	50	-	-	410
2010									
Executive Directors									
MPF Tow	257	-	-	-	-	-	-	-	257
TS Wong	100	9	-	-	-	-	-	-	109
Non- Executive Directors									
KL Tow	-	-	-	-	-	-	-	-	-
AG Menezes	40	0	-	-	-	-	-	-	40
	397	9	-	-	-	-	-	-	406

DIRECTORS' REPORT

(c) Specified executives' remuneration

	Short-term benefits				Post-employment		Other Long-term	Share-based payment	Total
	Cash, Salary & fees $000	Superannuation contributions $000	Cash bonus $000	Non-cash Benefit $000	Superannuation contributions $000	Redundancy payments $000	Long Service Leave $000	$000	$000
2011									
EWT Tow	-	-	-	-	-	-	-	-	-
A Ambalavanar	109	10	-	-	-	-	-	-	119
DJF Tow	50	5							55
CL Chuah	55	5	-	-	-	-	-	-	60
G Stidworthy	84	8	-	-	-	-	-	-	92
	298	28	-	-	-	-	-	-	326
2010									
EWT Tow	-	-	-	-	-	-	-	-	-
A Ambalavanar	101	9	-	-	-	-	-	-	110
DJF Tow	50	5							55
CL Chuah	55	5	-	-	-	-	-	-	60
G Stidworthy	96	9	-	-	-	-	-	-	105
	302	28	-	-	-	-	-	-	330

(d) Remuneration options

Options granted as remuneration:

There were no options granted as remuneration during the year to parent entity directors or specified executives.

(e) Shares issued on exercise of remuneration options

There were no shares issued on exercise of remuneration options by parent entity directors or specified executives during the year.

(f) Options and rights holdings

Number of options held by parent entity directors and specified executives:

	Balance 1.07.10	Granted as remuneration	Options exercised*	Net change other*	Balance 30.6.11	Total vested 30.6.11	Total exercisable	Total unexercisable
Parent entity directors:								
Executive Directors:								
MPF Tow	-	-	-	-	-	-	-	-
TS Wong	-	-	-	-	-	-	-	-
KL Tow	-	-	-	-	-	-	-	-
Non - Executive Directors:								
AG Menezes	-	-	-	-	-	-	-	-
Specified executives:								
EWT Tow	-	-	-	-	-	-	-	-
A Ambalavanar	-	-	-	-	-	-	-	-
DJF Tow	-	-	-	-	-	-	-	-
CL Chuah	-	-	-	-	-	-	-	-
G Stidworthy	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

DIRECTORS' REPORT

(g) Shareholdings

Number of shares held by parent entity directors and specified executives:

	Balance 1.07.10	Received as remuneration	Options exercised	Net change other*	Balance 30.6.11
Parent entity directors:					
Executive Directors:					
MPF Tow +	61,216,332	-	-	-	61,216,332
TS Wong	-	-	-	-	-
KL Tow ++++	61,216,332	-	-	-	61,216,332
Non – Executive Directors:					
AG Menezes	-	-	-	-	-
Specified executives:					
EWT Tow +	61,216,332	-	-	-	61,216,332
A Ambalavanar	-	-	-	-	-
DJF Tow ++	61,216,332	-	-	-	61,216,332
CL Chuah +++	20,000,000	-	-	-	20,000,000
G Stidworthy	-	-	-	-	-

+ Interest arises from their directorship in Renaissance Assets Pty Ltd and shares held by a relative
++ Interest arises from his directorship in Renaissance Assets Pty Ltd and in his personal capacity
+++ Interest arises from her directorship in Premium Properties (Aust) Pty Ltd
++++ Interest arises from shares held by a relative
* Net change other refers to shares purchased or sold during the financial year.

(h) Employment Contracts of Directors and Senior Executives

Employed directors and senior executives are given contracts of service which stipulate an annual salary and benefits (if applicable). The remuneration structure for the director and senior executive is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and the director and senior executive are on a continuing basis the terms of which are not expected to change in the immediate future. Upon retirement the director and senior executive are paid employee benefit entitlements accrued to date of retirement. The director and senior executive are paid a sum based on the last salary depending on the length of service in the event of redundancy. Any options not exercised before or on the date of termination lapse.

With exception, the company has two on going management agreements. One with Renaissance United Assets Management Pty Ltd. for the provision of Mr. MFP Tow's services which expires on 31st December 2011. The other is with 88 Properties Pty Ltd, for provision of Mr. AG Menezes' services which expires on 30th September 2011. No superannuation and benefits are applicable under these agreements. The company reserves the right to renew these agreements under fair market terms. No termination payments are included in the agreement. Mr. MFP Tow has an interest in Renaissance United Assets Management Pty Ltd while Mr. AG Menezes has an interest in 88 Properties Pty Ltd.

DIRECTORS' REPORT

Principal Activities

The principal activities of the consolidated entity during the course of the financial year were Property Development, Tourism – Hotel Management and Others – Real Estate Sales and Management.

	2011 $000	2010 $000
Consolidated results		
The consolidated profit/(loss) of the group for the year after income tax expense was:	(820)	(4,662)
Earnings per share		
Basic loss per share (cents per share)	(0.64c)	(3.64c)

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the consolidated entity that occurred during the financial year.

Review of operations

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

Highlights	**Segment revenue** **$000**	**Segment results** **$000**
Property development	8,068	(1,906)
Tourism	15,052	628
Leasing	676	458

Cash Generating Assets

The main cash generating assets of the consolidated entity have been from property related activities in Melbourne and the hotel and serviced apartment operations of Seasons of Perth, Seasons Darling Harbour and Seasons Heritage Melbourne. These are outlined below

Property Development and Related Activities

Uropa and Seasons Residential Apartments
This development undertaken by IEC (Management) Pty Ltd. continues to carry a stock of 3 apartments and 5 Commercial lots which generate rental income for the company. The company expects to gradually sell down its residential properties in the coming financial year and retain the commercial properties for income.

'Seasons Heritage Melbourne' Service Apartments and 'Tate' Penthouse Suites
This development undertaken by (IEC) Pacific Pty Ltd continues to carry stock of 63 Serviced Apartments and 5 luxury suites as at 30 June 2011. The company is expecting to sell down stock in Tate Apartments and retain the Serviced Apartments to be managed by Seasons Heritage Melbourne Pty Ltd.

Seasons of Adelaide – 2 King William Street, Adelaide
This is a 7 storey commercial building sited along King William Street, in Adelaide. This property is being advertised for sale.

DIRECTORS' REPORT

Real Estate Management – IEC Real Estate Pty Ltd
IEC Real Estate is a licensed real estate agency specialising in managing apartments for the Company and various other owners. It currently concentrates its activities in Melbourne CBD, Carlton and surrounding areas. It holds on book nearing 180 management authorities and 20 apartments for sale.

'Seasons' Hotel Management

Seasons Apartment Hotel Group
„Seasons' is a trade-mark brand of Seasons Apartment Hotel Group Pty Ltd. and its related entity Seasons International Management Pty Ltd. It manages Seasons of Perth, Seasons Heritage Melbourne, Seasons Darling Harbour and Seasons Botanic Gardens on St Kilda Road in Melbourne. Aside from managing properties owned by the company, Seasons will continue to seek an increase in rooms under management through brand awareness and new opportunities.

Seasons of Perth hotel
This property is held by Renaissance Australia Pty Ltd, a wholly owned subsidiary of the company. During the last financial year further refurbishment was carried out to increase yields and ready the hotel to host the Commonwealth Heads of Government meeting later this year. The hotel is expected to continue to provide cashflow for the group.

Seasons Heritage Melbourne
This property is held by (IEC) Pacific Pty Ltd and operated by Seasons Heritage Melbourne Pty Ltd both are wholly owned subsidiaries of the company. The property consists of 142 serviced apartments including a heritage listed residence. It has a number of corporate guests with businesses in the CBD and on St Kilda Road, Melbourne. The Serviced Apartments have continued to develop awareness in the area and will see an upward trend for the financial year ahead.

Seasons Darling Harbour
This property is operated by Seasons Darling Harbour Pty Ltd, a wholly owned subsidiary of the company. The property consists of 51 serviced apartments managed under lease to Seasons. It is located in Sydney's CBD / Darling Harbour precinct. Occupancies are higher, complimented by higher yields. This year, the property will undertake a soft refurbishment as a means to retain the management and leases.

Dividends
No dividend is recommended in respect of the year ended 30 June 2011 and none has been paid or recommended since the start of the financial year.

Events after the end of the financial year
There has not been any matter or circumstances 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 30 June 2011

Likely developments and expected results of operations.
Further information on likely developments in the operation of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulations
The directors believe that the consolidated entity is not subject to any particular or significant environmental regulation.

Insurance of officers
During the financial year, the company paid a premium of $26,355 to insure certain officers of the company and related bodies corporate. The officers of the company covered by the insurance policy include the directors: KL Tow, AG Menezes, MPF Tow, TS Wong and G Stidworthy. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings should such proceedings be brought against the officers in their capacity as officers of the company or a related body corporate.

DIRECTORS' REPORT

Share options
There are no options over unissued shares as at the date of this report. No options were exercised during the past year.

Proceedings on behalf of company
No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Rounding of amounts to nearest thousand dollars
The company is of a kind referred to in class order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and the financial report have been rounded off to the nearest thousand dollars in accordance with that class order.

Auditor's Independence Declaration
The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 13.

Parent Entity Financial Statements
The Annual Report 2011 is presented according to the *Corporations Amendment (Corporate Reporting Reform) Act 2010 and the accompanying Corporations Amendment Regulations 2010 (No. 6)*. The Act has removed the need to prepare the parent entity financial statements. However, as some parent entity disclosures are still required by way of note, hence, a simplified parent statement of financial position and parent disclosures in relation to commitments amongst other parties are presented in note 30.

Non-audit Services
The board of directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees paid / payable for non-audit services to the external auditors during the year ended 30 June 2011.

This report is made out in accordance with a resolution of directors.

AG Menezes
Director

Perth Western Australia
16th September 2011

MOORE STEPHENS
ACCOUNTANTS & ADVISORS

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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 audit of International Equities Corporation Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of International Equities Corporation Limited during the year.

Suan-Lee Tan	**Moore Stephens**
Partner	**Chartered Accountants**

Signed at Perth this 16th day of September 2011.

MOORE STEPHENS
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL EQUITIES CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of International Equities Corporation Limited (the company) and International Equities Corporation Limited and Controlled Entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year..

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of International Equities Corporation Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion
In our opinion:

a. the financial report of International Equities Corporation Limited and International Equities Corporation Limited and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion
In our opinion, the Remuneration Report of International Equities Corporation Limited for the year ended 30 June 2011 complies with Section 300A of the *Corporations Act 2001.*

Moore Stephens

Suan-Lee Tan
Partner

Moore Stephens
Chartered Accountants

Signed at Perth this 16th day of September 2011

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 17 to 63, are in accordance with the Corporations Act 2001:

   (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the Company and consolidated group.

2. The Chairman and Chief Finance Officer have each declared that:

   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and

   (c) the financial statements and notes for the financial year give a true and fair view;

3. 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.

This declaration is made in accordance with a resolution of the Board of Directors and is signed by authority for and on behalf of the Directors by:

AG Menezes
Director

Perth, Western Australia
16th September 2011

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated entity 2011 $000	Consolidated entity 2010 $000
Revenues from continuing operations	2	23,796	36,461
Property development costs	3	(7,456)	(20,029)
Hotel cost of goods sold	3	(8,713)	(8,107)
Sales commission	3	(449)	(482)
Borrowing costs expense	3	(2,990)	(3,412)
Administrative expenses		(4,564)	(4,746)
Depreciation and amortisation expenses		(444)	(169)
Impairment of Land & Buildings & Inventories		-	(4,178)
Profit/(loss) from continuing operations before related income tax expense		(820)	(4,662)
Income tax expense		-	-
Profit/(loss) from continuing operations after related income tax expense	22	(820)	(4,662)
Other Comprehensive Income			
Gain in Revaluation of Land and Building		-	9,754
Total comprehensive income/(loss) for the year		(820)	5,092
Net gain / (Loss) from continuing operations attributable to the members of the parent entity		(820)	(4,662)
Total comprehensive income/(loss) attributable to members of the parent entity		(820)	5,092
Basic earnings per share		(0.64)c	(3.64)c
Diluted earnings per share		(0.64)c	(3.64)c

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	Consolidated entity 2011 $000	2010 $000
Current assets			
Cash assets	9	1,023	721
Receivables	10	1,607	1,308
Inventories	11	15,432	17,134
Other	16	140	106
		18,202	19,269
Assets classified as held for sale	12	7,553	-
Total current assets		25,755	19,269
Non-current assets			
Inventories	11	-	7,554
Property, plant and equipment	14	39,963	45,362
Other financial assets	13	1,517	1,438
Intangible assets	15	428	562
Total non-current assets		41,908	54,916
Total assets		67,663	74,185
Current liabilities			
Payables	17	2,165	4,389
Interest-bearing Liabilities	18	30,594	6,438
Short term provisions	19	309	201
		33,068	11,028
Liabilities directly associated with assets classified as held for sale	12	4,505	-
Total current liabilities		37,573	11,028
Non-current liabilities			
Interest – bearing liabilities	18	13,377	45,623
Total non-current liabilities		13,377	45,623
Total liabilities		50,950	56,651
Net assets		16,713	17,533
Equity			
Contributed equity	20	12,093	12,093
Reserves	21	12,564	12,564
Retained earnings / (accumulated losses)	22	(7,944)	(7,124)
Total equity		16,713	17,533

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Share capital	Share option reserves	Asset revaluation reserves	Retained earnings	Total	Total Equity
(a) Consolidated Entity						
Balance at 1 July 2010	**12,093**	**40**	**12,524**	**(7,124)**	**17,533**	**17,533**
Net loss for the year	-	-	-	(820)	**(820)**	**(820)**
Gain on property Plant & Equipment	-	-	-	-	**-**	**-**
Total recognised income & expense for the period	12,093	40	12,524	(7,944)	**16,713**	**16,713**
Revaluation Reserve	-	-	-	-	**-**	
Dividends paid or declared	-	-	-	-	**-**	**-**
Issue of share capital	-	-	-	-	**-**	**-**
Equity share options issued	-	-	-	-	**-**	**-**
Balance at 30 June 2011	**12,093**	**40**	**12,524**	**(7,944)**	**16,713**	**16,713**
Balance at 1 July 2009	12,093	40	2,770	**(2,462)**	**12,441**	**12,441**
Net loss for the year	-	-	-	(4,662)	**(4,662)**	**(4,662)**
Gain on property Plant & Equipment	-	-	9,754	-	**-**	**9,754**
Total recognised income & expense for the period	12,093	40	12,524	(7,124)	**7,779**	**17,533**
Revaluation Reserve	-	-	-	-	**-**	
Dividends paid or declared	-	-	-	-	**-**	**-**
Issue of share capital	-	-	-	-	**-**	**-**
Equity share options issued	-	-	-	-	**-**	**-**
Balance at 30 June 2010	**12,093**	**40**	**12,524**	**(7,124)**	**17,533**	**17,533**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated entity 2011 $000	2010 $000
Cash flows from operating activities			
Receipts from customers		23,299	35,705
Payments to suppliers and employees		(16,065)	(12,705)
Interest received		121	66
Borrowing costs paid		(2,990)	(3,412)
Other - property development costs		-	(932)
Net cash (used in)/provided by operating activities	8(a)	4,365	18,722
Cash flows from investing activities			
Purchase of intangibles (Goodwill)		43	(561)
Purchase of property, plant and equipment		(440)	(589)
Purchase of investments		(79)	(658)
Proceeds from sale of a controlled entity, net of cash disposed		-	-
Net loans – subsidiaries		-	-
Net cash provided by/(used in) investing activities		(476)	(1,808)
Cash flows from financing activities			
Proceeds from borrowings		2,000	1,116
Repayment of borrowings		(5,586)	(18,132)
Net cash provided by financing activities		(3,586)	(17,016)
Net increase/(decrease) in cash held		303	(102)
Cash at the beginning of the financial year		720	822
Effect of exchange rates on cash		-	-
Cash at the end of the financial year	9	1,023	720

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1. Summary of Significant Accounting Policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of International Equities Corporation Limited and its controlled entities. International Equities Corporation Limited is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, International Equities Corporation Limited, have not been presented within this financial report as permitted by amendments made to *Corporations Act 2001* effective as at 28 June 2010.

The financial report of International Equities Corporation Limited and controlled entities, and International Equities Corporation Limited as an individual chief entity comply with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial statements are prepared on an accrual basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by International Equities Corporation Ltd at the end of the reporting period. A controlled entity is any entity over which International Equities Corporation Ltd has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 25 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

1. Summary of Significant Accounting Policies (Continued)

(b) Investments

Other Investments

Other investments are brought to account at cost. The carrying amount of investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the shares' market value or the underlying net assets in the particular companies.

(c) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The company and its wholly-owned subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1st July 2003.

1. Summary of Significant Accounting Policies (Continued)

(d) Inventories

Inventories, including land held for resale, are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost includes the cost of acquisition, development costs, holding costs and directly attributable interest on borrowed funds where the development is a qualifying asset. When a development is completed and ceases to be a qualifying asset, borrowing costs and other costs are expenses as incurred.

(e) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(f) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), determined every three years by an independent valuation performed by an external independent valuer, less subsequent depreciation for buildings. In the interim years, fair value is based on Directors' assessments having regard to market movements. Changes to fair values are recorded in the Asset Revaluation Reserve in the Statement of Financial Position.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset,

Plant & Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

1. Summary of Significant Accounting Policies (Continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land and building, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The expected useful lives are as follows:

Furniture, fixtures and equipment	5 years
Motor vehicles	5 years
Leasehold Improvement at cost	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(g) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(h) Earnings per share

a. Basic earnings per share
Basic earnings per share is determined by dividing the group operating result after income tax attributable to members by weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

b. Diluted earnings per share
Diluted earnings per share adjusts the figure used in the determination of basic earnings per share by taking into account amounts paid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(i) Land held for development and resale

Land held for development and resale comprises land held for development, contract costs and other holding costs incurred to date.

Costs include the cost of acquisition, development, interest on funds borrowed for the development and holding costs until completion of development. Interest and holding charges incurred after development are expensed. Profit is recognised on an individual contract basis generally at settlement.

(j) Receivables

All trade and other debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from date of recognition. Collection of trade and other debtors are reviewed on an ongoing basis; uncollectible debts are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

(k) Revenue

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes.

Revenue from the sale of apartments or units is generally recognised upon settlement.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

1. Summary of Significant Accounting Policies (Continued)

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of services and accommodation is recognised upon the provision of the service to customers.

All revenue is stated net of the amount of goods and services tax (GST).

(l) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

(m) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(p) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

1. Summary of Significant Accounting Policies (Continued)

Classification and subsequent measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

1. Summary of Significant Accounting Policies (Continued)

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative instruments

The Group designates certain derivatives as either:

i. hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

ii. hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the Group's risk management objective and strategy for undertaking various hedge transactions, is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income.

Amounts accumulated in the hedge reserve in equity are transferred to the statement of comprehensive income in the periods when the hedged item will affect profit or loss.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:

– the likelihood of the guaranteed party defaulting in a year period;

– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and

– the maximum loss exposed if the guaranteed party were to default.

1. Summary of Significant Accounting Policies (Continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(q) Comparative Figures

Where appropriate comparative figures have been adjusted to conform to changes in presentation of the current financial period.

(r) Intangible Asset – Management Letting Rights

Management letting rights ("MLRs") allow the Group to derive its trading revenue from letting the apartments of the Seasons Darling Harbour ("SDH"). MLRs are recognised at cost less any accumulated amortisation and any accumulated impairment losses. The cost of the rights is amortised on a straight line basis over the estimated average life of the underlying lease terms of the SDH serviced apartments with which it is associated on the basis that the useful life of the rights will equate to the period over which income will be derived from its current use. The Directors have assessed that the MLR currently has a finite useful life of approximately ten (10) years. The amortisation expense is taken to statement of comprehensive income through the depreciation and amortisation line item. MLRs are not revalued in the accounts as they are not traded in an active market. The amortisation period and amortisation method shall be reviewed at each balance date.

(s) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

(t) Change in Accounting Policy

The Group changed its accounting policy relating to its intangible asset (Note 15) for the financial year ending 30 June 2011. The intangible asset was acquired in September 2008 to secure the management letting rights ("MLR") of Seasons Darling Harbour ("SDH") and was previously subject to an annual impairment assessment under AASB 136: Impairment of Assets. Pursuant to note 1(r), the Group has now elected to amortise the cost of the MLR over the estimated average lease term of the underlying SDH apartments. This change has been implemented as management is of the opinion that the amortisation of the MLR will provide more relevant information, and result in a more accurate carrying value of the MLR at the end of the reporting period.

1. Summary of Significant Accounting Policies (Continued)

The aggregate effect of the change in accounting policy on the annual financial statements for the year ended 30 June 2011 is as follows:

		2011	
	Previous Policy	**Adjustment**	**Revised Policy**
	$'000s	**$'000s**	**$'000s**
Consolidated Group			
Statement of comprehensive income			
Amortisation of MLR	-	(91)	(91)
Loss before income tax	(729)	(91)	(820)
Income tax	-	-	-
Basic earnings per share (cents)	(0.57)	(0.07)	(0.64)
Statement of financial position			
Intangible assets	518	(91)	427
Retained earnings/ accumulated losses	(7,853)	(91)	(7,944)

The effect on the comparative financials has not been presented on the basis that any adjustment would not be material to the 30 June 2010 Group financials.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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 externally or within the group.

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..

The loan payable to Renaissance Assets Pty Ltd, as disclosed in note 18 and note 26 (iii), has been recorded at fair value of $13.36 million. In estimating the fair value of this loan the directors have discounted the loan repayments, which are expected to be made progressively over a 10 year period, using a discount rate of 4.5% p.a.

Key Judgements

No key judgements, having a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next annual reporting period, have been incorporated into the financial report for the year ended 30 June 2011.

1. Summary of Significant Accounting Policies (Continued)

(u) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

- AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.
- The key changes made to accounting requirements include:
- - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- - simplifying the requirements for embedded derivatives;
- - removing the tainting rules associated with held-to-maturity assets;
- - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- - requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).
- This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a "related party" to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.
- AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

- AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- - Tier 1: Australian Accounting Standards; and
- - Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.
- Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

1. Summary of Significant Accounting Policies (Continued)

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific "RDR" disclosures.

- AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

- AASB 2009–14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

  This Standard is not expected to impact the Group.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

  - clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
  - adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
  - amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
  - adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
  - making sundry editorial amendments to various Standards and Interpretations.

  This Standard is not expected to impact the Group.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

1. Summary of Significant Accounting Policies (Continued)

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

  This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

  This Standard is not expected to impact the Group.

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

  As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

- AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes.

  The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

  The amendments are not expected to impact the Group.

- AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

  This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

  The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

  Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

  This Standard is not expected to impact the Group.

1. Summary of Significant Accounting Policies (Continued)

- AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

  The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

  [The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

  This Standard is not expected to impact the Group.

(w) Going Concern & Obligations Under Bank Borrowings

The financial report has been prepared 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.

A significant proportion of the Group's debt matures before 31 December 2011 and therefore has been classified as a current liability. As a result, current liabilities exceed current assets as at 30th June 2011 by an amount of $11.82 million.

The Group has certain obligations under its existing loan facilities and these include the requirement to meet certain covenants. During the year, the Group received notification from its primary financier that it had not complied with a covenant under the loan facility. However the financier has provided an indication that it would not be taking any action at this time. Going forward, the directors will endeavor to meet these obligations or agree some form of accommodation from its financier. In the event these obligations are not met, the debts may become due and payable.

Notwithstanding this, the Directors consider the going concern basis to be appropriate for the following reasons:

- The demonstrated ability to obtain refinancing for existing loans which expire within twelve months;
- The demonstrated ability to sell down existing stocks of apartments to reduce debt;
- 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated entity 2011 $000	Consolidated entity 2010 $000
2. REVENUE		
Operating activities		
- sales of apartments	7,396	21,628
- sale of services and accommodation	14,754	13,565
- property management fees	936	704
- rental revenue	495	454
- interest received - other persons	121	66
- other revenue	94	44
	23,796	36,461

3. PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES

Profit/(loss) from ordinary activities before income tax has been determined after:

	2011 $000	2010 $000
(a) Borrowing costs:		
- other persons	2,990	3,412
Expenses:		
Administration costs	4,564	4,746
Hotel costs and cost of goods sold	8,714	8,107
Depreciation of non-current assets & amortisation	444	169
Development costs – apartments	7,456	20,030
Commissions	449	482
	21,626	33,534

(b) Significant revenues and expenses

The following significant revenue and expense items, included above, are relevant in explaining the financial performance:

	2011 $000	2010 $000
Impairment – Land & Buildings	-	(1,269)
Inventories (non – current)	-	(2,909)
Net (loss) / gain	-	(4,178)

4. INCOME TAX BENEFIT

	2011 $000	2010 $000
Reversal of Deferred Tax Liability	-	-
	-	-

5. KEY MANAGEMENT PERSONNEL

(a) Names and positions held by key management personnel in office at any time during the financial year are:

Parent entity directors:		
Executive Directors:		
MPF Tow	Chairman	- International Equities Corporation Group
TS Wong	Director	- International Equities Corporation Group
KL Tow	Director	- International Equities Corporation Group
Non-Executive Directors:		
AG Menezes	Director / Company Secretary	- International Equities Corporation Group
Subsidiary entity directors:		
EWT Tow	Director	- Seasons Apartment Hotel Group Pty Ltd
A Ambalavanar	Director / Chief Executive Officer	- Seasons Apartment Hotel Group Pty Ltd
DJF Tow	Director	- Seasons Apartment Hotel Group Pty Ltd
CL Chuah	Director / General Manager	- (IEC) Pacific Pty Ltd
G Stidworthy	Director / Officer in Effective Control	- IEC Real Estate Pty Ltd

There are no other employees within the consolidated entity who are considered to be key management personnel as defined by AASB 124.

(b) Options and rights holdings

Number of options held by parent entity directors and specified executives:

	Balance 1.07.10	Granted as remuneration	Options exercised*	Net change other*	Balance 30.6.11	Total vested 30.6.11	Total exercisable	Total unexercisable
Parent entity directors:								
Executive Directors:								
MPF Tow	-	-	-	-	-	-	-	-
TS Wong	-	-	-	-	-	-	-	-
KL Tow	-	-	-	-	-	-	-	-
Non - Executive Directors:								
AG Menezes	-	-	-	-	-	-	-	-
Specified executives:								
EWT Tow	-	-	-	-	-	-	-	-
A Ambalavanar	-	-	-	-	-	-	-	-
DJF Tow	-	-	-	-	-	-	-	-
CL Chuah	-	-	-	-	-	-	-	-
G Stidworthy	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

5. KEY MANAGEMENT PERSONNEL (continued)

(c) Shareholdings

Number of shares held by parent entity directors and specified executives:

	Balance 1.7.10	Received as remuneration	Options exercised	Net change other*	Balance 30.6.11
Parent entity directors:					
Executive Directors:					
MPF Tow +	61,216,332	-	-	-	61,216,332
TS Wong	-	-	-	-	-
KL Tow ++++	61,216,332	-	-	-	61,216,332
Non – Executive Directors:					
AG Menezes	-	-	-	-	-
Specified executives:					
EWT Tow +	61,216,332	-	-	-	61,216,332
A Ambalavanar	-	-	-	-	-
DJF Tow ++	61,216,332	-	-	-	61,216,332
CL Chuah +++	20,000,000	-	-	-	20,000,000
G Stidworthy	-	-	-	-	-

+ Interest arises from their directorship in Renaissance Assets Pty Ltd and shares held by a relative
++ Interest arises from his directorship in Renaissance Pty Ltd and in his personal capacity
+++ Interest arises from her directorship in Premium Properties (Aust) Pty Ltd
++++ Interest arises from shares held by a relative
* Net change other refers to shares purchased or sold during the financial year.

	Consolidated entity	
	2011	2010
	$000	$000
6. AUDITOR'S REMUNERATION		
Remuneration of the auditor of the parent company for:		
- auditing or reviewing the financial report	77	69
- other services	-	-
Remuneration of other auditors of controlled entities for:	-	-
- auditing or reviewing the financial report of	-	-
- controlled entities		
	77	69

7. EARNINGS / (LOSS) PER SHARE

Basic loss per share is 0.64 cents (2010: 3.64 cents per share)

(a) Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share is 128,223,577 (2010: 128,223,577).

(b) Diluted earnings per share is not materially different from earnings per share

8. CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations with operating profit/(loss) after income tax

	2011	2010
Operating profit/(loss) after income tax	(820)	(4,662)
Non-cash flows in operating profit		
Depreciation and amortisation	444	169
Impairment of Land & Building	-	1,269
Impairment of non- current inventories	-	2,909
Changes in assets and liabilities		
(Increase)/Decrease in trade debtors	(299)	(690)
(Increase)/Decrease in prepayments	(33)	190
(Increase)/Decrease in inventories	7,191	18,908
(Decrease)/increase in accounts payable	(1,989)	894
(Decrease) in accrued expenses	(238)	(380)
Increase/(decrease) in deferred tax	-	-
Increase/(Decrease) in provisions	109	115
Net cash (used in)/provided by operating activities	4,365	18,721

	Consolidated entity 2011 $000	2010 $000
9. CASH		
Cash at bank and on hand	1,023	721
	1,023	721

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 statement of financial position as follows:

	2011 $000	2010 $000
Cash (as above)	1,023	721
	1,023	721

No deposit rates apply for 2011 (2010: NIL %)

Loan facilities

Bank and other loan facilities available comprise:

	2011 $000	2010 $000
- Bendigo and Adelaide Bank Ltd [a]	4,505	4,595
- Renaissance Assets Pty Ltd [b]	13,500	13,500
- Bank of Queensland [c]	1,964	-
- Westpac Banking Corp Ltd [d]	-	1,179
- National Australia Bank [e]	28,548	32,790
- Other loans	82	138
Total facilities available	48,599	52,202
Used at balance date	48,476	52,063

Terms of facilities

(a) $4.505 million is a bank bill variable rate facility has expired and is being held over for a new letter of offer.
(b) $13.5 million is a zero rate loan facility provided by Renaissance Assets Pty Ltd, a related party, with no fixed terms of repayment.
(c) $1.964 million is a bank bill variable rate facility with a 5 year term expiring 2015 subject to annual review
(d) $1.179 million is a bank bill variable rate facility expiring 31 December 2010. The amount was fully paid in July 2010.
(e) $28.548 million is a mix of fixed and bank bill variable rate facilities expiring before 30 November 2011.

	2011 $000	2010 $000
10. RECEIVABLES		
Current		
Trade debtors	1,618	1,321
Less: provision for doubtful debts	(11)	(13)
	1,607	1,308
Other debtors		
Amount receivable from other persons	-	-
	-	-
	1,607	1,308
Non-current		
Amounts receivable from controlled entities	-	-
Less: provision for non recovery	-	-
Provision for GST Refundable	-	-
	-	-

Loans to controlled entities largely form part of the net investment in those entities

	Consolidated entity 2011 $000	2010 $000
11. INVENTORIES		
Current		
Completed units held for resale	15,313	17,060
Land and contract costs held for resale *	-	-
Consumables and stores – at cost	119	74
	15,432	17,134
Non-current		
Land and contract costs held for resale * - See Note 12	-	7,553
	-	7,553

* Land and contract costs held for resale comprises:

Cost of acquisition	-	-
Development costs capitalised (net of impairment write-down)	-	3,247
Borrowing costs capitalised	-	4,306
Completed units held for resale	-	-
	-	7,553

12. ASSETS CLASSIFIED AS HELD FOR SALE

Cost of land and building for sale	7,553	-
Liabilities Associated with assets held for sale	4,505	-

(i) The Company has advertised for the sale of its property at 2 King William Street, Adelaide and it anticipates the disposal to be completed in the next 12 months. No impairment loss was recognised on reclassification of the land as held for sale as at 30 June 2011.

(ii) The major classes of assets and liabilities associated with this disposal at the end of the reporting period are as of follows:

Property, Plant and Equipment	7,553	-
Interest-Bearing Liabilities – Bendigo and Adelaide Bank *	(4,505)	-
	3,048	-

* $4.505 million is a bank bill variable rate facility which has expired and is being held over by Bendigo and Adelaide Bank. The loan is secured by building at 2 King William Street in Adelaide. The building was valued at $7.5 million by Knight Frank on 18th March 2009. The property is advertised for sale.

	Consolidated entity 2011 $000	2010 $000
13. OTHER FINANCIAL ASSETS		
Non-current		
Non-quoted investments:		
Investment in other entities – at cost	1,517	1,438
Shares in controlled entities – at cost (note 25)	-	-
Less: provision for diminution of shares in controlled entities	-	-
	1,517	1,438

14. PROPERTY, PLANT AND EQUIPMENT

	2011 $000	2010 $000
Freehold land and buildings		
Seasons of Perth hotel at valuation (1)	25,750	25,750
Seasons Heritage Melbourne hotel at valuation (2)	13,722	18,547
	39,472	44,297
Furniture, fittings and equipment		
At cost	3,430	3,644
Less: accumulated depreciation	(2,942)	(2,583)
	488	1,061
Motor vehicles		
At cost	10	10
Less: accumulated depreciation	(7)	(5)
	3	5
Total	39,963	45,363

(i) The fair value of Seasons of Perth Hotel was adjusted in Feb 2010 based on an independent valuation by CB Richard Ellis (V) Pty Ltd. A revaluation gain adjustment of $9.754 million to the fair value has been recognised as Other Comprehensive Income in the financial year ended 30 June 2010.

(ii) The fair value of Seasons of Heritage Melbourne was adjusted in Feb 2010 based on an independent valuation by CB Richard Ellis (V) Pty Ltd. A fair value loss adjustment of $1.269 million to the fair value has been expensed in the Statement of Comprehensive Income in the financial year ended 2010.

Reconciliations:

	2011 $000	2010 $000
Freehold land and buildings		
Opening balance	44,297	36,062
Gain on revaluation – Seasons of Perth	-	9,754
Impairment on revaluation – Seasons Heritage Melb	-	(1,269)
Development cost of sale (apartments released for sale)	(4,825)	(250)
Closing balance	39,472	44,297
Furniture, fittings and equipment		
Opening balance	1,060	639
Reclassified as hotel assets	(352)	-
Additions	129	587
Depreciation	(349)	(166)
Closing balance	488	1,060
Motor vehicles		
Opening balance	5	7
Additions	-	-
Depreciation	(2)	(2)
Closing balance	3	5

	Consolidated entity	
	2011	2010
	$000	$000

15. INTANGIBLE ASSETS

Management Letting Rights

	2011 $000	2010 $000
Balance at beginning of period	518	-
Acquired during the period	-	518
	518	518
Accumulated amortisation	(91)	-
Balance at end of period	427	518

Other Intangibles

	2011 $000	2010 $000
Balance at beginning of period	44	1
Acquired during the period	-	43
Balance at end of period	44	44
Accumulated amortisation	(43)	-
	1	44
Balance at end of period	428	562

Management Letting Rights (MLR's) allow the Group to derive revenue from letting apartments in the operations of Seasons Darling Harbour in Sydney. MLR's are amortised on a straight line basis over the average lease terms to which they attach which has been assessed as 10 years.

16. OTHER ASSETS

	2011 $000	2010 $000
Prepayments	140	106

17. TRADE AND OTHER PAYABLES

Current - unsecured liabilities

	2011 $000	2010 $000
Trade creditors	2,197	4,186
Other creditors and accrued charges	(32)	203
	2,165	4,389

18. INTEREST-BEARING LIABILITIES

	Consolidated entity 2011 $000	2010 $000
Current		
Finance lease [(a)]	82	41
Bank loan – secured [(a)]	30,512	6,397
	30,594	6,438
Bank loan – secured against assets held for sale (see note 12) [(a)]	4,505	-
	35,099	6,438
Non current		
Bank loans - secured [(a)]	-	32,126
Loan from related party [(e)]	13,377	13,361
Other loans – secured	-	138
	13,377	45,624

Notes:

	2011	2010
(a) Secured loans are expected to be settled:		
- within 12 months	**35,099**	**6,438**
- 12 months of more	**-**	**45,624**
(b) Total current and non-current secured liabilities	**35,099**	**52,062**
(c) The carrying amounts of current and non-current assets pledged as security are:		
First mortgage		
Freehold land and buildings	**39,472**	**44,297**
Inventory for sale	**15,313**	**17,060**
Property under development	**-**	**7,553**
Total assets pledged as security	**54,785**	**68,910**

(d) The bank loans are secured by assets of IEC (Management) Pty Ltd, IEC (Pacific) Pty Ltd, Seasons of Adelaide Pty Ltd and Renaissance Australia Pty Ltd's property, a debenture charge from these companies, a guarantee from the holding company and a deed of subordination from the holding company.

(e) The loan from related party is unsecured.

The covenants within the bank borrowings of a major lender require the minimum interest cover ratio (the ratio of EBIT to Gross Interest) be 1.3 times for the quarters ending 30th June 2010 and 30 September 2010 and 1.5 times for the quarters ending 31st December 2010 and thereafter. In addition, the maximum property finance loan to value ratios (LVR) must be maintained at 60% commencing on 30 June 2010, reducing to 52% by 30 November 2011.

During the year, the Group received notification from its major lender that it had not achieved the interest cover ratio but achieved LVR of 55% which was within the range. The financier has provided a letter of waiver not to take any action at the time. By way of a later letter of waiver the lender has also agreed not to take any action in respect to the non-compliance of certain covenants as at 30 June 2011. Going forward, the directors will endeavor to meet these obligations or seek some form of accommodation from its lender.

	Consolidated entity 2011 $000	2010 $000
19. PROVISIONS		
Employee entitlements	309	201

	Employee Benefits $000
Consolidated Group	
Opening balance at 1 July 2010	201
Additional provisions	101
Amounts used	-
Unused amounts reversed	-
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	7
Balance at 30 June 2011	309

Analysis of total provisions

	Consolidated Group 2011 $000	2010 $000
Current	309	201
Non-current	-	-
	309	201

	Consolidated entity 2011 $000	2010 $000
20. CONTRIBUTED EQUITY		
Paid-up capital:		
128,223,577 fully paid ordinary shares (2010: 128,223,577)	12,093	12,093
128,223,577 issued and fully paid ordinary shares (2010: 128,223,577)	12,093	12,093
At end of the financial year	12,093	12,093

The only shares the Company has on issue are the fully paid ordinary shares. These shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds of the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

The ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company.

	12 months to 30 June 2011		12 months to 30 June 2010	
	No. of shares	$000	No. of shares	$000
Movement in ordinary shares on issue:				
Beginning of the period	128,223,577	12,093	128,223,577	12,093
Share based payments	-	-	-	-
Shares issued for nil consideration	-	-	-	-
Shares bought back on-market	-	-	-	-
At end of the financial year	128,223,577	12,093	128,223,577	12,093

Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group’s debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements

Management effectively manages the Group’s capital by assessing the Group’s financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

20. CONTRIBUTED EQUITY (Continued)

The gearing ratios for the year ended 30 June are as follows:

	Consolidated entity 2011 $000	2010 $000
Total Borrowings – see note 18	48,476	52,062
Less cash and cash equivalents – see note 9	(1,023)	(721)
Net Debt	47,453	51,341
Total Equity	16,713	17,533
Total Capital	64,166	68,874
Gearing Ratio	74%	75%

21. RESERVES

Share option reserve	40	40
Asset revaluation reserve	12,524	12,524
	12,564	12,564

22. ACCUMULATED PROFITS/(LOSSES)

Accumulated profits/(losses) at beginning of the financial year	(7,124)	(2,462)
Net profit/(loss) attributable to the members of the parent entity	(820)	(4,662)
Accumulated profits/(losses) at end of the financial year	(7,944)	(7,124)

23. Financial Risk Management

(a) Financial Risk Management Policies

The group's financial instruments consists mainly of deposits with banks, short term investment, accounts receivable and payable, loans to and from subsidiaries, bank loans and finance leases.

i) Treasury Risk Management

The board of directors meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The board's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

23. Financial Risk Management (continued)

ii) Financial Risk Exposure and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2011, approximately 60% of group debt is floating. Under the present financial conditions interest rate policies are dictated by the financial institutions. The role of the board also includes negotiating for preferred margins over prescribed rates.

Foreign Currency risk

The group is not exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services. All transactions are in Australian Dollars.

Liquidity risk

The group manages liquidity risk by maintaining adequate banking and borrowing facilities through the monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group.

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained. Exposure at balance date is addressed in each applicable note.
The Company does not hold any credit derivatives to offset its credit exposure.

The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an "A" rating are utilised;

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing;

The group only invests in listed available – for sale financial assets that have a minimum „A' credit rating. At present the Consolidated Group has no exposure to this risk.

Unlisted available for sale financial assts are not rated by external credit agencies. These are reviewed regularly by the group to ensure that credit exposure is minimised.

23. Financial Risk Management (continued)

The credit risk for counterparts included in trade and other receivables at 30 June is detailed below:

	Consolidated Group	
	2011	2010
	$000	$000
Trade and other Receivables		
AA rated counterparties	-	-
B rated counterparties	-	-
Counterparties not rated	1,607	1,308
Total	1,607	1,308

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

Price risk

The group is not exposed to risk in commodity prices.

b) Financial Instruments

i) Derivative Financial Instruments

Derivative financial instruments were used by the consolidated group for the period ending 30 June 2010 to hedge exposure to interest rate risk associated with movements in interest rates which impact on the borrowings of the consolidated group. None were used for the period 30 June 2011. Transactions for hedging purposes are undertaken without the use of collateral as only reputable institutions with sound financial positions are dealt with.

Interest Rate Swap

Interest rate swap transactions were entered into by the consolidated group for the period ending 30 June 2010 to exchange variable and fixed interest payment obligations to protect long-term borrowings from the risk of increasing interest rates. The consolidated group has both variable and fixed interest debt and enters into swap contracts to receive interest at both variable and fixed rates and to pay interest at fixed rates. Swaps were not entered into for the period ending 30 June 2011.

The notional principal amounts of the swap contracts approximate the consolidated group's borrowing facility. The settlement dates of the swap contracts correspond with the interest payment dates of the borrowings. The swap contracts require settlement of the net interest receivable or payable and are brought to account as an adjustment to borrowing costs.

At balance date, the details of the interest rate swap contracts are:

	Effective Average Interest Rate Payable Consolidated Group		Notional Principal Consolidated Group	
	2011	2010	2011	2010
	%	%	$000	$000
Settlement				
Less than 1 year	-	5.75	-	14,300
1 to 2 years	-	6.25	-	14,300
2 to 5 years	-	6.55	-	14,300

23. Financial Risk Management (continued)

ii. Financial Instrument Composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate Maturing Within 1 Year		Fixed Interest Rate Maturing 1 to 5 Years		Non - Interest Bearing		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	%	%	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Consolidated Group:												
Financial Assets												
Cash and cash equivalents	6.54	4.25	-	-	398	721	-	-	-	-	398	721
Receivables	-	-	-	-	-	-	-	-	1,607	1,308	1,607	1,308
Investments	-	-	-	-	-	-	-	-	1,517	1,438	1,517	1,438
Total Financial Assets			-	-	398	721	-	-	3,124	2,746	3,522	3,467
Financial Liabilities												
Bank loans and overdrafts	7.65	11.62	-	-	35,099	6,438	-	32,124	-	-	35,099	38,562
Trade and sundry payables	-	-	-	-	-	-	-	-	2,165	4,390	2,165	4,390
Amounts payable related parties	-	-	-	-	-	-	13,377	13,499	-	-	13,377	13,499
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Interest rate swaps	-	5.75	-	-	-	-	-	-	-	-	-	-
Financial guarantees	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities			-	6,000	35,099	6,438	13,377	45,623	2,165	4,390	50,641	56,451

23. Financial Risk Management (continued)

Trade and other receivables are expected to be collected as follows:

	Consolidated Group	
	2011	**2010**
	$000	**$000**
Trade and other Receivables		
Not past due	350	698
Past due 30 days	367	121
Past due 60 days	293	97
Past due 90 days	226	35
Past due 90 days +	382	370
Less: Amount impaired	(11)	(13)
Total amount not impaired	1,607	1,308

Trade and sundry payables are expected to be paid as follows:

	Consolidated Group	
	2011	**2010**
	$000	**$000**
Trade and other Payables		
Less than 6 months	1,304	4,390
6 months to 1 year	754	-
1 to 5 years	107	-
Over 5 years	-	-
	2,165	4,390

(iii) Net Fair Values

The net fair values of:
- All assets and liabilities approximate their carrying value

No financial assets and financial liabilities are readily traded on organised markets.

Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated group intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2011		2010	
	Carrying Amount $000	**Net Fair Value $000**	**Carrying Amount $000**	**Net Fair Value $000**
Financial Assets				
Available for sale financial assets at fair value	1,517	1,517	1,438	1,438
Trade and other receivables	1,607	1,607	1,308	1,308
	3,124	3,124	2,746	2,746
Financial Liabilities				
Trade and other payables	2,165	2,165	4,390	4,390
Bank and other loans payable	48,476	48,476	52,062	52,062
	50,641	50,641	56,452	56,452

23. Financial Risk Management (continued)

(iv) Sensitivity Analysis

Interest Rate Risk

The group has performed a sensitivity analysis relating to its exposure to interest rate risk at balance sheet date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2011, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group	
	2011 ($000)	**2010 ($000)**
Change in Profit		
- Increase in interest rate by 2%	(700)	(769)
- Decrease in interest rate by 2%	700	769
Change in Equity		
- Increase in interest rate by 2%	(700)	(769)
- Decrease in interest rate by 2%	700	769

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

The Company is not exposed to foreign currency risk or price risk.

24. INCOME TAX EXPENSE

	Consolidated entity 2011 $000	Consolidated entity 2010 $000
(a) The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Profit/(loss) from ordinary activities before income tax	(820)	(4,662)
Income tax liability/(benefit) calculated at 30% of profit/(loss) from ordinary activities before income tax	(246)	(1,399)
Add: Tax effect of permanent differences	-	-
	(246)	(1,399)
Timing differences and tax losses not brought to account as future income tax benefits	246	1,399
Overprovision for income tax in prior year	-	-
Capital profits not subject to income tax	-	-
Income tax expense	-	-
(b) Deferred tax liability comprises; Profits deferred for tax purposes	-	-
(c) Deferred tax assets Certain deferred tax assets have not been recognised as an asset: attributable to tax losses at 30% (2010: 30%)	3,600	3,600

The benefit of tax losses will be only obtained if:

(i) Assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deduction to be realised;
(ii) The conditions for deductibility imposed by the law are complied with; and
(iii) No changes in tax legislation adversely affect the realisation of the benefit from the deductions.

25. INVESTMENTS IN CONTROLLED ENTITIES

	Country of incorporation	Percentage owned	
Parent entity:		2011	2010
International Equities Corporation Ltd*	Australia	-	-
Controlled entities:			
(IEC) Pacific Pty Ltd*	Australia	100	100
IEC (Management) Pty Ltd*	Australia	100	100
IEC Real Estate Pty Ltd*	Australia	100	100
IEC South Yarra Pty Ltd*	Australia	100	100
Renaissance Australia Pty Ltd*	Australia	100	100
Seasons Heritage Melbourne Pty Ltd*	Australia	100	100
Seasons of Adelaide Pty Ltd*	Australia	100	100
Seasons at the York Pty Ltd**	Australia	100	100
IEC Properties Pty Ltd**	Australia	100	100
Seasons Apartment Hotel Group Pty Ltd**	Australia	100	100
Seasons International Management Pty Ltd*	Australia	100	100
Seasons Darling Harbour Pty Ltd*	Australia	100	100

* Audited by Moore Stephens, Perth
** Dormant in the Financial Year 2011

26. RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

(i) During the financial year the company provided accounting and administration services to other entities in the group at no cost.

(ii) Details of all share and share option transactions between directors and director related entities in the company are as follows:

	2011	2010
Aggregate number held at 30 June:		
Shares	61,216,332	60,853,125
Share options	-	-

(iii) MPF Tow has an interest in Renaissance Assets Pty Ltd and Renaissance United Asset Management Pty Ltd arising from his directorship in these entities.

	Consolidated entity	
	2011	2010
	$000	$000
Loans receivable at year end from:		
Renaissance Assets Pty Ltd – non current (i)	-	-
Loans payable at year end to:		
Renaissance Assets Pty Ltd – current (i)	-	-
Renaissance Assets Pty Ltd – non current (i)	13,377	13,361

(i) These loans are unsecured and interest free.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

27. WHOLLY OWNED GROUP

The wholly owned group consists of the company and its wholly-owned controlled entities. Ownership interests in these controlled entities are set out in note 25.

Transactions between the company and other entities in the wholly-owned group during the year consist of:

(a) loans advanced; and
(b) loans repaid.

Transaction	Terms and conditions	% owned	Amount (payable) or receivable 2011 $000	2010 $000
Non current loan to IEC (Management) Pty Ltd	Interest free	100%	(7,694)	(5,350)
Non current loan to IEC South Yarra Pty Ltd	Interest free	100%	1,403	1,450
Non current loan to (IEC) Pacific Pty Ltd	Interest free	100%	13,478	12,242
Non current loan to IEC Properties Pty Ltd	Interest free	100%	1	1
Non current loan to Renaissance Australia Pty Ltd	Interest free	100%	7,600	8,071
Non current loan to Seasons Apartment Hotel Group Pty Ltd	Interest free	100%	1	1
Non current loan to Seasons International Management Pty Ltd	Interest free	100%	(49)	(49)
Non current loan to Seasons Heritage Melbourne Pty Ltd	Interest free	100%	981	867
Non current loan to Seasons of Adelaide	Interest free	100%	6,805	6,000
Non current loan to Seasons Darling Harbour	Interest free	100%	1	1
Non current loan to Seasons at the York Pty Ltd	Interest free	100%	-	-
Non current loan to IEC Real Estate Pty Ltd	Interest free	100%	-	(30)
Non current loan of SHM vs SIM Pty Ltd	Interest free	100%	1	1
Non current loan of Ren. Australia vs SIM Pty Ltd	Interest free	100%	(48)	(41)
Non current loan of Ren. Australia vs SHM Pty Ltd	Interest free	100%	580	159
Non current loan of SHM vs SIM Pty Ltd	Interest free	100%	336	205
Non current loan of SDH vs SIM Pty Ltd	Interest free	100%	600	600
			23,996	24,129

Amounts payable to and receivable from controlled entities are unsecured with no fixed term of repayment.

28. CAPITAL & LEASING COMMITMENTS

(a) The economic entity is not subject to any operating lease commitments as at 30 June 2011.

	Consolidated entity 2011 $000	2010 $000
(b) Finance Lease Commitments:		
Payable – minimum lease payments		
- not later than 12 months	82	41
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
Minimum lease payments	82	41

(c) Capital Expenditure Commitments

Capital expenditure commitments contracted for property developments:

Payable		
- not later than 12 months	-	-
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	-	-

28. CAPITAL & LEASING COMMITMENTS (Continued)

(d) The company has provided a Shortfall Corporate Guarantee in favour of OCBC Bank Ltd in its capacity as a 22.5% unitholder in Yarracity Pty Ltd which in turn owns 100% of Yarracity Trust Pty Ltd and YarraDocklands Trust Pty Ltd. The trust companies jointly own a building at 370 Docklands Drive, Docklands, Victoria. The property is valued at $38.5 million and secured to OCBC Bank Ltd for $25.5 million. The Company is only committed to 22.5% should a shortfall of any nature occur.

29. SEGMENTAL REPORTING

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

This relates to the operations of a licensed real estate agency which includes sale and/or leasing of apartments for a management fee.

Basis of accounting for purposes of reporting by operating segments

i) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

29. SEGMENTAL REPORTING (Continued)

ii) Intersegment transactions

An internally determined transfer price is set for all intersegment sales, leasing and fee. This price is established annually and is based on what should be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated by way of management fees to reporting segments based on the segment's overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditures that should be used in assessing segment performance and cost recoveries.

Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

iii) Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

iv) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

v) Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Derivatives;
- Net gains on disposal of available-for-sale investments;
- Impairment of assets and other non-recurring items of revenue or expenses;
- Income tax expense;
- Deferred tax assets and liabilities;
- Current tax liabilities;
- Other financial liabilities
- Intangible assets; and
- Discontinued operations.

vi) Comparative information

Comparative information has been restated to conform to the requirements of AASB 8 which has been adopted.

29. SEGMENTAL REPORTING (Continued)

(i) Segment performance

	Property Development	**Tourism**	**Leasing**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Twelve months ended 30.06.2011				
Revenue				
External Sales	7,892	15,007	676	23,575
Intersegment sales	1,278	802	180	2,260
Interest income	101	26	-	127
Total segment revenue	9,271	15,835	856	25,962
Reconciliation of segment revenue to group revenue				
Other revenue	75	19	-	94
Less: Intersegment elimination	(1,278)	(802	(180)	(2,260)
Revenue from discontinued operations	-	-	-	-
Total group revenue	8,068	15,052	676	23,796
Segment net profit from continuing operations before tax	60	6,338	780	7,178
Reconciliation of segment results to group net profit/loss before tax:				
(a) Amounts not included in segment results but reviewed by the Board:				
– Corporate charges	(91)	(4,152)	(321)	(4,564)
– Depreciation and amortisation	(75)	(368)	(1)	(444)
– Equity accounted profits of associates and joint venture	-	-	-	-
– Impairment of property, plant and equipment	-	-	-	-
(b) Unallocated items:				
– Finance Costs	(1,800)	(1,190)	-	(2,990)
– Other	-	-	-	-
Net profit before tax from continuing operations	(1,906)	628	458	**(820)**

(i) Segment performance

	Property Development $'000	Tourism $'000	Leasing $'000	Total $'000
Twelve months ended 30.06.2010				
Revenue				
External Sales	22,081	13,808	462	36,351
Intersegment sales	1,274	750	412	2,436
Interest income	55	11	-	66
Total segment revenue	23,410	14,569	874	38,853
Reconciliation of segment revenue to group revenue				
Other revenue	25	19	-	44
Less: Intersegment elimination	(1,274)	(750)	(412)	(2,436)
Revenue from discontinued operations	-	-	-	-
Total group revenue	22,161	13,838	462	36,461
Segment net profit from continuing operations before tax	(2,832)	5,731	765	3,664
Reconciliation of segment results to group net profit/loss before tax:				
(a) Amounts not included in segment results but reviewed by the Board:				
– Corporate charges	(290)	(4,032)	(423)	(4,745)
– Depreciation and amortisation	(60)	(108)	(1)	(169)
– Equity accounted profits of associates and joint venture	-	-	-	-
– Impairment of property, plant and equipment	-	-	-	-
(b) Unallocated items:				
– Finance Costs	(2,350)	(1,062)	-	(3,412)
– Other	-	-	-	-
Net profit before tax from continuing operations	(5,532)	529	341	**(4,662)**

29. SEGMENTAL REPORTING (Continued)

(ii) Segment assets

	Property Development $'000	Tourism $'000	Leasing $'000	Consolidated $'000
2011				
Segment assets	41,459	30,191	315	71,965
Segment asset increases for the period:				
– Capital expenditure	-	507	2	509
– Acquisitions	-	-	-	-
	41,459	30,698	317	72,474
Included in segment assets are:				
– Equity accounted associates and joint ventures	-	-	-	-
Reconciliation of segment assets to group assets:				
Intersegment eliminations	(2,819)	(1,565)	-	(4,384)
Unallocated assets:				
– Derivative assets	-	-	-	-
– Deferred tax assets	-	-	-	-
– Intangibles	-	(427)	-	(427)
Total group assets	**38,640**	**28,706**	**317**	**67,663**

	Property Development $'000	Tourism $'000	Leasing $'000	Consolidated $'000
2010				
Segment assets	51,002	26,359	-	77,361
Segment asset increases for the period:				
– Capital expenditure	-	587	-	587
– Acquisitions	658	506	-	1,164
	51,660	27,452	-	79,112
Included in segment assets are:				
– Equity accounted associates and joint ventures	-	-	-	-
Reconciliation of segment assets to group assets:				
Intersegment eliminations				
Unallocated assets:	(3,820)	(601)	-	(4,421)
– Derivative assets	-	-	-	-
– Deferred tax assets	-	-	-	-
– Intangibles	-	(506)	-	(506)
Total group assets	**47,840**	**26,345**	**-**	**74,185**

29. SEGMENTAL REPORTING (Continued)

(iii) Segment liabilities

	Property Development $'000	Tourism $'000	Leasing $'000	Consolidated $'000
2011				
Segment liabilities	48,561	26,201	280	75,042
Reconciliation of segment liabilities to group liabilities:				
Intersegment eliminations	(19,708)	(4,384)	-	(24,092)
Unallocated liabilities:				
– Deferred tax liabilities	-	-	-	-
– Other financial liabilities	-	-	-	-
Current tax liabilities	-	-	-	-
Total group liabilities	**28,853**	**21,817**	**280**	**50,950**

	Property Development $'000	Tourism $'000	Leasing $'000	Consolidated $'000
2010				
Segment liabilities	54,888	25,892	-	80,780
Reconciliation of segment liabilities to group liabilities:				
Intersegment eliminations	(21,168)	(2,961)	-	(24,129)
Unallocated liabilities:				
– Deferred tax liabilities	-	-	-	-
– Other financial liabilities	-	-	-	-
Current tax liabilities	-	-	-	-
Total group liabilities	**33,720**	**22,931**	**-**	**56,651**

29. SEGMENTAL REPORTING (Continued)

Secondary Reporting

(iv) Revenue by geographical region:

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:

	30 June 2011	30 June 2010
	$000	**$000**
Australia	23,795	36,461
United States of America	-	-
United Kingdom	-	-
Other foreign countries	-	-
Total revenue	23,795	36,461

(v) Asset by geographical region:

The location of segment assets by geographical location of the assets is disclosed below:

	30 June 2011	30 June 2010
	$000	**$000**
Australia	67,663	74,185
United States of America	-	-
United Kingdom	-	-
Other foreign countries	-	-
Total assets	67,663	74,185

The economic entity effectively operates in one geographical segment being Australia with operations across Western Australia, New South Wales, South Australia and Victoria.

(vi) Major customers

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

30. PARENT ENTITY FINANCIAL INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the Accounting Standards.

(a) Summary Financial Information

	Parent Entity	
	2011	**2010**
STATEMENT OF FINANCIAL POSITION	$'000	$'000
Current Assets	1	55
Total Assets	4,381	5,037
Current Liabilities	40	176
Total Liabilities	40	176
	4,341	4,861
Equity		
Contributed Equity	12,093	12,093
Reserves	40	40
Retained earnings / (Accumulated losses)	(7,792)	(7,271)
	4,341	4,861
STATEMENT OF COMPREHENSIVE INCOME		
Profit / (Loss) for the year	(521)	(484)
Total Comprehensive income / (Loss)	(521)	(484)

(b) Contractual Commitments

As at 30th June 2011, the parent entity has no contractual commitments for the acquisition of property, plant or equipment.

(c) Guarantees and Contingent Liabilities

During the year the parent entity has provided its Corporate Guarantee to secure loans for the group. Please see Notes 12 and 18 for details of group loans.

The parent entity has also provided a Shortfall Corporate Guarantee in favour of OCBC Bank Ltd in its capacity as a 22.5% unitholder in Yarracity Pty Ltd which in turn owns 100% of Yarracity Trust Pty Ltd and YarraDocklands Trust Pty Ltd. The trust companies jointly own a building at 370 Docklands Drive, Docklands, Victoria. The property is valued at $38.5 million and secured to OCBC Bank Ltd for $25.5 million. The Company is only committed to 22.5% should a shortfall of any nature occur.

These guarantees will only be withdrawn upon full repayment of the loan.

The directors are not aware of any event or occurrence that would result in any contingent liability becoming enforceable on the parent entity as at 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

31. EVENTS OCCURRING AFTER BALANCE DATE

There has not been any matter or circumstances 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 30 June 2011

32. CONTINGENT LIABILITY

Other than disclosed in Note 30(c), the directors are not aware of any event or occurrence that would result in any contingent liability becoming enforceable as at 30 June 2011.

33. ASX LISTING RULE AMENDMENTS

A number of amendments to the Listing Rules came into effect on 1 June 2010, including:

- **Listing rule 4.10.3**: the term "*best practice recommendations*" of the ASX Corporate Governance Council has been changed to "recommendations", to reflect the Council's usage in the latest version of the Council's Principles and Recommendations.
- **Listing rule 4.10.20(a)**: an investment entity will have to include in its annual report a list of its investments as at its balance date, rather than as at a date no more than 6 weeks before the date the annual report is sent to shareholders (which is the date to which the other information required under listing rule 4.10 must be current).
- **Appendix 5B** new lines have been introduced into section 4 of the quarterly cashflow report lodged by mining exploration entities. Mining explorers will have to include an estimate of the cash outflows for the next quarter for *production* and *administration*. This requirement must be complied with in the quarterly cashflow reports for the quarter ending 30 June 2010, which are due to be lodged by 30 July 2010.
- **Listing rule 7.2 exception 15** and **listing rule 10.12 exception 8**: these rules have been amended to take account of the changes made last year to ASIC Class Order relief governing the maximum value of shares or units that can be offered under a securities purchase plan (SPP) without a disclosure document. The limit was increased from $5,000 to $15,000 per shareholder/unitholder. The listing rules previously referred to "$5,000". They have been amended so that they refer to the issue of securities under an SPP making offers up to the maximum permitted to be offered under an SPP to each shareholder or unitholder in accordance with ASIC relief.
- Under listing rule 7.2 exception 15, there will still be an overall cap of 30% on the number of securities that may be issued under an SPP in accordance with the exception, and issues to underwriters of an SPP will still be excluded from the scope of the exception.
- **Appendix 7A – timetable for SPPs**: a new paragraph 10 has been included in Appendix 7A to mandate a timetable to be followed for SPPs. The record date for an SPP must be the business day immediately preceding the day on which the SPP is announced.
- **Listing rule 10.17**: has been amended to clarify that in calculating the total amount of directors' fees payable for the purpose of that rule, superannuation contributions made by a listed entity for the benefit of non-executive directors, and fees that a non-executive director agrees to sacrifice on a pre-tax basis, are included.

34. COMPANY DETAILS

The registered office of the company is:

- International Equities Corporation Ltd
  Room 6, Seasons of Perth,
  37 Pier Street
  Perth WA 6000

The principal places of business are:

- International Equities Corporation Ltd
  Level 6, 348 St Kilda Road
  Melbourne, VIC 3004
  www.internationalequities.com.au

- IEC (Management) Pty Ltd
  Suite 100A, 640 Swanston Street
  Carlton Victoria 3053

- (IEC) Pacific Pty Ltd
  Level 6, 348 St Kilda Road
  Melbourne, VIC 3004

- IEC Real Estate Pty Ltd
  Suite 100A, 640 Swanston Street
  Carlton Victoria 3053
  www.iecrealestate.com.au

- IEC South Yarra Pty Ltd
  Level 6, 348 St Kilda Road
  Melbourne, VIC 3004

- IEC Properties Pty Ltd
  Level 6, 348 St Kilda Road
  Melbourne, VIC 3004

- Seasons Darling Harbour Pty Ltd
  38 Harbour Street
  Sydney NSW 2000
  www.seasonsdarlingharbour.com.au

- Seasons Apartment Hotel Group Pty Ltd
  Level 6, 348 St Kilda Road
  Melbourne, VIC 3004
  www.sahg.com.au

- Seasons International Management Pty Ltd
  37 Pier Street
  Perth WA 6000

- Seasons Heritage Melbourne Pty Ltd
  572 St Kilda Road
  Melbourne, VIC 3004
  www.seasonsheritagemelbourne.com.au

- Seasons of Adelaide Pty Ltd
  Level 6, 348 St Kilda Road
  Melbourne, VIC 3004

- Renaissance Australia Pty Ltd
  T/A Seasons of Perth
  37 Pier Street Perth WA 6000
  www.seasonsofperth.com.au

- Seasons at the York Pty Ltd
  Level 6, 348 St Kilda Road
  Melbourne, VIC 3004

35. SHAREHOLDERS' INFORMATION

Details of shareholding in the company as at 13th September 2011 are listed below. All shares are ordinary shares with equal voting rights.

(a) Distribution of shareholders

Size of holdings	Number of shareholders	% holders	Number of shares	% of issued capital
1 – 1,000	132	24.26	14,276	0.01
1,001 – 5,000	291	53.49	473,002	0.37
5,001 – 10,000	42	7.72	293,488	0.23
10,001 – 100,000	60	11.04	1,771,658	1.38
100,001 – and over	19	3.49	125,671,153	98.01
	544	100.00	128,223,577	100.00

(b) The number of shareholders with less than a marketable parcel of 2,500 shares was: 356

(c) The names of the substantial shareholders listed in the holding company's register are:

Shareholder	Number of Shares	%	Ranking
Renaissance Assets Pty Ltd	60,853,125	47.46	1
Amaya Investments Pty Ltd	21,862,500	17.05	2
Premium Properties (Aust) Pty Ltd	20,000,000	15.60	3
	102,715,625	80.11	

(d) Top 20 shareholders

Renaissance Assets Pty Ltd	60,853,125	47.46	1
Amaya Investments Pty Ltd	21,862,500	17.05	2
Premium Properties (Aust) Pty Ltd	20,000,000	15.60	3
Furquan Business Organisation	15,312,500	11.94	4
San Tiong Ng	3,317,551	2.59	5
Kin Weng Chang	1,177,000	0.92	6
Dawn Ventures Co Pte Ltd	557,875	0.44	7
Trevor Neil Hay	376,403	0.29	8
Dennis Jun Tow	363,207	0.28	9
Khee Kwong Loo	343,750	0.27	10
Tat Hong (Australia) Pty Ltd	286,655	0.22	11
San Tiong Ng	209,652	0.16	12
Ngiap Yang Jee	192,500	0.15	13
Choon Mok Koh	181,250	0.14	14
Sun Oh Ng	156,250	0.12	15
Guan Koon Ng	131,250	0.10	16
CAA Properties Pty Ltd	126,375	0.10	17
Poo Yong Ng	117,500	0.09	18
Sun Ho Ng	114,560	0.09	19
Chong Hock Ng	100,000	0.08	20
	125,779,903	98.09	

CORPORATE GOVERNANCE STATEMENT

Unless disclosed below, all the best practise recommendations of the ASX Corporate Governance Council's principles and recommendations ("ASX Guidelines") have been applied for the entire financial year ended 30 June 2011.

Information, documents, policies, statements and charters are held by the Company's secretary.

1. Lay solid foundations for management and oversight

The board is responsible for:

- oversight of the company, including its control and accountability systems
- ratifying the appointment/removal of the executive directors, chief financial officer (or equivalent) and the company secretary
- input into and final approval of management's development of corporate strategies and performance objectives
- reviewing and ratifying system of risk management and internal compliance and control, codes of conduct and legal compliance
- monitoring senior management's performance and implementation of strategy, and ensuring appropriate resources are available
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures
- approving and monitoring financial and other reporting
- assessing the competencies of board members, review board succession plans, evaluate board performance and recommend appointment and removal of directors
- setting executive remuneration policy
- appointing and removing external auditor.

The chairman is responsible for:

- leading the board in its duties to the company
- ensuring the processes and procedures are in place to evaluate the performance of the board and its individual directors
- facilitating effective discussions at board meetings
- ensuring effective communication with shareholders.

The executive directors are responsible for the effective and efficient operation and administration of the group including bringing material matters to the attention of the board.

Performance evaluation of all directors and executives are outlined in the remuneration report on pages 5 – 9. Performance evaluation was conducted in the manner prescribed.

The company secretary will be the secretary of the board.

Copies of matters reserved for the board, those delegated to senior executives and the board charters are held by the company's secretary.

2. Structure the board to add value

The constitution provides for a minimum of three and a maximum of nine directors. The board currently has four directors, two non-executive and two executive directors. Both non-executive directors are independent.

Whilst the company does not have a majority of non-executive directors, as recommended by ASX Corporate Governance Council best practice recommendation 2.1, it is proposed that the board be increased by another two independent non-executive directors, to comply with the recommendations of the ASX Corporate Governance Council's guidelines.

At this stage of development of the Company, the Board considers it neither appropriate nor cost effective for there to be a majority of independent directors, together with an Independent Chairman who is also not the CEO.

The chairman currently is an executive director and CEO.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The names of independent directors of the company are;
- KL Tow
- AG Menezes

An independent director is a non-executive director and:
- is not a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company
- within the last 3 years has not been employed in an executive capacity by the company or another group member, or been a director after ceasing to hold any such employment
- within the last 3 years has not been a principal of a material professional adviser or a material consultant to the company or another group member, or an employee materially associated with the service provided
- is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer
- has no material contractual relationship with the company or another group member other than as a director of the company
- has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the company.

In determining whether a non – executive director is independent, the director must meet the following materiality thresholds:-

- less than 10% of company shares are held by the director and any entity or individual directly or indirectly associated with the director
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the director and
- none of the directors' income or the income of an individual or entity directly or indirectly associated with the director is derived from a contract with any member of the economic entity other than income derived as a director of the entity.

Independent directors are to provide to the board all relevant information required for the board to regularly assess their independence. Both qualitative and quantitative information are assessed regularly for these purposes.

Independent directors have the right to consult independent professional advice in the furtherance of their duties as directors at the company's expense. Independent professional advice is sought at the company's cost.

A separate nomination committee is not considered necessary due to the small size of the board, with such role assumed by the main board. In their evaluation process, the board will consider skills, experience, stakeholder perspectives and independence of candidates for appointments to the board. Written approval must be obtained from the chair prior to incurring any expense on behalf of the company.

3. Promote ethical and responsible decision making

The board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical standards.

The following is a guide for directors and senior executives as to:

- the key practices necessary to maintain confidence in the company's integrity
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

All directors and senior executives must act with high standards of honesty, integrity and fairness. Emphasis to be made to the following:

- *Conflicts of interest* - proper disclosure of such situations so that action can be taken to protect parties affected e.g. exclusion from participating in relevant decision making process
- *Corporate opportunities* - not to take advantage of property, information or position for personal gain or to compete with the company
- *Confidentiality* - not to make use of non-public confidential information for personal gain or in a manner detrimental to the company except where authorised or legally mandated
- *Fair dealing* - by all employees with the company's customers, suppliers, competitors and other stakeholders
- *Protection of and proper use of company's assets* - protecting and ensuring efficient use of assets for legitimate business purposes
- *Compliance with laws and regulations* - ensure strict compliance and promotion of compliance with the content and spirit of all laws, rules, regulations and this guide
- *Encouraging the reporting of unlawful / unethical behaviour* - ensure active promotion of ethical behaviour and protection for those who report violations in good faith.

CORPORATE GOVERNANCE STATEMENT (Continued)

The law prohibits insider trading and the Corporations Act and the ASX Listing Rules require disclosure of any trading undertaken by directors or their related entities in the company's securities.

This prohibition also covers the procurement of others to trade by directors who may have sensitive, commercial and confidential information by virtue of their office in the company. Guidelines for trading in company securities are:

- applicable to all directors of the company and related entities, the company secretary and staff members who are likely to be in possession of information concerning the company's financial position, strategies or operations.
- such "designated officers" as described above are required to provide notification to the company secretary and chairman of the company of intended trading except for dividend reinvestment plans and the like.
- they are also required to provide subsequent confirmation of the trading that has occurred.

Reference is to be made to the guide to black out periods, or non-trading periods, where no dealing is permitted, as issued by the ASX, a copy of which may be obtained from the company secretary.

An obligation exist for Directors to be independent in judgement and ensure all reasonable steps are taken to ensure due care is taken by the board in making sound decisions.

4. Safeguard integrity in financial reporting

The executive directors are to provide letters of assurance to the Board, in respect of each half year and full year financial report, stating that the company's financial report presents a true and fair view, in all material respects, of the company's financial position and financial performance in accordance with accounting standards and the requirements of the Corporations Act 2001.

An independence declaration is received from the external auditor in respect of the annual and half year financial reports stating that there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 and any applicable code of professional conduct . The provision of non audit services by the audit firm is monitored by the Board so as to ensure that the auditors' independence is not compromised by the provision of such non audit services.

The company does not have a formally constituted audit committee as the Board does not consider it is warranted given the size of the company.

The full Board is responsible for the nomination of the external auditors and for reviewing the adequacy of existing external audit arrangements, including the scope and quality of the audit. In relation to the rotation of the external audit engagement partner, the board is currently reviewing the recent changes announced in the CLERP 9 Act and will formulate a policy which complies with the requirements of that Act.

Whilst the company does not have a formally constituted audit committee, the Board reviews the performance of the external auditors on an annual basis and a representative of the board
meets with them at least three times a year to review:

- the proposed scope and timing of audit visits.
- the results and findings of the audit, the adequacy of accounting and internal controls, and to obtain feedback on implementation of recommendations made.
- the draft financial statements and audit review reports at year end and at half year.

The board monitors the need to form an audit committee on a periodic basis.

5. Make timely and balanced disclosure

In ensuring compliance with ASX listing rule 3.1 on continuous disclosure requirements, the company has adopted the following procedures:

Directors
- to promptly advise the company secretary of any matters requiring disclosure
- to authorise final form of announcement to the market

Company secretary
- to liaise with ASIC and ASX on disclosure matters and provide announcements duly
- to monitor the press and share price continuously
- to consult with the board on matters for announcements
- All policies are with the Company's secretary

The directors and company secretary are to ensure that compliance are adhered to rigidly as failure could lead to civil or criminal liabilities for the company and its directors and officers. They must exercise due care and diligence in the information disclosed with regard to its timeliness, content, clarity, completeness and objectivity.

6. Respect the rights of shareholders

The company recognises the importance of effective communication with shareholders and providing them with timely and balanced information. Hence in addition to the traditional means of communication (post, notices of meetings, meetings, annual reports and ASX announcements) the company is undertaking the setting up of a website which enables access to all relevant announcements made to the market, including notices of meeting, published financial data and other information concerning the company and its activities.

As a policy the external auditor will be requested to attend annual general meetings of the company and be available to answer shareholder questions.

Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of International Equities Corporation Ltd to lodge questions to be responded by the Board and/or the CEO, and are able to appoint proxies.

7. Recognise and manage risk

The board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth.

The board collectively assess the business and financial risks periodically on new and current ventures being undertaken by the company, covering all aspects of the business from the operational level through to strategic level risks. Through their skills and experience in the property and financial industries, they are able to make management decisions to minimise risks in the highly volatile fields of activities the company operates in.
Compliance and control systems are continually being monitored, reviewed and upgraded, assisted by external auditors and professional advisers, which lend towards maintaining the integrity of the company's financial and external reporting.

The executive directors are to provide a statement to the board to the effect that:

- the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board

- the company's risk management and internal compliance and control system is operating efficiently and effectively in all material aspects. The effectiveness of these risk management and internal compliance and control system is monitored and reviewed regularly.

8. Remunerate fairly and responsibly

The performance of the board is measured from financial achievements and results of the company after each financial year. The board as a whole discusses and analyses its own performance during the year and where appropriate offers suggestions for change or improvement. The board works closely with management in reviewing budgets and evaluating investment opportunities for the company throughout each year.

New directors undertake an induction programme which gives them a better understanding of:

- the company's financial, strategic, operational and risk management position
- their rights, duties and responsibilities as directors

CORPORATE GOVERNANCE STATEMENT (Continued)

Directors are also periodically given updates and information relevant to the operation of the company and the industry generally as part of continuing education to enhance their skills and knowledge. They can also have access to any company and management information, the company secretary and also independent professional advice, if necessary, on company issues at company expense.

The company secretary monitors the implementation of board policies and procedures and coordinates the completion and despatch of board agenda and briefing materials. The company secretary is accountable to the board on all governance matters.

9. Remunerate fairly and responsibly

A separate remuneration committee is not considered necessary due to the small size of the board, with such role assumed by the main board.

Board members and senior executives receive fees for services and have no share qualification or entitlement.

In line with the company's constitution, directors shall be paid such sum as may from time to time be determined by the company in general meeting, to be divided among the directors in such proportions as they shall from time to time agree or in default of agreement equally.

Executive directors and senior executives are paid an annual cash salary, benchmarked against a board approved market position, which do not include a commission on or percentage of operating revenue. Payment of cash bonuses and any annual increment to salary are dependent upon meeting performance objectives which comprise both financial and non-financial components.

Directors and senior executives shall be entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as directors.

If any of the directors being willing shall be called to perform extra services on behalf of the company, the directors may remunerate such director in accordance with such services or exertions, and such remuneration may be in addition to his normal remuneration.

The amount of remuneration for all directors and the five highest paid executives, including all monetary and non-monetary components,

These are detailed in Note 4 to the financial report. All remuneration paid to executives is valued at the cost to the company and expensed.

10. Recognise the legitimate interests of stakeholders

The company advocates and promotes responsible conduct in the way its business is operated and recognises its legal, social and ethical commitments to stakeholders, regulators and the community at large. The guideline to conduct, as promoted in Principle 3, applies equally to all staff, executives and directors.

The company's policy on compliance and fair dealing is placed in the highest priority and promoted with vigour to staff at all levels. External professional advice is used where necessary. Areas of compliance include trade practices and fair dealing laws, consumer protection, privacy laws, employment laws, occupational health and safety, equal opportunity, superannuation, environment and pollution controls.

As a public corporation, the company encourages practices in public and social accountability on areas of legitimacy, fairness and ethics. The company continually strive to demonstrate this through management by example, encouraging accessibility and communication between staff and management, continuous education through updates and notices, use of suggestion boxes, having regular staff meetings and other management tools. The company also supports a number of community and charity organisations through participation in events and donations.

AMENDMENTS TO THE CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

The ASX Corporate Governance Council has issued final amendments to its *Corporate Governance Principles and Recommendations (2nd Edition)* relating to diversity, remuneration, trading policies and briefings. The changes to the Principles and Recommendations include:

Gender diversity

The guidelines include a recommendation that ASX listed entities:

establish a policy concerning diversity, including measurable objectives and an annual assessment of progress, and disclose the policy or a summary of the policy;

disclose measurable objectives and the progress towards achieving them in each annual report; and

disclose the proportion of women on the board, in senior rmanagement and employed throughout the organisation in each annual report.

The guidance on Principle 3 has also been changed to:

include a new Box 3.2 which contains suggestions ••for the content of a diversity policy;

suggest boards determine which committee should review and report to the board on diversity;

recommend that boards should provide greater transparency of the processes used in searching for and selecting new directors; and

suggests boards disclose the mix of skills and diversity they are looking for in the membership of the board.

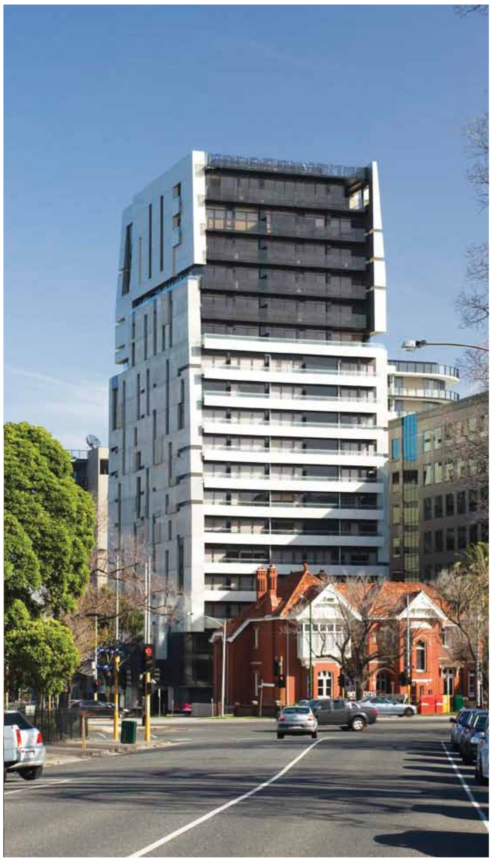
Remuneration

The updated guidelines include a recommendation (8.2) that ASX listed entities should establish a remuneration committee comprised of a majority of independent directors with at least three members and chaired by an independent director. In addition, for S&P/ASX300 companies, the proposed Listing Rule amendments will require these companies to have a Remuneration Committee comprised solely of non-executive directors (see section below on Listing Rule amendments); and

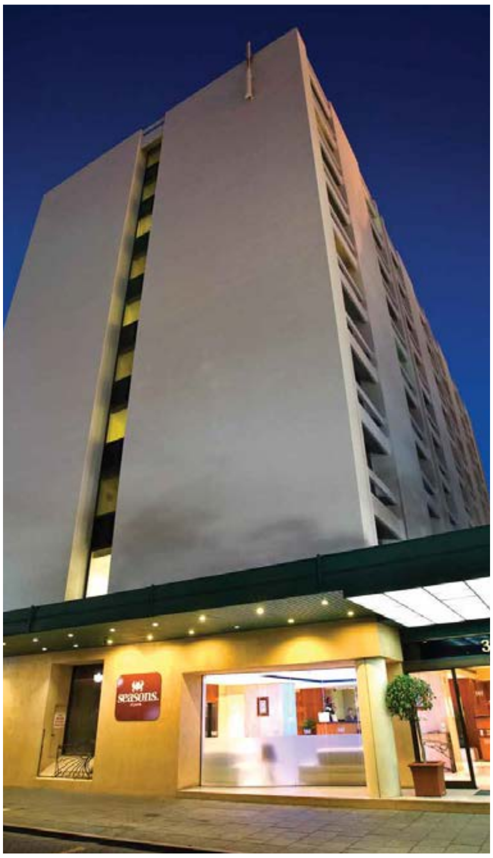
The guidance on Recommendation 8.1 includes that the remuneration committee should review remuneration by gender.


RECEPTION


seasons
BOTANIC GARDENS MELBOURNE









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